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**Entrepreneurial Orientation and Export Performance
in Emerging Market SMEs:
The Role of Absorptive Capacity, Explorative and Exploitative Learning
and Networking**

A thesis

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of the requirements for the degree

of

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by

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Abstract

The export performance (EP) of small and medium-sized enterprises (SMEs) operating in emerging markets is shaped by a complex interplay of contextual, firm-level, and individual factors. At the individual level, entrepreneurial orientation (EO)—reflecting the strategic posture of SME owners and managers—has been recognised as a key driver of internationalisation. At the firm level, the ability of SMEs to compete globally is frequently constrained by limited resources and capabilities. At the contextual level, emerging markets present institutional and infrastructural challenges that further hinder international expansion. While EO has been widely studied, gaps remain in understanding how its individual dimensions function in resource-constrained environments, and how firm-level mechanisms such as learning and networking enhance its effectiveness in driving EP.

Further, there remains a gap in understanding how the dimensions of EO function individually and collectively in the SME context, especially in resource-constrained emerging context environments like Sri Lanka. Moreover, the role of learning and networking in enhancing EP is not yet fully understood and needs more research. Specifically, how different types of learning (such as learning from own experience or learning from others' experience) and networking (whether through formal strategically formed business channels or informal connections) help improve the international success of SMEs is still unclear. Therefore, this thesis will explore how these learning and networking activities act as bridges, helping EO lead to better export outcomes. Since SMEs in these markets face significant resource constraints, learning from others' experiences—also known as vicarious learning—can be a cost-effective and vital strategy that remains an underexplored area in the literature. This thesis also explores how a firm's absorptive capacity, or its ability to internalise and apply knowledge gained through social learning, can enhance EP. This thesis is based on data collected from 365 SME owners and managers in Sri Lanka through a structured questionnaire. Adopting a postpositivist

paradigm, the research seeks to answer the overarching question: *How do SMEs in emerging markets leverage EO to enhance their EP?* The thesis is divided into three manuscripts.

The primary focus of the study is on the EO–EP relationship, where EO is a widely recognised yet multifaceted construct that is often defined and measured inconsistently. To address this issue, the first manuscript of the thesis aims to clarify the construct of EO and provide a more consistent framework for its measurement. The second manuscript addresses the research questions: *How does each dimension of EO individually and collectively impact the EP of SMEs in emerging markets?* and *how do SMEs simultaneously utilise different exploratory and exploitative types of learning (experiential and vicarious) and networking activities (formal and informal) to enhance EO and improve their EP?* Building on two key theories—ambidexterity theory and the resource-based view—the second manuscript examines how the various dimensions of EO (innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy) contribute to EP. It argues that not all dimensions need to be maximised equally for SMEs in emerging markets. Furthermore, the manuscript introduces a novel theoretical framework, emphasising the need to balance both explorative and exploitative learning and networking activities. This framework links EO, experiential and vicarious learning, and formal and informal networking with EP, while empirically validating the model. The results found that proactiveness is the most critical EO dimension for EP, while innovativeness and risk-taking are the least significant in the context of resource-constrained emerging markets. Collectively, EO has a positive impact on EP. Further, both experiential and vicarious learning significantly mediate the EO–EP link. While only formal networking plays a crucial mediating role, informal networking does not significantly influence EP in this context.

The third manuscript focuses on addressing the research question: *How does the absorptive capacity of a firm, including both potential and realised absorptive capacities, strengthen the learning processes of SMEs and contribute to improved EP?* It discusses the specific impact of vicarious learning, arguing that SMEs in emerging markets can significantly benefit from learning through the experiences of others. It further highlights the critical role of a firm's absorptive capacity in effectively internalising and applying this socially acquired knowledge, enhancing its ability to improve EP. The results confirm that vicarious learning mediates the EO–EP relationship, with the process being conditioned by both potential and realised absorptive capacities affirming that firms with higher absorptive capacities are better able to convert knowledge gained from others into actionable strategies, thereby enhancing EP.

This research makes several significant contributions to the field of international entrepreneurship, particularly concerning SMEs in emerging markets. This study contributes to the theoretical debate between Miller's (1983) unidimensional conceptualisation and Lumpkin and Dess' (1996) multidimensional conceptualisation of EO, providing empirical evidence that supports the multidimensional perspective. It advances the understanding of the individual dimensions of EO, clarifying the optimal levels to be maintained within the context of emerging markets. The research theorises and empirically validates the importance of explorative and exploitative learning and networking activities for successful internationalisation, proposing a novel framework while also offering context-specific insights that challenge the assumption of the universal applicability of EO constructs. Finally, by integrating social learning theory and the knowledge-based view of the firm, this study developed and empirically validated a framework to understand how EO drives EP through vicarious learning, thus highlighting the importance of developing the firm's absorptive capacities.

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This thesis is a testament to the collective efforts, sacrifices, and belief of everyone who has supported me along the way, and I am deeply thankful to each one of you.

Publications and Conference Presentations

This thesis contains three manuscripts, and the associated publications are as follows.

Manuscript 1 (2.2.4 section in Chapter 2: Literature Review):

Book chapter entitled: Entrepreneurial orientation. In V. Ratten (Ed.), *International encyclopedia of business management*. Elsevier. doi.org/10.1016/B978-0-443-13701-3.00064-5. This book is scheduled for publication in September 2025.

Currently, this work has been published as a stand-alone chapter as follows: Perera, S., Sinha, P., & Gilbert-Saad, A. (2024). Entrepreneurial orientation. *Reference Module in Social Sciences*. <https://doi.org/10.1016/B978-0-443-13701-3.00064-5>. At this stage both publications share the same doi.

Manuscript 2: (Chapter 3 of the thesis):

An article entitled: Strategic pathways to enhanced export performance: Leveraging entrepreneurial orientation, learning, and networking in emerging market SMEs. This paper is currently under review in an A ranked journal in the ABDC Journal Quality List. An early version of this paper has presented at the following conferences and workshops:

- Perera, S., Sinha, P., & Gilbert-Saad, A. (2023). Entrepreneurial orientation and export performance: Different effects of learning and networking. *Proceedings of the Academy of Management Conference*. Boston, MA. <https://doi.org/10.5465/AMPROC.2023.18329abstract>
- Perera, S., Sinha, P., & Gilbert-Saad, A. (2023). Unravelling the pathways to improved export performance in entrepreneurial SMEs in emerging markets: An ambidexterity perspective. *Proceedings of the 36th ANZAM Conference* (pp. 1125). Wellington, New Zealand. <https://shorturl.at/3bnjE>
- Perera, S., Sinha, P., & Gilbert-Saad, A. (2022). Entrepreneurial orientation and export performance of SMEs in emerging markets: Towards a casual model of ambidextrous learning and networking. *Proceedings of the 34th ANZAM Conference* (pp. 548-567). Australia. <https://shorturl.at/GQ3li>
- International Business Review's Young IB Scholars workshop in January 2022.
- University of Waikato's Developmental PhD Presentation Series, October 2024.

Manuscript 3: (Chapter 4 of the thesis):

An article entitled: From entrepreneurial orientation to export performance: A pathway through vicarious learning and absorptive capacity in international SMEs This paper is currently under review in an A ranked journal in the ABDC Journal Quality List.

- An early version of this paper was presented and discussed at the International Business Review's Young IB Scholars workshop in January 2022.

A Note on Publications

This thesis incorporates three publications, each formatted in accordance with the layout, referencing style, and language specifications required by the respective journals and book editors. The references for the other sections of the thesis are compiled and presented collectively at the end of the document.

Table of Contents

Abstract.....	I
Acknowledgements.....	IV
Publications and Conference Presentations	VI
A Note on Publications	VII
Table of Contents.....	VIII
List of Tables	X
List of Figures.....	XI
List of Abbreviations	XII
CHAPTER ONE	1
Introduction.....	1
1.1 Background of the Study	1
1.2 Motivation for the Research.....	6
1.3 The Research Context: Sri Lanka	11
1.3.1 Sri Lanka as an Emerging Economy.....	14
1.3.2 The Sri Lankan Economy During COVID-19	17
1.3.3 The Sri Lankan Economic Crisis After the Pandemic	19
1.3.4 Justifying the Research in the Context of Emerging Markets	21
1.4 Methodology	22
1.4.1 Research Philosophy	22
1.4.2 Research Approach	24
1.5 Thesis Structure	25
CHAPTER TWO	28
Literature Review.....	28
2.1 Chapter Introduction	28
2.2 Entrepreneurship in Emerging Markets	29
2.2.1 Entrepreneurship	29
2.2.2 Entrepreneurial Orientation	32
2.2.2.1 Innovativeness.....	40
2.2.2.2 Risk-taking	42
2.2.2.3 Proactiveness.....	44
2.2.2.4 Competitive Aggressiveness	45
2.2.2.5 Autonomy	47
2.2.3 Manuscript 1: Book Chapter on ‘Entrepreneurial Orientation’	48
Key points	49
Introduction.....	49
Dimensions of EO.....	51
Measuring EO	53
EO Research Across the Globe.....	54
EO in Different Organizational Contexts	55
Challenges and Criticisms of EO	55
Conclusion	57
2.2.4 Emerging Markets.....	61
2.2.4.1 Emerging Market Characteristics	61
2.2.5 Entrepreneurship and Emerging Markets	64
2.2.5.1 The Need for Entrepreneurial Behaviour in SMEs in Emerging Markets.....	67
2.3 EO and Firm Performance	69
2.3.1 Firm Performance	69
2.3.1.1 Assessing Firm Performance	71

2.3.2 EO and Firm Performance	74
2.3.3 The Link Between EO and Firms' Export Performance.....	77
2.4 Factors mediating and moderating the focal association between EO-EP	79
2.5 Organisational Learning.....	80
2.5.1 Learning Types: Experiential Learning	81
2.5.2 Learning Types: Vicarious Learning	86
2.6 Networking	89
2.6.1 Networking Types: Formal Networking	91
2.6.2 Networking Types: Informal Networking	94
2.7 Absorptive Capacity.....	96
2.8 Chapter Conclusion.....	100
CHAPTER THREE	102
The Role of Learning and Networking Types in the Association of Entrepreneurial Orientation and Export Performance	102
Abstract.....	102
1. Introduction.....	103
2. Theoretical Background.....	106
3. Hypothesis Development	114
4. Data and Methods	125
5. Analysis and Results	131
6. Discussion and Conclusion	138
CHAPTER FOUR	165
The Role of Vicarious Learning and Absorptive Capacity in Entrepreneurial Orientation and Export Performance Relationship in Emerging Market SMEs: A Moderated Mediation Model	165
1. Introduction.....	166
2. Literature Review.....	170
3. Methods.....	182
4. Results.....	185
5 Discussion and Conclusion	192
Tables.....	205
CHAPTER FIVE	215
Conclusion	215
5.1 Chapter Introduction	215
5.2 Findings and Contributions to Research	216
5.3 Implications for Practice	224
5.4 Policy Implications	226
5.5 Limitations and Further Research	227
5.6 Chapter Conclusion.....	229
REFERENCES	230
APPENDICES	260
Appendix 1: Ethical Application Decision Letter.....	260
Appendix 2: Application for Ethical Approval.....	261
Appendix 3: Participant Information Sheet	273
Appendix 4: Consent Form for Participants	275
Appendix 5: Questionnaire	277
Appendix 6: Co-Authorship Forms	294

List of Tables

Chapter 1- Table 1: Sectoral Shifts in the GDP and Employment	13
Chapter 1- Table 2: Sectoral Shifts in Exports (as a % of total exports).....	13
Chapter 1- Table 3: Structure of the Thesis	27
Chapter 2- Table 1: Summary of Key Conceptualisations of EO.....	37
Chapter 2- Table 2: Indicators and Measurements of Objective Financial Measures	72
Chapter 3- Table 1: Demographic Profiles of the Respondents and Firms	160
Chapter 3- Table 2: Latent Variable Correlations.....	161
Chapter 3- Table 3: Measurement Model Statistics.....	162
Chapter 3- Table 4: HTMT Results	162
Chapter 3- Table 5: f^2 and Q^2 Results	163
Chapter 3- Table 6: Total and Direct Effects of EO and Export Performance Relationship.	163
Chapter 3- Table 7: IPMA Results.....	163
Chapter 3- Table 8: Indirect Effects.....	164
Chapter 3- Table 9: Fit Indices for the One to Four-segment Solutions.....	164
Chapter 4- Table 1: Demographic Profiles of the Respondents and Firms	205
Chapter 4- Table 2: Lateral Collinearity- VIF Values	205
Chapter 4- Table 3: Measurement Model Statistics (Lower-order Model)	206
Chapter 4- Table 4: HTMT Results (Lower-order Model).....	207
Chapter 4- Table 5: Total and Direct Effects of EO and EP Relationship	207
Chapter 4- Table 6: PLS-PROCESS Results	208
Chapter 4- Table 7: Moderated indirect effects	208
Chapter 4- Table 8: Summary of Hypothesis	209
Chapter 4- Table a: Fornell-Larker Criterion (Lower-order model).....	210
Chapter 4- Table b: Measurement Model Statistics (Higher-order Model).....	210
Chapter 4- Table c: HTMT Results (Higher-order Model)	211
Chapter 4- Table d: Fornell-Larker Results (Higher-order Model).....	211
Chapter 4- Table e: f^2 and Q^2 Predict Values of the Model	212
Chapter 4- Table f: Predictive Power of the Model.....	212
Chapter 4- Table g: Gaussian Copula Results	213
Chapter 4- Table h: Fit Indices for the One to Four-Segment Solutions.....	214

List of Figures

Chapter 3- Figure 1 Research Model	113
Chapter 3- Figure 2: PLS-SEM Model	135
Chapter 3- Figure 3: Importance-Performance Map Analysis (IPMA).....	136
Chapter 4- Figure 1: PLS-SEM Model	188
Chapter 4- Figure 2: PLS-PROCESS Moderated Mediation Model	191

List of Abbreviations

AC	Absorptive Capacity
EDB	Export Development Board
EL	Experiential Learning
EO	Entrepreneurial Orientation
EP	Export Performance
FN	Formal Networking
InfN	Informal Networking
KBV	Knowledge-Based View
PAC	Potential Absorptive Capacity
RAC	Realised Absorptive Capacity
RBV	Resource-Based View
SLT	Social Learning Theory
SME	Small and Medium Enterprise
VL	Vicarious Learning

CHAPTER ONE

Introduction

1.1 Background of the Study

Small and medium-sized enterprises (SMEs) play a pivotal role in any economy, acting as crucial drivers of job creation, economic growth, and innovation (Iqbal & Malik, 2019). As global trade barriers decrease and the world economy becomes more interconnected, there is growing focus on the internationalisation of SMEs (Todd & Rajshekhar, 2007). Therefore, engaging in exporting activities is vital for SMEs as it opens up new markets, diversifies revenue streams, and enhances competitiveness (Audretsch & Guenther, 2023).

Exporting not only allows SMEs to scale their operations but also exposes them to international best practices and technological advancements, thereby fostering growth and sustainability (Ngoma et al., 2017). However, the increasing competition has led to a diminution in the ability of SMEs to control their own developmental pathways (Etemad et al., 2001). In particular, SMEs in emerging markets encounter significant obstacles, such as resource constraints, economic and political instability, and institutional voids (Bhowmick, 2022; Bruton et al., 2013; Chandra et al., 2020; de Silva, 2019; Desouza & Awazu, 2006), all of which hinder their growth and competitiveness. As a result, understanding how SMEs thrive in facing export challenges in these volatile environments offers a valuable opportunity to contextualise existing theoretical frameworks.

This study adopts a theory contextualisation approach by examining the applicability and limitations of established theories on export performance (EP) within the distinctive conditions of emerging markets. In a highly competitive and uncertain environment, especially in such contexts, it becomes crucial to identify and understand the factors that influence EP (Estrada-Cruz et al., 2022).

Exporting not only allows SMEs to scale their operations but also exposes them to international best practices and technological advancements, thereby fostering growth and sustainability (Ngoma et al., 2017). However, the increasing competition has led to a diminution in the ability of SMEs to control their own developmental pathways (Etemad et al., 2001). SMEs in emerging markets encounter significant obstacles, such as resource constraints, economic and political instability, institutional voids (Bhowmick, 2022; Bruton et al., 2013; Chandra et al., 2020; de Silva, 2019; Desouza & Awazu, 2006) that hinder their growth and competitiveness. Therefore, in a highly competitive and uncertain environment, especially in emerging markets, it becomes crucial to identify and understand the factors that influence export performance (EP) (Estrada-Cruz et al., 2022).

Hitt et al. (2001) and Ireland et al. (2003) suggest that strategic entrepreneurship, which emerges from the synergy of entrepreneurship and strategy, equips organisations to manage uncertainty well and to adapt to continual environmental changes. This integration fosters a unique capability within firms to initiate entrepreneurial actions informed by strategic insights and to undertake strategic endeavours with an entrepreneurial mindset (Barney et al., 2011; Estrada-Cruz et al., 2022; Hitt et al., 2001; Ireland et al., 2003).

According to the resource-based view (RBV), entrepreneurial orientation (EO) is recognised as a capability (Wales et al., 2015) that facilitates outstanding EP by fostering value creation (Wales et al., 2023), which, when managed effectively, can lead to success (Mazzei, 2018). Despite its importance, the exploration of how SMEs can effectively deploy strategic entrepreneurial practices to improve EP in international arenas is still relatively unexplored (e.g., Mansion & Bausch, 2020; Safari & Saleh, 2020). However, scholars like Miller (1983) and Lumpkin and Dess (1996) offer distinct frameworks for understanding EO, contributing to its complex theoretical landscape. Miller treats EO as a singular, cohesive construct that

includes innovativeness, risk-taking, and proactiveness. In contrast, Lumpkin and Dess propose a more nuanced, five-dimensional view, adding autonomy and competitive aggressiveness, and allowing for independent variation among these dimensions. This diversity in conceptual frameworks complicates the operationalisation of EO and its comparison across studies, leading to varied interpretations and emphasising that the effectiveness of EO may be context dependent, particularly in emerging markets (e.g., Etemad, 2021; Lee & Peterson, 2000).

This ongoing debate shows the need for further exploration into how EO can be strategically deployed, particularly by international SMEs operating in emerging markets. In this thesis, I clearly distinguish between the two interpretations of EO and adopt Lumpkin and Dess's multidimensional perspective, supporting their argument that each EO dimension can vary independently and have a differential impact on firm performance. Furthermore, while assessing the overall impact of EO I also assess the impact of each dimension of EO on the EP of SMEs to understand *which* EO dimensions should be prioritised and *at what levels* in order to achieve EP.

A central argument of my research is that organisational ambidexterity—the ability to simultaneously enhance current capabilities (exploitation) and explore new opportunities (exploration) (Tushman & O'Reilly, 1996)—is crucial for improving SMEs' EP. This dual capability allows SMEs to maintain their competitive edge while adapting to changing market conditions. I theorise that EO dimensions encompass both explorative and exploitative activities. Importantly, not all aspects of EO need to be maximised to improve EP. Instead, a strategic balance between exploration and exploitation is necessary, particularly in the context of resource-constrained emerging markets like Sri Lanka.

The relationship between EO and EP is complex (Lumpkin & Dess, 1996), underscoring the need to examine the different ways that EO impacts EP. This examination involves firms

continually developing, integrating, and reconfiguring their capabilities to excel in EP (Sousa et al., 2008). Kahiya and Warwood (2021) identified operational capabilities (e.g. networking, knowledge and learning, innovation) and higher-level capabilities (e.g. absorptive capacity, ambidexterity) that are relevant to the international new ventures. Research has also explored the mediating roles of SMEs' learning and networking capabilities (e.g., Fernández-Mesa & Alegre, 2015; Karami & Tang, 2019). Recent studies emphasise the need for a balance between explorative and exploitative activities (e.g., Donbesuur et al., 2023)—the ambidexterity perspective that represents a significant challenge for firms in emerging markets (Kang et al., 2021), particularly due to their resource constraints (Rothaermel & Alexandre, 2009; Voss & Voss, 2013).

I also investigate how different learning and networking methods can enhance the EP of SMEs. Specifically, I examine experiential learning (EL) (exploitative) and vicarious learning (VL) (explorative), as well as formal networking (FN) (exploitative) and informal networking (InfN) (explorative) networking methods. EL involves learning through direct experience and is essential for refining existing capabilities (Baum et al., 2000). In contrast, VL involves learning from the experiences of others, which is crucial for discovering new opportunities (Dutta et al., 2016). While positive impact of EL on EP is well-documented (e.g., Eriksson et al., 1997; Karami & Tang, 2019; Liu et al., 2015), it remains unclear whether a simultaneous and equal or unequal emphasis on VL alongside EL is beneficial for improving EP in the context of emerging market SMEs.

Similarly, FN provides structured, resource-rich connections, while informal networking offers flexible, innovative interactions (Falahat et al., 2021). I argue that SMEs need to balance these activities to strengthen the relationship between EO and EP effectively (Ali et al., 2020). However, while the use of formal networks in improving EP is well-documented (e.g., Bao et

al., 2020; Karami & Tang, 2019; Liu et al., 2015), it remains unclear if emerging market SMEs also benefit from leveraging informal networks.

Considering the growing significance and to address the paucity of knowledge of both learning and networking in exploitative and explorative strategies for firm success, I argue that EO by itself may not be adequate to improve EP. Therefore, I suggest a model where EO positively affects EP through the combined mediation of EL, VL, and both FN and InfN networking within SMEs in emerging markets. Given that international SMEs in emerging markets often face resource constraints (Desouza & Awazu, 2006; Woschke et al., 2017), they frequently resort to cost-effective methods of knowledge acquisition. VL emerges as a strategic choice to overcome these limitations (Baum et al., 2023), enabling these firms to gain essential knowledge and skills without significant resource investments. Surprisingly, despite its critical role, the potential of VL to explain the indirect effects of EO on EP in diverse international settings remains underresearched (Baum et al., 2023; Bruneel et al., 2010).

In my thesis, I emphasise the role of absorptive capacity (AC)—the ability to assimilate and apply new knowledge (Zahra & George, 2002)—in enhancing the effectiveness of VL. I investigate how both potential absorptive capacity (PAC) and realised absorptive capacity (RAC) influence internalising the VLs in emerging market SMEs. PAC refers to the ability to acquire and assimilate new knowledge, while RAC pertains to the capability to transform and apply that knowledge (Zahra & George, 2002). Grounded in the Knowledge Based View (KBV) and Social Learning Theory (SLT), I argue that these capacities are crucial for SMEs to fully leverage the benefits of VL. By fostering an environment conducive to both PAC and RAC, EO can significantly enhance the EP of SMEs. My study explores how SMEs in emerging markets can utilise these learning mechanisms to overcome resource limitations and achieve improved EP in international markets.

Accordingly, the primary research question guiding this study is: *How do SMEs in emerging contexts leverage EO to improve EP?* This overarching question is addressed through the following subquestions:

1. What are the major perspectives of definitions available in the literature regarding the dimensions of EO?
2. How does each dimension of EO individually and collectively impact the EP of SMEs in emerging markets?
3. How do SMEs simultaneously utilise different exploratory and exploitative types of learning (experiential and vicarious) and networking activities (formal and informal) to enhance EO and improve their EP?
4. How does the AC of a firm, including both potential and realised absorptive capacities, influence the learning processes of SMEs and contribute to improved EP?

To provide a comprehensive understanding of how SMEs in emerging markets can leverage EO to enhance their EP, it is essential to explore the theoretical foundations and practical applications of EO, learning, networking, and AC in these contexts. By investigating these elements, this study seeks to bridge existing gaps in the literature and offer insights into how SMEs can face the challenges of dynamic and resource-constrained environments. These insights will be particularly relevant for SMEs operating in the emerging economy of Sri Lanka, where both opportunities and constraints shape EP. Therefore, the next section explains the motivation behind this research.

1.2 Motivation for the Research

This thesis focuses on the EO, learning, networking, and AC of SME exporters in Sri Lanka, a lower-middle-income country with a population of around 21.9 million as of 2023, with a GDP of 84.1 billion USD in 2019 (World Bank, 2023). The economy's export structure has shifted

dramatically from land-intensive plantation exports to labour-intensive manufacturing, ending the economy's traditional reliance on three primary products, i.e., tea, rubber, and coconut products (Athukorala, 2017). Export-oriented manufacturing, primarily textiles and apparel, has emerged as a prominent source of job creation in the economy, responsible for more than half of the overall employment growth of the country (Athukorala, 2017). Despite this shift, the export sector faces significant challenges, particularly in terms of product and market concentration.

The government of Sri Lanka has made reviving exports a top policy priority. To this end, the Export Development Board of Sri Lanka (EDB Sri Lanka) has formulated the National Export Strategy (NES). This has paved the path for Sri Lanka to shift from a domestic economy-based economic strategy to an export-based economic strategy (Export Development Board, 2021). The government of Sri Lanka expects to raise exports from USD 9.9 billion in 2020 to USD 27.9 billion by 2025 (Export Development Board, 2021). From 2011 to 2016, the country's exports were stagnant in dollar terms, but they increased marginally in 2018-2019. In 2019, exports accounted for 23.1% of GDP, a substantial decrease from 39.01% of GDP in 2000 (World Bank, 2021). The main contributor in the industrial sector is textiles and garments, and it accounts for around 47%, while rubber products account for 7.3% and petroleum products account for 4.3% (Central Bank of Sri Lanka, 2021).

However, the country's export sector is experiencing some severe problems. One such problem lies in the concentration of export structure in terms of product and market. This concentration is attributed to a lack of investment in diverse goods, stemming from deficiencies in innovativeness and risk-taking. Currently, exports are highly focused on a few markets—for example, the United States, the United Kingdom, and India represent 40% of total exports—which do not consider Sri Lanka a unique supplier. Moreover, Sri Lanka offers only a limited range of product categories such as textiles and garments, rubber, and tea to these markets.

Furthermore, the country's top two exports (HS 61 and 62—apparel and apparel-related products) are not among the top 10 most exchanged products globally (Abeysinghe & Munas, 2017).

The government's acceptance of export diversification as an important policy tool for reviving exports suggests that both demand and commodity concentration are viewed as vital bottlenecks (Abeysinghe & Munas, 2017). Other problems in the export sector include the fact that most of the country's exports are simple goods that rivals can easily replicate (Kelegama, 2012). The lack of complexity in products stems from a lack of innovative initiatives to develop exporting products, probably due to a lack of creativity, EO, finance, and infrastructure. Furthermore, the value of high-tech goods is less than 1% of overall exports (Wijewardene, 2020). As a result, Sri Lanka is still developing in this sector. Additionally, the export share as a percentage of GDP has remained unsatisfactory (Kelegama, 2012).

The government has given SMEs a high priority because it considers them to be the backbone of the economy. SMEs account for roughly 70% of total establishments, providing 45% of total employment and contributing more than 52% of the country's GDP (Ministry of Industries and Commerce, 2015). Furthermore, SMEs dominate agriculture, plantation, construction, manufacturing, trade, and other services (Wijayasiri & Perera, 2016a). Nonetheless, only 5% of the SMEs are involved in exports (Athukorala et al., 2017; Ministry of Industries and Commerce, 2015; Wijayarathne & Perera, 2018).

This study is inspired by a desire to find solutions to promote improved performance for SMEs in an emerging economy like Sri Lanka. The National Export Strategy of Sri Lanka (2018-2022) expressly recognises the need to strengthen Sri Lankan exporters' market entry capacities and help integrate SMEs from across Sri Lanka into the export value chain (Dasanayaka, 2011; Export Development Board, 2021).

A significant factor that needs to be addressed to overcome the inefficiencies of manual processes is acquiring technology through being members of global production networks and engaging in innovations (Wijewardene, 2020). However, SMEs in the export sector face other challenges as well. One such challenge is the adverse impact of multinational companies with backward and forward integration strategies (Dasanayaka, 2011) and their low prices helped by large production batches, automation, and specialist technology (Bhavani, 2006). The impact of globalisation has shifted customer preferences, choices, customer expectations, behaviours, and social aspirations while the attachment to native produce as a part of nationalistic fervour is eroding day by day (Dasanayaka, 2011). Therefore, the Sri Lankan SMEs need to find ways to face these challenges and be competitive in the global market by changing product and market concentration to mitigate the associated risks.

Many economies worldwide thrive on the internationalisation potential of their SMEs (García-Álvarez de Perea et al., 2019). Existing research indicates that the substantial, positive effect the internationalisation of SMEs has on an economy is widespread across industries and economies (e.g., Crick, 2007; Ibeh, 2005). The internationalisation of businesses provides the entrepreneur with additional benefits such as increased sales and income (Ngoma et al., 2017). However, Sri Lankan SMEs have not capitalised on internationalisation opportunities, as only 5% of SMEs engage in exporting activities. Although existing literature has shown that high cost of capital, high tariff, lack of new technology, the complexity of export documentation procedure, lack of competitive prices, and currency fluctuations are the strongest predictors of SME internationalisation (Wijayarathne & Perera, 2018), there is little empirical evidence on the role of EO in the internationalisation of SMEs in Sri Lanka.

This study is motivated by a desire to contribute to the development of practical solutions that support to improve the EP of SMEs in an emerging economy like Sri Lanka. While SMEs

represent a significant share of the country's economic activity, accounting for the majority of business establishments and a substantial portion of employment and GDP, only a small proportion currently engage in exporting activities. This limited participation suggests that many SMEs are unable to fully capitalise on the opportunities offered by international markets, despite policy efforts such as the National Export Strategy (2018–2022), which aims to enhance market access and promote SME integration into global value chains.

The gap between policy intent and on-the-ground reality raises important questions about the internal capabilities that SMEs need to thrive in complex international environments. In this context, EO emerges not merely as a theoretical construct but as a behaviour that can empower SMEs to overcome external constraints. However, EO alone may not be sufficient to drive EP. This study is therefore motivated by the need to understand how EO can be most effectively leveraged, particularly when combined with learning processes (both experiential and vicarious), different forms of networking (formal and informal), and AC, which allows firms to recognise, assimilate, and apply new knowledge.

This study draws upon four theoretical perspectives to guide its inquiry. The RBV positions EO as a strategic resource that enables firms to achieve competitive advantage and superior performance by deploying unique, valuable capabilities (Barney, 1991). Beyond EO itself, RBV also helps explain why complementary resources—such as learning capabilities (experiential and vicarious) and different networking forms—are essential in translating EO into successful EP. It informs the importance of both the EO dimensions and the mediating mechanisms through which they influence performance.

Ambidexterity Theory is used in this study to explain the importance of balancing both explorative and exploitative modes of learning and networking. Explorative learning and networks support experimentation and opportunity-seeking, while exploitative counterparts

focus on refinement and efficiency. Balancing this duality is essential for SMEs operating in dynamic export environments, as it allows them to remain both adaptive and competitive.

KBV, which extends the RBV, emphasises knowledge as the most strategically valuable firm resource. In line with this, the study highlights the role of VL as a vital mechanism through which resource-constrained SMEs in emerging markets acquire external knowledge. SLT provides the theoretical grounding for this argument, explaining how firms enhance their capabilities by observing and imitating the behaviours and outcomes of others (Bandura, 1977).

Finally, the concept of AC—comprising both potential and realised capacities—defines the boundary conditions under which vicarious learning can be internalised and effectively transformed into performance outcomes. Together, these perspectives form an integrated theoretical framework that explains how EO, learning, networking, and AC interact to drive export performance in SMEs.

By drawing on the RBV, KBV, Ambidexterity Theory and SLT and AC, this research aims to develop a nuanced understanding of how these capabilities interact to influence EP. The overarching goal is to provide insights that are both theoretically informed and practically relevant, helping SMEs build resilience and competitiveness in a challenging and dynamic global environment. In doing so, the study seeks to address a critical gap in the literature and support ongoing national efforts to promote inclusive, innovation-led growth through SME internationalisation.

1.3 The Research Context: Sri Lanka

The context of the study is Sri Lanka, a South Asian island nation located on the Indian Ocean, southwest of the Bay of Bengal and southeast of the Arabian Sea, with the Gulf of Mannar separating it from the Indian subcontinent. It had a current population of around 21.9 million as of 2023, with a GDP of 84 billion USD in 2019 (World Bank, 2023). According to the World

Bank classification of countries based on the gross national income of the previous year's income, Sri Lanka was reclassified to a lower-middle-income country, downgraded from the upper-middle-income status, from the year 2020 onwards (World Bank, 2020). Sri Lanka was ranked as one of the world's most impacted emerging economies during the COVID-19 epidemic (Mallawarachchi, 2020).

Sri Lanka is often cited as a sustainable economic transformation and job development model in South Asia (Wignaraja & Hüttemann, 2020). At the time of independence from Great Britain in 1948, the economy was overly reliant on export income from three main agricultural products: tea, rubber, and coconut. Due to the country's limited resource endowments, Sri Lanka was compelled to engage in international trade, a shift which called for diversification of the structure of production and trade, necessitating increased investments in the manufacturing sector (Rajapakse, 2004). Sri Lanka was the first South Asian economy to liberalise its economy to trade and foreign direct investment, and its neighbours closely followed its lead (Wijayasiri & Perera, 2016b).

The significant change in national economic policy from import substitution industrialisation to an outward-oriented trade strategy in 1977 was the source of Sri Lanka's economic transition (Lal & Rajapathirana, 1989; White & Wignaraja, 1992). However, it is no longer the trailblazing liberalising nation that it was in the late 1970s. The country is now forced to compete for foreign investment and export markets with the world's largest labour-rich economies—China and India—and countries such as Vietnam and Bangladesh (Athukorala & Jayasuriya, 2013). Despite a nearly 30-year civil war that began in 1983, Sri Lanka did experience a move away from domestic agriculture and toward industrial and service sector operations, a move which was followed by sectoral shifts in jobs (See Table 1).

Table 1*Sectoral Shifts in the GDP and Employment*

	Contribution to the GDP				Employment creation			
	(%)				(%)			
	1981	2000	2018	2023	1981	2000	2018	2023
Agriculture	28.0	19.9	7.0	8.3	46.8	36.0	25.5	24.0
Industry	28.3	7.3	26.1	25.6	19.4	23.6	27.9	27.0
Services	43.8	52.8	57.7	59.9	30.7	40.3	46.6	49.0

Over time, there has been a trend away from import substitution and towards manufactured exports and services, with services playing an increasingly important role since 2000. (Table 2).

Table 2*Sectoral Shifts in Exports (as a Percentage of Total Exports)*

	1981	2000	2018
Goods	79.2	85.3	58.7
Services	20.8	14.7	41.3

Up until the early 2000s, the textile industry dominated growth in manufactured exports, with services remaining largely untraded. In this regard, Sri Lanka did not follow in the footsteps of the four East Asian ‘dragon’ economies (South Korea, Taiwan, Singapore, and Hong Kong), which transitioned early from trading simple labour-intensive exports like garments to more complex capital and technology-intensive exports like electronics (Wignaraja, 1998). Between 2010 and 2019, value addition in the services sector (62%) and manufacturing sector (53%) increased dramatically, while value addition in the agriculture sector (26%) was relatively muted (Wignaraja & Hüttemann, 2020).

Sri Lanka’s garment industry, which began in the 1970s, soon became the country’s growth engine in the 1980s and 1990s; it remained the economy’s most important source of income generation for several decades, providing numerous jobs and significant foreign exchange

earnings. In 1977, the garment sector's share of total exports was around 1.9%, a figure that steadily grew during the 1980s (International Monetary Fund, 2020). Textiles and garments accounted for the largest share of Sri Lankan exports, accounting for 26% of total exports in 1990 and reaching a peak of 47% in 2000. From the 2000s onwards, the textile and garment sector's relative economic contribution decreased, reflecting the increasing importance of other sectors such as tourism and information communication technology/ business process management. The sector's share of total value-added fell from 4.4% in 2002 to 3.7% in 2015, while its share of total exports fell from 41% to 28% during the same period.

However, in 2019, textiles and garments accounted for around 40% of Sri Lanka's total exports. The industry faces market concentration risk as it exports mainly to the USA, UK, and India, with minimal progress in penetrating major Asian markets such as Japan, China, South Korea, and Hong Kong. Overall, the product categories offered by Sri Lankan exporting firms are not sufficient to mitigate the risk of product concentration (Abeyasinghe & Munas, 2017). This situation may be attributed to the low level of innovation in exporting textiles and the inability to meet the requirements of other markets.

The intense competition Sri Lanka faces from other countries would almost certainly present further obstacles to aligning with market trends and adopting the aggressive business approaches necessary for development and survival. Many researchers have suggested that the lack of innovations, entrepreneurship, and internationalisation experience of Sri Lankan firms are significant obstacles and, in turn, represent the enabling factors for growth (Abeyasinghe & Munas, 2017; Wignaraja & Hüttemann, 2020).

1.3.1 Sri Lanka as an Emerging Economy

Since 1977, Sri Lanka has implemented market-oriented policies that mark a shift from earlier approaches characterised by state intervention in the economy. The post-1977 period is

highlighted by the adoption of open-market policies that emphasised privatisation, foreign direct investment, and global trade integration. This shift was further accelerated by external factors such as globalisation, which exerted pressure on Sri Lanka to adopt fiscal and monetary reforms, foster competition, and increase productivity (Samarawickreme, 2005). These policies may undoubtedly have contributed to Sri Lanka's recognition as a low-middle-income country since the 1990s (Samarawickreme, 2005). However, despite these reforms, Sri Lanka has struggled to fully leverage its position within the global economy. Domestic industrialists have been slow to adjust to competitive pressures from foreign markets, particularly from other emerging economies, such as China, India, and Malaysia, which have significantly affected Sri Lanka's export competitiveness (de Silva, 2019; Samarawickreme, 2005).

The concept of emerging markets is often defined by a combination of factors that include rapid economic growth, industrialisation, and increased participation in global trade. For Sri Lanka, these characteristics have been gradually developing, although some challenges persist:

Macroeconomic Reforms: Economic liberalization policies, such as the deregulation of the market, privatization, and the promotion of foreign investments, have helped the country align with global trade practices. This realignment is seen as a key indicator of Sri Lanka's emerging market status (DeRosa, 2009; Samarawickreme, 2005).

Increased Foreign Direct Investment (FDI): FDI has been critical in driving growth, particularly in sectors such as infrastructure and services. The government has put in place several incentives aimed at encouraging private sector investment (DeRosa, 2009). These include tax holidays, relaxed trade regulations, and investment promotion schemes.

Challenges in Competitiveness: Despite adopting market reforms, Sri Lanka faces significant challenges in increasing its productivity and export competitiveness. High production costs and the slow adoption of technology have hampered its ability to compete on the global stage (de

Silva, 2019; Samarawickreme, 2005). Sri Lankan industries have particularly struggled with cost competition against major emerging markets like China and India.

Global Trade and Institutional Support: Sri Lanka has sought to integrate itself into the global economy through agreements, such as those with the World Trade Organization (WTO) and the South Asian Preferential Trade Area (SAPTA). However, institutional challenges, such as regulatory inefficiencies and corruption, have slowed progress (de Silva, 2019; Samarawickreme, 2005). These challenges highlight the need for greater institutional reforms to create a more favourable environment for economic growth and market integration. (de Silva, 2019)

Economic Growth Potential: Sri Lanka has the potential to achieve sustained economic growth due to its geographical location, skilled labour force, and efforts to promote industrialisation. However, its growth trajectory has been inconsistent due to internal conflicts, political instability, and underdeveloped infrastructure (de Silva, 2019; Samarawickreme, 2005).

Institutional Voids and Entrepreneurial Challenges: According to de Silva (2019), the role of institutional voids¹ in Sri Lanka's business environment, particularly for returnee entrepreneurs who struggle with weak institutional support, regulatory hurdles, and limited access to funding.

¹ According to de Silva, R. (2019). Institutional voids and their impact on transnational entrepreneurship: A study of Sri Lankan entrepreneurs. In M. J. Manimala, K. P. Wasdani, & A. Vijaygopal (Eds.), *Transnational entrepreneurship: Issues of SME internationalization in the Indian context* (pp. 243-261). Springer Singapore. https://doi.org/10.1007/978-981-10-6298-8_11, **Institutional voids** refer to the absence or inadequacy of essential institutions like regulatory bodies, legal frameworks, financial systems, and infrastructure that are necessary for markets to function smoothly. In emerging markets, these voids hinder the efficient operation of businesses and create challenges for companies trying to grow and compete globally.

In Sri Lanka, institutional voids can appear in several forms:

1. *Regulatory Gaps:* Incomplete or ineffective regulations and a lack of enforcement mechanisms, which make it difficult for businesses to comply with standards or protect their interests.
2. *Limited Financial Access:* Underdeveloped financial markets, restricted access to credit, and insufficient investment channels make it difficult for businesses to secure funding for expansion.
3. *Weak Legal and Judicial Systems:* A lack of reliable legal systems to enforce contracts, protect intellectual property, or resolve disputes quickly and fairly.
4. *Inadequate Infrastructure:* Gaps in physical and digital infrastructure, including transportation, communication, and utilities, which limit the efficiency and scalability of business operations.
5. *Lack of Innovation Support:* Inadequate institutional support for fostering innovation, which prevents businesses from effectively utilizing modern technologies and practices to compete in global markets.

These challenges hinder the ability of domestic industries and entrepreneurs to scale up and compete globally.

Slow Adaptation to Globalisation: Sri Lanka's industries have been slow to adapt to the demands of globalisation. The competitive pressures from larger, more established emerging markets have exposed vulnerabilities in Sri Lanka's export and manufacturing sectors. The inability to keep pace with technological advancements has also been a limiting factor (de Silva, 2019; Kelegama, 2012; Samarawickreme, 2005; Wijewardene, 2020).

Sri Lanka's journey as an emerging economy is marked by significant strides toward liberalisation, industrialisation, and global market integration. The country holds considerable potential due to its strategic location, growing private sector, and ongoing reforms. However, the findings of various studies suggest that there are still many obstacles, particularly in terms of institutional inefficiencies, competitiveness, and adaptation to global market forces. Overcoming these challenges will be crucial if Sri Lanka is to fully realise its potential as an emerging economy in the global landscape (de Silva, 2019; DeRosa, 2009; Samarawickreme, 2005).

1.3.2 The Sri Lankan Economy During COVID-19

The COVID-19 pandemic has had a profound impact on the Sri Lankan economy, significantly disrupting its export sectors and overall economic performance. Prior to the pandemic, Sri Lanka was experiencing modest economic growth, with GDP growth rates projected to average around 3.3% in 2020 (Beyer et al., 2021). The country's economy is heavily reliant on exports, particularly in sectors such as textiles and garments, tea, rubber, and tourism (Central Bank of Sri Lanka, 2020).

With the onset of the pandemic in early 2020, global supply chains were disrupted, leading to a sharp decline in demand for Sri Lanka's exports. The garment industry, which accounts for

approximately 44% of total exports, faced significant challenges due to cancellations of orders from major markets like the United States and Europe (Export Development Board, 2020). As a result, apparel exports declined by 21% in 2020 compared to those for the previous year (Sri Lanka Apparel Exporters Association, 2020). Similarly, the tea industry, a traditional export sector for Sri Lanka, experienced disruptions in both production and export. Restrictions on labour movement affected tea plantations, while global demand decreased due to the economic downturn in importing countries (Dissanayaka, 2020). Tea exports fell by 5% in 2020 (Tea Exporters Association Sri Lanka, 2021). The tourism sector, which had been recovering from the 2019 Easter attacks, was severely hit by global travel restrictions and local lockdown measures. Tourism earnings dropped by an unprecedented 99% in 2020, exacerbating the foreign exchange shortage in the country (Sri Lanka Tourism Development Authority, 2021). Overall, Sri Lanka's GDP contracted by 3.6% in 2020, marking the worst economic performance since independence (International Monetary Fund, 2021). The decline in exports contributed significantly to this contraction, highlighting the vulnerability of the economy to external shocks.

In response, the Sri Lankan government implemented various measures to mitigate the impact of the pandemic. These included monetary policy easing by the Central Bank, fiscal stimulus packages, and initiatives to diversify export markets (Central Bank of Sri Lanka, 2021). Additionally, there was a push to promote local industries and import substitution to reduce the trade deficit. However, challenges remain, particularly with rising debt levels and dwindling foreign reserves, which limit the government's capacity to support the economy. The need for structural reforms and economic diversification has become more apparent in the wake of the pandemic (World Bank Group, 2024).

In conclusion, the COVID-19 pandemic has significantly disrupted Sri Lanka's economy and export sectors, underscoring the importance of building economic resilience and diversifying export markets to mitigate future external shocks.

1.3.3 The Sri Lankan Economic Crisis After the Pandemic

Following the COVID-19 pandemic, Sri Lanka experienced a severe economic crisis that intensified existing vulnerabilities. The pandemic's impact on key revenue-generating sectors like tourism and remittances led to a significant depletion of foreign currency reserves (World Bank, 2022). Tourism, contributing substantially to foreign exchange earnings, was halted due to global travel restrictions, while remittances declined as expatriates faced economic hardships abroad (Central Bank of Sri Lanka, 2022b).

The shortage of foreign currency made importing essential goods challenging, leading to shortages of fuel, medicine, and food. Inflation soared, with the consumer price index reflecting significant increases in the cost of living; by mid-2022, inflation had surpassed 50% (Department of Census and Statistics Sri Lanka, 2022). This hyperinflation severely affected the purchasing power of citizens.

In April 2022, Sri Lanka defaulted on its external debt obligations for the first time (BBC News, 2022). The government suspended repayment of foreign debt to preserve dwindling reserves for essential imports. The country had amassed foreign debt exceeding \$50 billion, with substantial short-term repayments due (Reuters, 2022). The economic turmoil sparked widespread public protests against mismanagement and shortages of essentials (Aljazeera, 2022). Demonstrations led to significant political changes, including the resignation of President Gotabaya Rajapaksa in July 2022 (CNN, 2022).

In response, the government engaged with international financial institutions. In September 2022, a preliminary agreement was reached with the International Monetary Fund for a \$2.9

billion bailout aimed at stabilising the economy (International Monetary Fund, 2022). The agreement required structural reforms, including fiscal consolidation and anticorruption measures.

Reforms were introduced to address deep-seated economic issues. The government implemented measures to increase tax revenues and reduce subsidies on fuel and electricity (Ministry of Finance, 2022). Efforts to diversify the economy and reduce import dependency were promoted, focusing on boosting local agriculture and manufacturing (World Bank, 2022). The government encouraged exports in sectors like textiles, tea, and rubber to improve foreign exchange earnings.

Exports played a crucial role in Sri Lanka's strategy to overcome the post pandemic economic crisis. The government focused on boosting export revenues to enhance foreign exchange reserves, targeting key sectors such as textiles and garments, tea, and rubber (Central Bank of Sri Lanka, 2022a). The depreciation of the Sri Lankan rupee made exports more competitive globally, resulting in a moderate increase in export earnings in certain industries. However, persistent economic instability, supply chain disruptions, and global market uncertainties continued to impede export growth. These challenges underscored the need for structural reforms (World Bank Group, 2024) and diversification of export products and markets to achieve sustainable economic recovery (World Bank, 2022).

The crisis highlighted the need for prudent economic management and transparency. Economists emphasised debt sustainability and warned against excessive borrowing from international markets and foreign governments (Samarakoon, 2024). Calls for stronger institutions and policies to prevent future crises became more pronounced (Transparency International Sri Lanka, 2022).

By late 2022, signs of stabilisation emerged. Inflation began to moderate, and shortages of essential goods eased due to improved foreign currency inflows (Central Bank of Sri Lanka, 2022b). However, the recovery remained fragile, dependent on continued commitment to economic restructuring and good governance (Asian Development Bank, 2023).

1.3.4 Justifying the Research in the Context of Emerging Markets

The Sri Lankan experience reflects the broader realities faced by SMEs across many emerging markets; where structural economic vulnerabilities, institutional voids, and limited innovation capacity pose ongoing challenges to sustained EP. In such contexts, understanding how firms can internally cultivate strategic capabilities becomes particularly relevant. Emerging markets are often characterised by dynamic but uncertain environments, where external support mechanisms may be weak or inconsistent. Therefore, developing a clearer understanding of how EO, learning, networking, and AC can be mobilised to improve EP has both theoretical and practical value. This study contributes to this growing discourse by offering an integrative framework tailored to the constraints and opportunities of emerging economies.

The novelty of this research lies in its multidimensional examination of EO and its integration with both explorative and exploitative learning and networking practices simultaneously, mediated by AC—an area that remains underexplored in the context of emerging markets. Furthermore, by focusing on the Sri Lankan SME sector amid economic volatility and global trade disruptions, this study provides contextually grounded insights with broader applicability across similar economies. Its findings contribute to the academic understanding of SME internationalisation while holding significant policy relevance. Specifically, they can inform national export promotion strategies, capacity-building initiatives, and institutional reforms aimed at enhancing the global success of SMEs. As such, this research offers a timely and practical contribution to both scholarly debates and policymaking in the sphere of international entrepreneurship within emerging markets.

1.4 Methodology

1.4.1 Research Philosophy

The research design for this study is grounded in four fundamental components: ontology, epistemology, methodology, and methods (Crotty, 1998). Together, these elements form the foundation of a research paradigm which defines the philosophical stance guiding the research (Creswell, 2017).

Ontology refers to the assumptions about the nature of reality and existence (Creswell & Creswell, 2017; Wand & Weber, 1993), asking questions such as "What exists?" or "What is?" (Crotty, 1998, p. 10). In social sciences, social ontology focuses on whether entities like organisations and networks exist as objective realities or are constructed through social interactions (Bryman, 2016). Objectivism posits that social phenomena exist independently of human perception, whereas constructionism suggests that reality is socially constructed through human interactions (Guba & Lincoln, 1994). In this study, an objectivist ontological stance is adopted. Entrepreneurial behaviour, learning, networking, and AC are considered objective realities that can be analysed independently of individual interpretations. These constructs are treated as tangible phenomena measurable through quantitative data, facilitating the identification of causal relationships between these variables and firm performance.

Epistemology deals with the nature and validation of knowledge (Cohen et al., 2007), exploring how knowledge is acquired and what constitutes legitimate knowledge claims. Objectivist epistemology, aligned with positivism, holds that knowledge exists independently of human cognition and can be discovered through empirical observation and measurement (Creswell, 2017). Researchers adopting this approach strive to remain detached from their subjects, uncovering objective truths through systematic, rigorous methods. Conversely, constructionist epistemology rejects the notion of a single objective reality, arguing that knowledge is socially constructed and subject to individual interpretation based on cultural and social contexts (Guba

& Lincoln, 1994). From this perspective, multiple truths may exist, shaped by varying human experiences. This research adopts a positivist objectivist epistemology, assuming that knowledge about entrepreneurial behaviour, learning, and networking can be objectively observed and measured. The study employs a quantitative approach, using structured questionnaires to gather data and uncover generalisable truths about the influence of these factors on firm performance. By adhering to this epistemological framework, the research aims to minimise the influence of researcher bias and subjective interpretation by focusing on establishing causal relationships that can be generalised across different contexts.

A research paradigm (worldview) is defined as "a set of commonly held beliefs and assumptions within a research community about ontological, epistemological, and methodological concerns" (Johannesson & Perjons, 2014, p. 167). Positivism, one such paradigm, asserts that reality is objective and can be studied without interference from the researcher. Central to positivism is the concept of objectivism, which maintains that the researcher and the subject of study exist as separate entities, with the researcher's role being to uncover objective facts (Crotty, 1998). Positivist research is driven by the development of hypotheses that can be empirically tested, aiming to produce generalisable and predictive knowledge (Creswell, 2017).

However, postpositivism emerged as a refinement of positivism, especially when addressing the complexities of human behaviour and social phenomena. Postpositivism acknowledges that while an objective reality exists, it can never be fully understood or known with absolute certainty (Phillips et al., 2000). This paradigm emphasises the provisional nature of knowledge and the limitations of absolute truth claims. Central to postpositivism is falsification theory (Popper, 2005), which asserts that scientific hypotheses cannot be definitively proven but can only be tentatively accepted until refuted by new evidence. Postpositivist research therefore

combines empirical data collection with the recognition that all knowledge is subject to revision and refinement. Thus, Postpositivists adopt a deterministic and reductionistic philosophy, focusing on probable, causal relationships and identifying factors influencing outcomes (Creswell & Creswell, 2017). They reduce complex ideas into testable variables within hypotheses and research questions. Knowledge is based on objective observation and measurement, emphasising quantitative data and behavioural studies. Believing in theories, they employ the scientific method—starting with a theory, collecting supporting or refuting data, and revising—to test and refine understanding.

Given the objectives of this research, the postpositivist paradigm is the most appropriate for guiding the study. This approach aligns with the belief that knowledge is conjectural, and that absolute certainty is unattainable. The research explores EO, learning, networking, and AC, testing tentative hypotheses regarding their relationships with firm performance, particularly within the context of Sri Lankan exporting SMEs. The postpositivist paradigm allows for the exploration of complex behaviours and organisational dynamics, which are often context dependent.

1.4.2 Research Approach

Generally, scholarly research focuses on theory testing, theory building, and altering theories. Induction and deduction are the two main approaches that form the foundation for selecting a research design which addresses why, what, when, where, and how data is collected and analysed. This thesis largely follows a deductive approach, which involves making assumptions probabilistically about novel scenarios based on current literature (Heit, 2000). In this approach, hypotheses are developed based on existing theoretical knowledge and are then empirically tested. This requires translating theoretical constructs into researchable elements and determining appropriate methods for data collection.

The deductive method is particularly suitable when the objective is to test theory-driven relationships in a structured and systematic way. By starting with well-established theories and deriving testable propositions, this approach enables the validation or refinement of theoretical assumptions through empirical analysis.

The present study involves the proposed hypothesis, which will be evaluated using the collected data to conclude the general acceptance of improvement or enhancement of the underpinning theories based on the current understanding. Ambidexterity theory, the RBV, SLT, KBV, and AC were applied to develop the hypothesis tested using the deductive approach in the current study.

1.5 Thesis Structure

A thorough understanding of the current literature on EO is essential for this study. However, EO is inherently multidimensional and often inconsistently defined across various studies, creating challenges for researchers attempting to measure and apply the construct in empirical research. As Wales et al. (2013) and Anderson et al. (2015) highlight, these inconsistencies underscore the need for a clear and consistent definition and measurement of EO before embarking on empirical investigations. Clarifying the construct and its dimensions will not only enhance the validity and reliability of future studies but also provide a solid foundation for new researchers beginning their journey in EO studies. The first manuscript, presented in chapter 2 along with the thesis' literature review, aims to address these issues by clarifying the current understanding of the concept of EO, thereby improving the comparability of studies and advancing our comprehension of how EO influences firm performance in various contexts.

Manuscript 2 highlights the strategic application of organisational ambidexterity—the ability to simultaneously enhance current capabilities and explore new opportunities (Tushman & O'Reilly, 1996)—in SMEs from emerging markets. Although this concept has been thoroughly

examined in the context of multinational corporations (Khan et al., 2022; Zhou et al., 2020), its significance and implementation in SMEs, particularly those from emerging markets, remain underexplored. These firms face the challenge of balancing the exploitation of existing competencies with the exploration of new opportunities (Kang et al., 2021), a task made more difficult by their limited resources (Rothaermel & Alexandre, 2009; Voss & Voss, 2013). Thus, Manuscript 2, presented in chapter 3, focuses on investigating the strategic behaviours and capabilities that enable SMEs from emerging markets to succeed in international markets by examining the ambidextrous nature of EO and the mediating roles of different types of learning (experiential and vicarious) and networking (formal and informal) in the EO–performance relationship.

EO is a strategic resource that necessitates continuous learning to effectively capitalise on market opportunities (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). However, emerging market SMEs often face significant resource constraints, making it difficult to acquire the necessary knowledge for international success (Desouza & Awazu, 2006; Woschke et al., 2017). To address these challenges, cost-effective learning methods like VL are essential. VL, which involves learning from the experiences of other firms, provides a viable solution for these resource-limited SMEs (Bandura, 1977; Ingram & Baum, 1997). By observing and emulating successful practices, SMEs can enhance their EO and improve their EP (Ali et al., 2020).

AC, defined as a firm's ability to recognise, assimilate, and apply new external information (Cohen & Levinthal, 1990), can significantly enhance VL processes. By improving AC, firms can better identify and absorb valuable insights, effectively integrating and utilising this knowledge to develop innovative products and strategies, thereby improving performance outcomes (Zahra & George, 2002; Engelen et al., 2014; Jansen et al., 2005). Therefore, the

goal of Manuscript 3, presented in chapter 4, is to provide a strategic framework for emerging market SMEs to thrive in international markets despite their inherent resource limitations. A graphical representation of the structure of the thesis is presented in Figure 3.

Table 3

Structure of the Thesis

Section	Content Description
Introduction	Outlines the motivation for the study, research questions, objectives, context (Sri Lanka), and research design/methods.
Literature Review	Presents a critical review of the literature on entrepreneurial orientation (EO), including theoretical foundations and conceptual development.
Manuscript 1	<i>Entrepreneurial Orientation</i> Reviews and synthesises the literature on EO in the context of international entrepreneurship and SME export performance.
Manuscript 2	<i>The Role of Learning and Networking Types in the Association of Entrepreneurial Orientation and Export Performance.</i> Empirically investigates how EO, learning mechanisms (experiential and vicarious), and networking (formal and informal) contribute to EP.
Manuscript 3	<i>The Role of Vicarious Learning and Absorptive Capacity in Entrepreneurial Orientation and Export Performance Relationship in Emerging Market SMEs: A Moderated Mediation Model</i> Focuses on the mediating role of vicarious learning and absorptive capacity in the EO–EP relationship.
Conclusion	Summarises key findings, outlines theoretical and practical contributions, highlights limitations, and proposes future research directions.

CHAPTER TWO

Literature Review

2.1 Chapter Introduction

Note: Section 2.2.4 of this chapter includes a published book chapter. It is referenced as follows:

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The chapter begins by exploring the broad definitions and theoretical underpinnings of entrepreneurship, highlighting how it is perceived through various lenses. Following the foundational definitions, the review focuses on the concept of EO a key framework for analysing entrepreneurial behaviour at the firm level. EO is particularly relevant in the context of emerging markets, where firms must navigate more volatile environments. The dimensions of EO provide a structured lens through which the entrepreneurial activities of firms can be examined and understood. The chapter also discusses the existing knowledge on how EO affects firm performance. Finally, it discusses the unresolved tensions in the areas of learning, networking, and AC.

In synthesising the vast body of literature, this chapter aims to highlight the significant contributions of existing research while also identifying gaps that provide the impetus for this

study. The review sets the stage for examining how entrepreneurial activities, underpinned by an EO, impact the export success of the SMEs in emerging markets.

2.2 Entrepreneurship in Emerging Markets

2.2.1 Entrepreneurship

Entrepreneurship is defined in several ways, including opportunity pursuit, venture creation, acting under uncertainty, profit-seeking, new value creation (Bennett, 2006; Gartner, 1990), and development of products or services for unpredictable future markets (Schumpeter, 1928; Venkataraman, 2019). These diverse definitions underscore entrepreneurship's multifaceted nature which spans multiple domains and disciplines. The concept of "entrepreneurship" has been defined in the literature from the unique ontological paradigms of the fields of economics, business, management, psychology, and sociology. This interdisciplinary approach has not only enriched the field but also led to a variety of interpretations and definitions. This plurality of definitions, while academically rich, necessitates critical scrutiny when applied to diverse business environments, particularly in emerging markets where entrepreneurial challenges and motivations may diverge from classical assumptions (Bruton et al., 2008; Gupta & Batra, 2016).

Misra and Kumar (2000) explained entrepreneurship by highlighting concepts such as innovation, opportunity identification, new business startups, economic growth, and profit generation. These elements collectively frame entrepreneurship as a dynamic and essential driver of economic progress. With a dramatic change in conceptualisation, entrepreneurship was linked with notions such as a behaviour, a characteristic, an activity, and a social role. For instance, entrepreneurship is the act of pursuing opportunities irrespective of their resources (Stevenson & Jarillo, 2007), opportunity identification and new venture creation (Bygrave & Hofer, 1992), and risk bearing (Zaleskiewicz et al., 2020). Moreover, entrepreneurship is increasingly seen as an act of innovation that leads to wealth creation (Urbaniec, 2018), the

creation of profitable ventures (Kloepfer & Castrogiovanni, 2018), or behaviour that reallocates economic resources towards value creation (Williams & Lee, 2009). Another completely different aspect of entrepreneurship is firm-level behaviour. Firms with entrepreneurial postures, such as innovativeness, risk-taking, and proactiveness, are identified as entrepreneurial firms (Covin & Slevin, 1991; Miller, 1983). This firm-level behaviour often results from individual or team actions within the organisation (Randerson, 2016). Consequently, entrepreneurship can be driven by not only the founding entrepreneur but also other employees in the firm, including lower-level employees.

Entrepreneurship at the firm level, often called EO, is a set of firm-wide activities focused on identifying and exploring new opportunities through innovation, launching new businesses, or implementing new business models (Schmelter et al., 2010). EO encapsulates the strategic and operational aspects of entrepreneurship within organisations, emphasising a proactive and innovative approach to market opportunities. While many definitions coexist, this thesis adopts the view that EO must be evaluated in relation to both firm structure and context, particularly in dynamic markets such as Sri Lanka, where strategic responsiveness, not just opportunity-seeking, dictates survival and growth.

SMEs are often viewed as vehicles for practising entrepreneurship (Gupta, 2015) because SMEs are more flexible in deploying resources and decision-making (Liñán et al., 2020). Through SMEs, entrepreneurship has brought many benefits at different levels, such as individual, firm, and national levels (Luke et al., 2007). Entrepreneurship practised in SMEs is vital to any economy because it contributes to employment creation that leads to social stability, economic growth, new product development, efficient resource allocation, and finally, improves people's standards of living (Luke et al., 2007). Apart from the benefits that SMEs

bring to the economy, since this study's focus is at the firm level, it is vital to elaborate on benefits to SMEs through entrepreneurship.

At the firm level, entrepreneurship is accompanied by inter-firm competitiveness and competitive advantage (Ireland et al., 2001), market share improvement, new product development, and improved productivity (Poole, 2018). At the firm level, seeking profits is the primary goal for most entrepreneurial ventures. More specifically, firm-level financial benefits comprise commercial success and viability (revenue and profitability), and continued success (growth in revenue and profitability) (Murphy et al., 1996) are targeted in most entrepreneurial ventures. However, this firm-level success is not simply a result of innovation or opportunity-seeking alone but stems from strategic alignment between EO dimensions and contextual realities such as market uncertainty and resource constraints.

With rapid globalisation, economies and industries are integrated globally, eliminating the restrictions on international trade and investment (Paul, 2015). Globalisation has increased interdependence between customers, suppliers, manufacturers, and governments in different countries (Knight, 2000) while facilitating more customer choices, making the markets very competitive. Further, products are increasingly competing in a global market due to the convergences in customer preferences stemming from globalisation and technological advancement (Ozturk & Cavusgil, 2019). Ultimately, due to globalisation, the SMEs' competition has intensified as they are increasingly overshadowed by larger multinational corporations (Liñán et al., 2020; Singh & Kumar, 2020). The ratio of market share held by large companies to SMEs is tilting in favour of the big companies, putting SMEs' survival at risk (Prasanna et al., 2019). The competition is further deepened by the threats from large multinational corporations and the negotiation requirements [and various certification requirements] needed in international trade (Liñán et al., 2020).

Compared with large-scale companies, the production cost is relatively high in SMEs due to the economies of scale gained by large-scale firms. Simultaneously, their marketing ability, financial resources, and technological resources have made large-scale firms' ability exceptional (Ciani et al., 2020; Liñán et al., 2020; Saunila, 2020). Nevertheless, SMEs generally benefit from quick decision-making ability and efficient resource deployment ability, allowing them to keep pace with large multinational corporations; still, SMEs need to be more entrepreneurially oriented to win the competition in international markets, especially emerging markets. This study argues that EO provides the strategic agility required to overcome structural disadvantages of SMEs, enabling them to act faster and more creatively than larger competitors. Among various factors linked to SMEs' success, Debrulle and Maes (2015) argued that networking is a beneficial approach to adopt for SMEs to go global, while Karami and Tang (2019) discussed the need for learning for SME internationalisation, both of which are also the considerations in this study. In the next section, I review the literature on a construct used to study firm-level entrepreneurship—EO.

2.2.2 Entrepreneurial Orientation

EO represents a critical strategic posture that enables firms, especially SMEs, to identify, evaluate, and exploit opportunities in uncertain and competitive environments. While the EO construct is widely discussed, there is an ongoing scholarly debate around its conceptualisation, dimensionality, and practical implications. This section critically explores the evolution of EO, compares alternative views, and provides this study's stance on the construct's usage in emerging markets.

Importantly, this study positions EO not as a static set of traits but as a context-responsive capability that can be strategically adjusted based on market volatility, institutional voids, and firm-specific resources. While earlier studies (e.g., Covin & Slevin, 1989; Miller, 1983) have focused on EO as a fixed strategic posture, recent literature acknowledges the dynamic

interplay between EO and contextual factors. In emerging markets, EO may operate less predictably due to institutional uncertainty and limited infrastructure, thus requiring a more flexible, configuration-based approach. This study builds on this evolving view by adopting the multidimensional conceptualisation of EO proposed by Lumpkin and Dess (1996), enabling exploration of how firms in resource-constrained environments strategically prioritise or de-emphasise certain EO dimensions to achieve international success.

The following sections critically examine each of the five EO dimensions—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—highlighting empirical inconsistencies, contextual contingencies, and theoretical debates to clarify this study's positioning and rationale for empirical investigation.

EO has received a growing focus in the entrepreneurship domain (Covin & Wales, 2012; Ferreira et al., 2019; Lumpkin & Dess, 1996; Wang, 2008; Wiklund, 1999) and has become more popular as a common way to depict entrepreneurship as an organisational characteristic (Anderson et al., 2015). With the expansion of the entrepreneurship literature, firm-level entrepreneurship behaviour has become a significant focus; in this context, EO reflects that trend (Avlonitis & Salavou, 2007).

The concept of EO stems from the strategic management literature and describes the 'strategic posture' of a firm for value creation in an entrepreneurial manner (Lumpkin & Dess, 1996). Accordingly, EO has been defined as an entrepreneurial process that includes the strategies used, activities carried out, managerial practices, and decision-making approaches that help the firm to act entrepreneurially (Lumpkin & Dess, 1996). Articulating firm strategy is vital for the firm's growth and success (Lloyd, 1992; Porter, 1985) and encompasses resource commitment, actions taken, and precedents set in a firm (Hambrick et al., 1993; Jarzabkowski, 2004).

Miller (1983) was one of the first scholars to identify EO as employing entrepreneurial strategy-making. However, he did not explicitly use the term EO; rather, he defined the nature of *entrepreneurial firms* in his groundbreaking article as firms characterised by product-market innovation and which undertake somewhat risky ventures and act as leaders of ‘proactive’ innovations while beating competitors. Accordingly, three dimensions of EO can be identified as per Miller—innovativeness, risk-taking, and proactiveness. Therefore, the ‘entrepreneurial posture’ illustrates the degree to which a company is willing to be innovative, proactive, and take risks while formulating and carrying out its strategy (Miller, 1983).

Lumpkin and Dess (1996) added two other dimensions to Miller’s conceptualisation, i.e., competitive aggressiveness and autonomy. Accepting the new dimensions Lumpkin and Dess added to Miller’s work, Augusto Felício et al. (2012) renamed the added dimensions as competitive energy. However, Miller’s original conceptualisation has been widely used by subsequent researchers (Anderson et al., 2020; Avlonitis & Salavou, 2007; Azmi, 2020; Covin et al., 2020; Fellnhofner et al., 2016; Jin et al., 2018; Karami & Tang, 2019; Rauch et al., 2009), and thus less attention has been paid on the additional two dimensions introduced by Lumpkin and Dess (1996). Lumpkin and Dess's (1996) five-dimensional approach, although less tested, is evolving as a critical research method (Wales et al., 2011a). Therefore, the current study uses the five dimensions of EO as they are extensively used in the literature and because there is a need for empirical studies to investigate the existence of those dimensions in different market contexts.

However, the debate among EO scholars continues over whether it is preferable to evaluate EO as a unidimensional or multidimensional concept (Lumpkin & Pidduck, 2021). The unidimensional approach, developed by Covin and Slevin (1989) and based on Miller’s (1983) definition of EO, considers it to be a basic, unidimensional strategic orientation. The

multidimensional approach, developed by Lumpkin and Dess (1996), builds on Covin and Slevin's (1989) and Miller's (1983) work and identifies five dimensions that combine to form configurations of EO. These configurations of EO are likely to vary depending on the environmental and organisational context (Wiklund & Shepherd, 2005).

Understanding how these five dimensions individually affect firm performance (Hughes & Morgan, 2007) is essential. Miller (1983) explained that high levels of all three dimensions of EO (innovativeness, risk-taking, and proactiveness) need to be practised in firms, while Lumpkin and Dess (1996) added competitive aggressiveness and autonomy to the list. In addition, the unidimensional EO introduced by Covin and Slevin (1989) and Miller (Miller, 1983) implies that only firms demonstrating high levels of EO dimensions should be recognised as entrepreneurial; consequently, the concept is too narrowly defined. This viewpoint is supported by Anderson et al. (2015), who argue that a multidimensional approach provides a more comprehensive understanding of EO and its impact on firm performance.

The capacity to provide a more complex and fine-grained knowledge of the role that each dimension of EO plays in a particular environment is one of the main benefits of the multidimensional view (Lumpkin & Pidduck, 2021). This detailed understanding allows researchers to uncover various entrepreneurial profile configurations of EO aspects linked to different performance outcomes, enabling tailored strategies for diverse contexts (McKenny et al., 2018). These plus points of the dimensional view are important because they allow for adaptability and customisation of entrepreneurial strategies in diverse and dynamic environments, especially in the global context (Lumpkin & Pidduck, 2021). In particular, emerging markets often exhibit unique challenges and opportunities that require nuanced entrepreneurial approaches. The multidimensional view helps identify how different combinations of EO dimensions can lead to successful entrepreneurial outcomes in these

settings, providing a strong case for investigating the entrepreneurial profiles that emerge with different dimensions of EO combined into unique configurations.

The combinations of EO dimensions may generate a higher level of entrepreneurial behaviour at the firm level (Jin et al., 2018; Rauch et al., 2009). EO levels, which involve firms engaging in innovations to create new products and services, exploring new opportunities and markets, and taking risks, may determine the success of performance in international markets (Jin et al., 2018; Lumpkin & Dess, 1996; Miller, 1983). This conception is on a par with the idea that innovative and proactive companies take first-mover advantages by focusing on customers and providing superior offerings (Gautam, 2016; Haider et al., 2017; Przychodzen et al., 2020). Thus, EO provides a novel explanation for variations in firm performance (Basco et al., 2020; Galbreath et al., 2020) and distinguishes it from other concepts such as the resource-based view or market orientation. Some past studies provide evidence that these EO dimensions must covary positively (Covin & Wales, 2012; Miller, 1983), while others elaborate that those dimensions play different, independent roles (Jin et al., 2018; Lumpkin & Dess, 1996). This study also adopts the latter approach, as it is essential to consider each EO dimension's effect on performance.

Numerous conceptualisations of EO have emerged over the past decades, reflecting different theoretical orientations and empirical emphases. A summary of the most influential frameworks is presented in Table 2.1 to provide clarity on the evolution of EO and to situate the present study within this broader scholarly discourse.

Table 1:*Summary of Key Conceptualisations of Entrepreneurial Orientation (EO)*

Conceptualisation	Key Contributors	Core Dimensions	Treatment of EO	Frequency in Literature	Description
Miller (1983)	Miller (1983)	Innovativeness, Risk-taking, Proactiveness	Unidimensional	Widely used (e.g., Covin & Slevin, 1989; Rauch et al., 2009)	Foundation of EO literature; defined as the entrepreneurial firm
Covin & Slevin (1989)	Covin & Slevin (1989); Covin & Wales (2012)	Innovativeness, Risk-taking, Proactiveness	Unidimensional	Extensive empirical use	Operationalised EO with a validated scale; influential in empirical research
Lumpkin & Dess (1996)	Lumpkin & Dess (1996)	Innovativeness, Risk-taking, Proactiveness, Autonomy, Competitive Aggressiveness	Multidimensional	Less frequently used (e.g., Hughes & Morgan, 2007; McKenny et al., 2018)	Enables nuanced EO profiles; allows dimension-level analysis
Wiklund (1999)	Wiklund (1999)	Based on Covin & Slevin's unidimensional EO	Unidimensional	Frequently cited in SME performance research	Investigated EO's long-term effect on firm growth
Kreiser et al. (2002)	Kreiser et al. (2002)	Innovativeness, Risk-taking, Proactiveness	Unidimensional (contextualised)	Moderate use	Tested EO in different cultural contexts; highlighted

					environmental moderating effects
Hughes & Morgan (2007)	Hughes & Morgan (2007)	Innovativeness, Risk-taking, Proactiveness, Autonomy, Competitive Aggressiveness	Multidimensional	Increasingly cited in SME EO studies	Emphasised capability configuration and firm-level outcomes
Baker & Sinkula (2009)	Baker & Sinkula (2009)	Based on Covin & Slevin (1989); integrated with learning orientation	Unidimensional (integrative)	Used in marketing and learning studies	Linked EO with learning processes and performance
Rauch et al. (2009)	Rauch et al. (2009)	Innovativeness, Risk-taking, Proactiveness	Unidimensional (meta-analysis)	Highly cited	Meta-analysis confirming EO–performance link across diverse contexts
Wales et al. (2013)	Wales et al. (2013)	Varies by context; focused on EO as capability	Conceptual / strategic view	Emerging usage	Reviewed inconsistencies; proposed EO as a dynamic capability
Anderson et al. (2015) / McKenny et al. (2018)	Anderson et al. (2015); McKenny et al. (2018)	EO dimensions treated as context-dependent	Contingency-based / critical	Growing theoretical influence	Critiqued prior EO conceptualisations; advocated for contextual interpretation

As shown in Table 2.1, the conceptualisation of EO has evolved from a unidimensional construct (Miller, 1983; Covin & Slevin, 1989) to more nuanced, multidimensional frameworks (Lumpkin & Dess, 1996; Hughes & Morgan, 2007). While the unidimensional approach remains popular due to its simplicity and empirical validation, the multidimensional perspective allows for richer insights into how individual dimensions of EO operate under different conditions—particularly in dynamic and resource-constrained environments. This study adopts the five-dimensional model proposed by Lumpkin and Dess (1996), building on its ability to capture firm-level entrepreneurial behaviour more comprehensively. This choice aligns with recent research calls (e.g., Wales et al., 2013; Anderson et al., 2015) for contextualised analyses of EO, particularly in emerging markets where the effects of each dimension may diverge significantly. By linking these conceptual foundations with the empirical gap in the Sri Lankan SME export context, the study sets the stage for a deeper investigation into the strategic role of EO.

EO studies have focused on different kinds of organisational settings, from micro, small, and medium firms to large multinational firm, and on diverse ownership compositions (Covin & Wales, 2012). Concerning the existing literature, many scholars argue that entrepreneurial behaviour is a crucial factor in deciding the success of the firm, irrespective of its size and structure (Hunt, 2021; Lumpkin & Dess, 1996; Miller, 1983). In reality, SMEs may show divergent positions regarding EOs if they are placed in a conceptual continuum. For instance, those with high EO dimensions are labelled as entrepreneurial firms/pioneers/proactive entrepreneurial firms, while those on the opposite side of the spectrum are labelled as defenders, conservative firms, followers, or reactive entrepreneurial firms (Avlonitis & Salavou, 2007). Furthermore, EO in the international context has gained momentum in the last decade due to the rapid expansion of international markets. Hence, EO in the international context can be defined as the “discovery, enactment, evaluation, and exploitation of

opportunities across national borders to create and capture value” (Karami & Tang, 2019). Accordingly, entering into a foreign market can also be regarded as an opportunity for development (Jones et al., 2011) and an entrepreneurial act (Knight & Cavusgil, 2004; Nummela et al., 2020) for the reason that it requires an entirely different mindset with a substantial amount of knowledge about both the home and host country market.

A brief review of the most widely used EO dimensions is elaborated below.

2.2.2.1 Innovativeness

Innovativeness is defined as the “firm’s effort to find new opportunities and novel solutions” (Dess & Lumpkin, 2005, p. 150). It helps newness, creativity, new idea generation, and experimentation processes in a firm, allowing firms to offer new products, services, or improved technological processes (Lumpkin & Dess, 1996). Thus, innovativeness can be regarded as a crucial way to seize opportunities, as it lets firms offer products that meet the ever-changing desires of customers. Therefore, innovativeness has served as the core of an entrepreneurial strategy (Dess & Lumpkin, 2005), and is a fundamental requirement for modern business survival since innovativeness adds value in the form of new product introduction, modification, and development (Kallmuenzer & Peters, 2018).

However, it is not innovation per se that drives performance; rather, it is the strategic alignment of innovation with firm resources, customer needs, and market readiness. Effectively producing, assimilating, and exploiting novel ideas would be paramount in achieving competitive advantage in the current turbulent business environment (Dess & Lumpkin, 2005).

In the literature, it can be seen that innovativeness has received growing attention from both researchers and practitioners, and most of them have attempted to explore the relationship of innovativeness with firm performance. For instance, Miller and Friesen (1982) argued that innovative firms regularly and confidently engage in innovations, taking substantial amounts

of risk. Hernández-Perlines et al. (2020) indicated that those firms that cannot innovate, invest time, and resources to explore the market would end up with nothing as they cannot exploit the market-explored knowledge. Therefore, innovativeness is regarded as the primary source of differentiation and competitiveness (Hughes & Morgan, 2007). Innovation plays a vital role in increasing export capacity (Gkypali et al., 2021). Furthermore, innovativeness heightens the firm's market power (Schumpeter & Backhaus, 2003), reduces the cost of production (Cohen & Klepper, 1996), improves its dynamic capabilities (Teece, 2009), and enhances its AC (Zahra & George, 2002), all of which are determinants of higher firm performance. Hence, innovativeness is an imperative factor of firm performance (Hernández-Perlines et al., 2021), especially in the export market (Boso et al., 2013). Calantone et al. (2002) argued that innovativeness is the core driver of international business success.

Yet these positive outcomes are not universally observed. Some empirical studies reveal inconsistent results between innovativeness and firm performance. For instance, scholars, such as Rua and França (2017), Bıçakcıoğlu-Peynirci et al. (2019), Calantone et al. (2002), Hughes and Morgan (2007), Keh et al. (2007) and Lee et al. (2001) found a positive relationship. In contrast, Hyytinen et al. (2015) based their argument on the ex-ante measure and found that innovativeness is negatively associated with firm survival, especially in start-up firms, and will weaken the firm performance. Further, it was found that an entrepreneur's high willingness to accept risk would further extend the negative association. Hyytinen et al. (2015) argued that the excessive liability of newness and smallness weigh heavily on an innovative start-up, reducing their chances of success compared to those of their innovative counterparts. Furthermore, they argued that the innovative character of startups can also restrict access to external financing (due to lack of collateral) and adjust their global risk profile by varying and skewing the distribution and time-based distribution of revenue streams. Birley and Westhead

(1990) and Zhang et al. (2012) (as cited in Boso et al., 2013) found no relationship between two variables.

These mixed findings underscore the need to move beyond binary assumptions that innovativeness is universally beneficial. This study contends that innovativeness may be more or less effective depending on how it is integrated into other EO dimensions, such as risk-taking and proactiveness, and moderated by external factors like institutional support and customer sophistication.

In the context of emerging markets like Sri Lanka, where access to finance, R&D infrastructure, and technical labour may be constrained, firms may need to exercise strategic selectivity—innovating not for the sake of novelty but for resource-congruent and market-relevant value creation. Hence, this study takes a critical stance, arguing that while innovativeness is a cornerstone of EO, its performance outcomes are highly context-dependent and mediated by how well firms can leverage and internalise their innovations for export growth.

2.2.2.2 Risk-taking

Risk-taking, while not solely defining entrepreneurship, remains a crucial aspect of entrepreneurial behaviour. It can be described as “the degree to which managers are willing to make large and risky resource commitments, i.e., those which have a reasonable chance of costly failures” (Miller & Friesen, 1978). Risk-taking is a planned decision process that allows the firm to gain positive outcomes (Shah & Ahmad, 2019). Risk-taking may occur in the form of spending on untried technologies, entering entirely new markets, heavily borrowing, or committing to financial liabilities in business activities (Baird & Thomas, 1985). Many other factors, such as political, economic, and regulatory instability, as well as information asymmetry, may hinder achieving a firm’s objective and may be associated with risks. Risk-taking is also an indicator of firms’ entrepreneurial behaviour (Lumpkin et al., 2010).

Kallmuenzer and Peters (2018) define risk-taking at the firm level as the degree to which a firm acts without knowing the outcome. However, firm-level risk-taking is affected by many other factors, such as structure, processes, goals, and objectives (Lumpkin & Dess, 1996).

Nonetheless, literature related to this proxy of EO has found contradictory results. For example, Gautam (2016), Haider et al. (2017), Ajayi (2016), Mehrabi et al. (2019), and Covin et al. (2006) found that risk-taking is beneficial in improving firm performance, while Hughes and Morgan (2007) found a negative correlation. Yang and Ju (2017) found that risk-taking results in deteriorating product quality and reduces sales performance. Kraus et al. (2018) found no correlation between risk-taking and performance.

These inconsistent results suggest that the benefits of risk-taking are not universal and may depend heavily on the firm's ability to manage and mitigate risk, particularly in uncertain and resource-scarce environments. In high-uncertainty contexts like emerging markets, risk-taking without supportive infrastructure (e.g., access to finance, stable institutions) can lead to adverse outcomes. Conversely, when aligned with firm capacity, calculated risk-taking can serve as a differentiator in saturated markets.

From the perspective of this study, risk-taking should not be viewed as inherently advantageous or disadvantageous. Instead, strategic or measured risk-taking—grounded in informed judgment and contextual understanding—is more appropriate for SMEs in emerging economies. In Sri Lanka's case, where macroeconomic instability and institutional unpredictability prevail, risk-taking must be calibrated rather than maximised. Therefore, the current research critically assesses the extent to which different levels of risk-taking are associated with improved EP in such environments.

2.2.2.3 Proactiveness

The forward-looking perspective of entrepreneurship is represented by proactiveness. Proactiveness emphasises identifying opportunities and initiating actions before one's competitors do (Shah & Ahmad, 2019). This concept explicates the idea that proactiveness is the firm's ability to anticipate the future and imagine products that are not even in the customers' thoughts and are as yet not known in the industry (Kallmuenzer & Peters, 2018). Furthermore, proactive firms are not just passive recipients of the pressure given by an external environment; they are cocreators of the environment in which they operate (Zhao & Smallbone, 2019).

Lumpkin and Dess (1996) argued that by offering such novel products, a firm could become the forerunner in an industry and beat its competitors by taking the benefits of its ability to foresee the demand and through reacting to market fluctuations punctually (Hughes & Morgan, 2007). Hence, proactiveness is an essential factor in being a forerunner, and it is also a “good strategy” that guarantees extraordinary revenue and the firm's existence while establishing the brand (Lieberman & Montgomery, 1988). Since proactive firms actively seek opportunities to develop new products, they instigate changes to the existing strategies they adopt while identifying forthcoming trends in the market (Slater & Narver, 1995); proactiveness is a kind of dynamic capability at the firm level. By considering all these factors, it can be concluded that proactiveness aids the firm in improving the reception of market signals on time while providing an awareness of customer needs (Hughes & Morgan, 2007). Proactive firms are more likely to generate extraordinary performance as they are highly customer-centric and specifically provide customers with superior offerings (Gautam, 2016; Haider et al., 2017; Hughes & Morgan, 2007).

However, the mere presence of proactive intentions is insufficient unless they are effectively translated into adaptive strategies and resource mobilization. The literature often treats

proactiveness as uniformly beneficial, but in practice, its success depends on the firm's agility in execution and ability to align proactive strategies with market realities and internal capabilities.

In the context of emerging markets like Sri Lanka, this proactive stance must be tempered with realism. Firms often face regulatory delays, infrastructural gaps, institutional voids, and limited market information that constrain their ability to fully realise the advantages of proactiveness. Institutional voids, such as weak regulatory frameworks, inefficient enforcement mechanisms, and a lack of support infrastructure, can significantly undermine proactive efforts. Therefore, while EO may be associated with positive performance outcomes, this study contends that its influence on EP is largely indirect, operating through key mediating mechanisms such as learning and networking (Model 1 in empirical study 1). Moreover, in Model 2 in empirical study 2, the effectiveness of VL as a mediator is contingent upon the firm's AC. This framing provides a more accurate and context-sensitive understanding of the EO–performance relationship in emerging markets.

2.2.2.4 Competitive Aggressiveness

Competitive aggressiveness is another dimension of EO introduced by Lumpkin and Dess (1996). The term “competitive aggressiveness” describes a firm's predisposition to face its rivals head-on in order to break into a new market or advance within an existing one. Competitively aggressive firms typically respond to such threats by going toe-to-toe with their competitors (Shan et al., 2016). Competitive aggression may also involve unusual techniques, such as assessing and attacking rivals' vulnerabilities (Stuart & Abetti, 1987). According to Venkatraman (1989), competitive aggression is honed by pursuing goals, pursuing ambitious market share, and discovering means to achieve these goals. It may include but not be limited to the reduction of costs and the forgoing of profits (Lechner & Gudmundsson, 2014).

To swiftly respond to competitive challenges or obtain a brief competitive advantage, SMEs with a short-term focus in emerging markets may favour an aggressive approach. However, aggressive strategies, such as price cuts or expanded marketing efforts, can significantly reduce profits. Furthermore, doing so can be especially detrimental for newer SMEs when attempting to battle with industry giants (Lumpkin & Dess, 2001).

The link between competitive aggressiveness and firm performance appears contentious. Some scholars have found positive relationships (e.g., Maldonado-Guzman et al., 2017); some others have found no relationship (e.g., Hughes & Morgan, 2007; Shah & Ahmad, 2019). These contradictory and negating results motivated me to include this dimension in this research.

This study critically considers these conflicting findings and positions competitive aggressiveness as a potentially high-risk strategic posture that must be interpreted contextually. In emerging markets like Sri Lanka, institutional voids—such as weak competition laws, enforcement gaps, and informal market structures—can distort the intended effects of aggressive competition. Under such conditions, overtly aggressive tactics may not yield sustainable advantages and might instead invite reputational risks or retaliatory responses from entrenched players.

Hence, while competitive aggressiveness may enable firms to rapidly secure market entry or disrupt competitors, this study argues that such strategies should be deployed cautiously and in alignment with the firm's broader capability base and environmental constraints. The present research evaluates the relative impact of each EO dimension on EP, including competitive aggressiveness, to determine which aspects of EO are most influential in emerging market contexts. This approach contributes to a deeper understanding of how different entrepreneurial behaviours influence export outcomes under conditions of institutional weakness and market uncertainty.

2.2.2.5 Autonomy

Autonomy can be defined as the capacity of an individual or a team to take independent initiatives in generating and pursuing an idea or vision, ensuring its successful execution (Lumpkin & Dess, 1996). Accordingly, autonomy describes the degree to which people or groups are trusted with the authority to act independently, make decisions, take risks, and engage in entrepreneurial endeavours on behalf of the business. Autonomy entails giving workers the freedom to think independently, advocate for change, and take pride in their output.

Lumpkin and Dess (1996) introduced autonomy as another dimension in the domain of EO and include it as a dimension in tales about self-motivated employees in firms with exceptional ideas that can be utilised to benefit the organisation. Lumpkin and Dess argued that the rise of entrepreneurship can be attributed to individuals who possess a strong independent mindset and choose to abandon stable positions to promote innovative concepts or explore untapped markets rather than allowing themselves to be restrained by hierarchical structures and processes of the firms. Therefore, to foster entrepreneurship within organisations, it is crucial to provide individuals and teams with the freedom to unleash their creativity and to actively support promising ideas. This freedom allows them to explore entrepreneurial endeavours, drive innovation in the firm, and ultimately bring profits to the firm (Monsen & Boss, 2009).

Research has consistently highlighted the positive relationship between autonomy and firm performance (Rauch et al., 2009). Research has also shown that autonomy is positively associated with employee engagement and satisfaction (Lumpkin & Dess, 1996). In addition, autonomy enables individuals to exercise their skills and expertise to the fullest, contributing to their personal growth and development. Contrary to the findings of studies that showed a positive relationship between autonomy and firm performance, some other studies found that there is no such relationship (e.g., Hughes & Morgan, 2007; Shah & Ahmad, 2019). This study adopts a balanced view of autonomy, acknowledging both its enabling potential and its context-

specific limitations. In the volatile and institutionally constrained settings of emerging markets, the degree to which autonomy can translate into innovation and improved performance may depend on broader organisational structures, managerial openness, and the availability of supportive networks. Excessive autonomy in the absence of clear strategic direction or resource backing may lead to inefficiencies or misalignment with organisational goals.

Given the study's aim to examine the differential impact of EO dimensions on EP, autonomy is evaluated alongside other EO dimensions to identify its unique and relative contribution in the Sri Lankan SME context. This approach enables a more evidence-driven assessment of when and how autonomy strengthens the EO–EP relationship, particularly in environments characterised by limited institutional support and resource constraints.

2.2.3 Manuscript 1: Book Chapter on ‘Entrepreneurial Orientation’

Note: This manuscript is published as a book chapter with the following reference:

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Abstract

This chapter explores the concept of Entrepreneurial Orientation (EO) as a vital element in strategic management. It traces its historical evolution and discusses the role of EO in fostering organizational value creation through its dimensions of innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy. Further, we discuss performance implications, challenges, and current debates around the concept of EO, particularly in its

measurement and application across various organizational contexts. In conclusion, the chapter highlights EO's importance in driving innovation and growth while acknowledging the need for its careful implementation and adaptation to different organizational settings.

Key points

- Discuss the growing attention and integration of Entrepreneurial Orientation (EO) in strategic management and entrepreneurship.
- Explore the historical development of EO and its dimensions.
- Outline the five dimensions of EO: innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy.
- Debate the measurement of EO as either a single or multi-faceted construct.
- Explore EO's application and research in various socio-cultural and international contexts.
- Analyse EO's varying impact across startups, corporations, non-profits, and SMEs.
- Address the challenges and potential risks of EO.
- Emphasize the importance of EO in modern business and the necessity of its adaptation to different organizational settings.

Introduction

Entrepreneurial orientation (EO) has received growing attention in the strategic management discipline (Alarifi *et al.*, 2019; Covin & Lumpkin, 2011) and in the entrepreneurship domain (Covin & Wales, 2012; Gupta *et al.*, 2021). It has become increasingly recognized as a common way to depict entrepreneurship as an organizational-level characteristic (Anderson *et al.*, 2015; White *et al.*, 2022). The concept of EO stems from the strategic management literature, and it explains the “strategic posture” of a firm for value creation in an entrepreneurial manner (Lumpkin & Dess, 1996). Consequently, EO has been integrated into a firm's decision-making practices, managerial philosophies, and strategic behaviors, with a specific emphasis on the three key components of innovativeness, proactiveness, and risk-taking (Anderson *et al.*, 2009; Wales, 2016). Wales *et al.* (2020) describe EO as (1) a corporate management style that reflects senior management's goals, beliefs, logic, decisions, and communications; (2) a configuration

within an organization, where it captures behaviors directed internally to develop complementary processes, routines, structural decisions, and cultural environments that encourage a consistent pattern of entrepreneurial behaviour; and (3) entrepreneurial behavior at the organizational level, expressed through externally directed new entries, such as products, services, and ventures, and aimed at capitalizing on opportunities for creating new value in the market.

In the intensely competitive global markets, firms are increasingly adopting entrepreneurial methods to scrutinize both internal and external environments, aiming to identify new opportunities that not only satisfy consumer needs but also meet organizational objectives and bolster their competitive edge (Smith & Jambulingam, 2018). Companies with a strong EO focus their strategic choices and actions on seeking new opportunities and tend to outperform those who do not embrace such an entrepreneurial approach (Lumpkin & Dess, 1996). Hence, in the present dynamic market context, EO is a critical aspect for firms (Kraus *et al.*, 2012).

The historical roots of the EO concept date back to Mintzberg's 1973 suggestion that strategic decision-making involves a managerial tendency to proactively seek new opportunities in uncertain environments, a process that can lead to significant growth. Building on this argument, Khandwalla (1977) suggests that entrepreneurial management styles can be described as a collection of beliefs and norms regarding management that are held by the key decision-makers in an organization. When translated into action, these beliefs inform practices for the organization's strategy for survival and growth. Miller expanded the concept of EO in 1983 by adding a trio of dimensions that define EO—proactiveness, innovativeness, and risk-taking. Miller (1983) defined an entrepreneurial firm as “one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with “proactive innovations, beating competitors to the punch” (p. 771). Lumpkin and Dess (1996) expanded this conceptualization to encompass five dimensions. EO is now understood to include

innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy, thereby providing a more comprehensive framework of the firm's entrepreneurial characteristics. However, subsequent researchers have widely used Miller's original conceptualization (see Rauch *et al.*, 2009), and thus, less attention has been paid to the additional two dimensions introduced by Lumpkin and Dess (1996). Therefore, the EO concept is an evolving yet critical concept to understand (Wales *et al.*, 2011).

Dimensions of EO

The first three dimensions of EO that were introduced by Miller (1983) are innovativeness, risk-taking, and proactiveness. Lumpkin and Dess (2001) introduced the subsequent two dimensions—competitive aggressiveness and autonomy.

Innovativeness is defined as the firm's effort to find new opportunities and solutions (Dess & Lumpkin, 2005, p. 150). It involves creativity, idea generation, and experimentation, enabling firms to introduce new or improved products, services, and technologies (Lumpkin & Dess, 1996). Thus, innovativeness is a crucial way to seize opportunities as it lets the firms offer products that meet the ever-changing desires of customers. This aspect is central to entrepreneurial strategy (Dess & Lumpkin, 2005), vital for business survival, and adds value through innovation and development (Kallmuenzer & Peters, 2018). Since innovativeness demands changes in existing technologies or practices, achieving competitive advantage in the current turbulent environment requires producing, assimilating, and exploiting novel ideas (Dess & Lumpkin, 2005).

Risk-taking can be defined as “the degree to which managers are willing to make large and risky resource commitments, i.e., those which have a reasonable chance of costly failures” (Rezaei & Ortt, 2018). Risk-taking is a planned decision-making process that allows the firm to gain positive outcomes (Shah & Ahmad, 2019). Risk-taking may occur in the form of

spending on untried technologies, entering entirely new markets, heavily borrowing, or committing to financial liabilities in business activities (Baird & Thomas, 1985).

Proactiveness is a forward-looking perspective of entrepreneurship that involves identifying opportunities and initiating actions before the competitors do (Shah & Ahmad, 2019). This concept is central to understanding how firms can anticipate future market trends and customer needs, thereby positioning themselves as industry leaders (Kallmuenzer & Peters, 2018). Furthermore, proactive firms are not just passive recipients of the pressure given by an external environment; instead, they are co-creators of the environment in which they operate (Zhao & Smallbone, 2019).

Competitive aggressiveness describes a firm's predisposition to face its rivals head-on in order to break into a new market or advance within an existing one (Lumpkin & Dess, 1996). Competitively aggressive firms typically respond to such threats by going toe-to-toe with their competitors (Shan *et al.*, 2016). Competitive aggression may also involve unusual techniques such as assessing and attacking rivals' vulnerabilities (Stuart & Abetti, 1987). According to Venkatraman (1989), competitive aggression is honed by pursuing goals, pursuing ambitious market share, and discovering means to achieve these goals.

Autonomy can be defined as the capacity of an individual or a team to take independent initiative in generating and pursuing an idea or vision, ensuring its successful execution (Lumpkin & Dess, 1996). Accordingly, it describes the degree to which people or groups are trusted with the authority to act independently, make decisions, take risks, and engage in entrepreneurial endeavors on behalf of the business. It entails giving workers the freedom to think independently, advocate for change, and take pride in their output.

Measuring EO

The ongoing scholarly discussion revolves around whether EO should be evaluated as a single, cohesive, unified entity or by examining its individual dimensions (Alvarez-Torres *et al.*, 2019). Miller's approach sees EO as a unidimensional construct. This view implicitly assumes that EO possesses common variance across its three dimensions, positing that lack of co-variation among these dimensions negates the existence of EO (Alvarez-Torres *et al.*, 2019). Thus, EO is viewed as a formative construct. In contrast, Lumpkin and Dess advocate for a multi-faceted view, treating EO dimensions as manifestations rather than causes, allowing for separate independent evaluation (Alvarez-Torres *et al.*, 2019; George & Marino, 2011), an approach that does not necessarily require covariance. In contrast, according to Lumpkin and Dess' view, dimensions are manifestations of the EO and, thus, a reflective construct (Alvarez-Torres *et al.*, 2019; George & Marino, 2011).

Anderson *et al.* (2015) argue for the benefits of using a formative model of EO. In this model, the lower-order EO dimensions are divided into both attitudinal and behavioral components, where risk-taking is categorized as a managerial attitude while innovativeness and proactiveness are categorized as entrepreneurial behaviors. This approach can help studies avoid reporting non-significant EO relationships, as significance may emerge when considering attitudes and behaviors within the higher-order EO construct, even if one alone is not significant. However, a study conducted by Wales *et al.* (2013) revealed that the majority of scholarly articles include Miller's three dimensions of EO likely due to its longer-standing academic presence. In contrast, Lumpkin and Dess' five-dimensional view is less commonly used, possibly reflecting its more recent development. It would be insightful to investigate if newer studies are increasingly adopting Lumpkin and Dess' approach.

EO Research Across the Globe

As per Wales *et al.* (2019), EO can be contextualized within specific socio-cultural contexts or as an internationally driven phenomenon. We first discuss its applicability in specific contexts before introducing the international-focused EO conceptualization.

Most early studies on EO have been conducted in developed economies, particularly the United States (Tang *et al.*, 2008). Wales (2016) noted that while EO research has primarily focused on Western European and North American countries, it has also explored its applicability beyond the USA, notably in China, but remains relatively scarce in other developing or emerging markets. Furthermore, they suggested conducting EO research in countries with diverse socio-cultural contexts, such as Latin America, Sub-Saharan Africa, Eastern Europe, the Middle East, and Southern Asia. This is particularly important in areas where tensions exist, indicating that the EO construct might be limited or inapplicable in emerging economies. Gruber-Muecke and Hofer (2015) noted that EO had been well researched in advanced markets and claimed that it is important to consider the ‘emerging market strategy’, which implies that the theories stemming from the advanced economies cannot be applied as it is in the different contexts. Despite a growing attention to EO in transitional economies, Luu and Ngo (2019) claimed that further research is needed due to the unique institutional and cultural characteristics of these economies, which often grapple with resource scarcity.

Covin and Miller (2014) observed that research on international EO typically centers on EO as a process of internationalization and entering new markets, including activities such as exporting to overseas markets, engaging in innovative endeavors within foreign nations, and promoting growth in international business. When international EO is understood as a posture-oriented phenomenon that facilitates entry into new international markets, it is plausible to consider that aspects beyond the prevailing model could enhance firms’ competitive strategies

in entering new product-market spaces (Wales *et al.*, 2019).

A bibliographic study conducted by Gupta *et al.* (2021) revealed that the research on international EO has been growing since the mid-1990s. Studies have shown that international EO significantly impacts the EP of SMEs (Anggadwita *et al.*, 2023; Perera *et al.*, 2023; Solano Acosta *et al.*, 2018), including family firms (Hernández-Perlines *et al.*, 2020).

EO in Different Organizational Contexts

The application and impact of EO can vary significantly across different organizational contexts, reflecting the unique challenges and opportunities inherent in each. In startups, EO is often a fundamental driver of their competitive strategy, as these entities rely on innovativeness and risk-taking to carve out a market niche (Stam & Elfring, 2008). On the contrary, established corporations might employ EO differently, focusing on sustaining innovation and market leadership while balancing the inherent risks of entrepreneurial activities (Zahra, 1991). Non-profits present a unique context for EO; they often adopt entrepreneurial behaviors to enhance their social impact and resource mobilization, diverging from the profit-centric focus seen in commercial enterprises (Morris *et al.*, 2007). SMEs also employ EO with specific organizational characteristics related to SMEs, such as greater flexibility and quick responsiveness. Studies such as (Anggadwita *et al.*, 2023; Perera *et al.*, 2023; Fang *et al.*, 2022) have confirmed the applicability of EO in the SME context. The adaptability of EO across various organizational types, from agile startups to established corporations and beyond, highlights its applicability and relevance in diverse organizational settings (Ljungkvist *et al.*, 2020).

Challenges and Criticisms of EO

While EO is widely recognized for its potential to drive innovation and competitive advantage, it is not without its challenges and criticisms. A primary concern is the inherent risk associated

with entrepreneurial activities. Firms with a high EO may engage in aggressive innovation and market entry strategies that can lead to significant financial losses if not appropriately managed (Bromiley, 1991). Additionally, Stevenson and Jarillo (1990) implied that the aggressive emphasis on proactiveness and risk-taking might lead to overextension, where companies pursue more opportunities than they can effectively handle, potentially jeopardizing their stability. Further, Zahra (1993) claimed that the application of EO needs cultural and structural changes. Such requirements can pose significant difficulties in emerging economies characterized by institutional instability and resource scarcity, limiting the applicability of traditional EO conceptualizations and measurements developed primarily within stable, resource-rich Western contexts.

However, these challenges can be particularly noticeable in the context of SMEs due to limited resources and less capacity to absorb failures. SMEs often struggle to balance the need for entrepreneurial agility with the risks of overextension and resource limitation (Isichei *et al.*, 2020). Moreover, traditional EO measures that emphasize aggressive risk-taking and proactive market entry may be inappropriate for SMEs operating in volatile emerging markets, where incremental, cautious approaches might be more viable.

Moreover, SMEs may find it more challenging to actively pursue an EO as it requires structural changes (Dess & Lumpkin, 2005) and resource flexibility (Wales *et al.*, 2023), and SMEs typically have less formalized processes and are more reliant on individual expertise and decision-making. However, another critique concerns the potential misalignment between EO and certain organizational cultures and structures (Wales *et al.*, 2023), particularly in larger, more bureaucratic organizations where rapid innovation and risk-taking may conflict with established processes and risk-averse cultures. Furthermore, as discussed earlier in this chapter, the multi-dimensional nature of EO has led to debates regarding its conceptualization and measurement, with some scholars arguing that EO's dimensions may not always align or

contribute equally to firm performance (Lumpkin & Dess, 2001). This has raised questions about the universality of EO as a strategy, suggesting that its effectiveness may be context-dependent (Covin & Slevin, 1989). Specifically, the widespread adoption of Miller's (1983) original three-dimensional EO model, with its implicit assumptions of co-variation and equal importance of dimensions, might not effectively capture entrepreneurial dynamics in international entrepreneurship or emerging economy contexts. Therefore, the contextual limitations and measurement shortcomings inherent in traditional EO frameworks justify a tailored, context-sensitive exploration, such as that undertaken in this study focusing on SME exporters in Sri Lanka.

Conclusion

In conclusion, this chapter has explored EO and its evolution from strategic management to a multi-faceted concept in modern business. It examined EO's key dimensions—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—and their impact on organizational strategies. The versatility of EO across diverse organizational contexts, such as from startups to well-established corporations, highlights its significance in today's competitive business environment.

However, the chapter also acknowledges the challenges associated with EO, such as the risks of overextension and potential conflicts with organizational culture and structure. These complexities indicate that while EO is a tool for fostering innovation and growth, its implementation demands thoughtful consideration and adaptation to ensure its suitability for distinct organizational contexts. As the dynamics of the business world continue to evolve, the application and interpretation of EO will also transform, ensuring its ongoing relevance and

importance for both academic researchers and industry professionals.²

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Having comprehensively analysed EO in terms of proactiveness, innovativeness, risk-taking, competitive aggressiveness, and autonomy, I now shift my focus to the context of emerging markets. These markets, defined by their rapid economic development, evolving consumer bases, and distinctive socioeconomic challenges, offer both significant opportunities and inherent difficulties for entrepreneurs. A critical examination of how EO can be effectively harnessed in these volatile and diverse environments is essential for understanding the mechanisms through which businesses can achieve and sustain competitive advantage. The following section will explore the defining characteristics of emerging markets, the interplay between entrepreneurship and these markets, and the reasons why SMEs in emerging markets require entrepreneurial behaviour to thrive in those markets.

2.2.4 Emerging Markets

2.2.4.1 Emerging Market Characteristics

The term ‘newly industrializing countries’ was applied to a few rapidly developing and liberalising Asian and Latin American countries in the early 1980s (Hoskisson et al., 2000). Consequently, the term ‘emerging markets’ has replaced earlier labels like ‘less developed countries,’ reflecting a shift in perception towards these nations as promising marketplaces rather than mere sources of inexpensive labour and raw materials (Arnold & Quelch, 1998). However, over the last decades, world economic growth has been dominated by emerging economies (Sun et al., 2020). Increased global interest in these markets is driven by factors such as economic liberalisation and advancements in international media and technology. These developments have heightened product awareness and boosted disposable incomes in these regions (Arnold & Quelch, 1998). Furthermore, emerging economies are characterised by various factors, including low or middle income combined with high growth rates, suboptimal levels of industrialisation, the potential for rapid economic development (Manimala & Wasdani, 2015), and government policies that favour economic liberalisation and the

implementation of a free-market system (Arnold & Quelch, 1998). These countries are likely in the ‘factor-driven’ or ‘efficiency-driven’ stages of economic development, with some industries not fully utilising their industrialisation potential. Criteria such as per capita GDP, growth rates, and industrial advancement are used to distinguish emerging markets from others (Manimala & Wasdani, 2015). However, marketing in emerging markets presents unique challenges, including limited market data, underdeveloped distribution systems, regulatory uncertainties, complex local business networks, low levels of liberalisation, inadequate IT and communication infrastructure, institutional voids (legal institutions with low enforcement capacity), and general high costs of doing business (Arnold & Quelch, 1998; Bruton et al., 2013; Manimala & Wasdani, 2015).

Robert et al. (2000) delineated emerging economies as low-income generating countries with rapid economic growth, making economic liberalisation the primary economic growth strategy. One other specific factor that is important in defining emerging economies is ‘factor endowments’ and the firms in emerging economies that have natural resources often mentioned in classical economics. Those endowed resources impact a firm’s capability to capture any value it creates (Bruton et al., 2013).

According to Abaidoo (2023), high risk is associated with emerging markets due to the volatility of price levels in a given period. Further, they explain that political risk, exchange rate fluctuation, and high inflation rates can also be seen when local currencies’ authorities artificially change those measures. Disturbances in market information are also a common characteristic in emerging markets (Anderson et al., 2015). However, according to the high risk–high benefit principle, investors who accept the risks of investing in such markets have the potential to gain more than those who invest in mature markets (Barry, 1998).

Emerging economies are vital in business as these markets' growth generates new entrepreneurial opportunities to develop or discover new entrepreneurship perspectives. For example, China and India are the largest economies globally known to be emerging markets, accounting for approximately 37% of the world's population (Bruton et al., 2008; Paul, 2019). South and East-Asian economies and BRICS countries (Brazil, Russia, India, China, and South Africa) are commonly listed under the name of emerging markets. According to the World Population Review (2024), emerging markets also include nations like Mexico, Indonesia, Turkey, and Saudi Arabia, reflecting a broad spectrum of rapidly developing economies across different regions of the world. These populations are well-known for their entrepreneurial spirit; nevertheless, few recent studies have attempted to understand their unique methods and approaches (Ahlstrom & Bruton, 2006). The remaining developing countries are also undergoing the same scenario, and the current understanding of their entrepreneurial characteristics is limited.

The dynamic interplay of economic liberalisation, technological advancement, and heightened global interest has positioned emerging markets as crucial players in the global economy. As these markets continue to evolve, they present unique opportunities and challenges for businesses and policymakers alike. Among the many factors that affect economic development, entrepreneurship is regarded as playing a pivotal role (Si et al., 2020), and entrepreneurship research has consequently grown substantially. The attention on entrepreneurship research has dramatically increased due to its vast economic benefits, such as positive social and economic development and job creation (Bruton et al., 2021). As a result, governments in emerging markets strive to facilitate and develop entrepreneurship by enacting conducive policies for business, promoting entrepreneurship education, and making available entrepreneurial finance (Sun et al., 2020). Understanding the nature of entrepreneurial behaviour in these regions is essential, as it not only drives economic growth but also addresses critical issues such as

unemployment and poverty. The subsequent section examines the relationship between entrepreneurship and emerging markets, exploring how entrepreneurial activities contribute to sustainable development, innovation, and global competitiveness.

2.2.5 Entrepreneurship and Emerging Markets

Among the various factors influencing economic development, entrepreneurship is considered a crucial element (Si et al., 2020), leading to a significant increase in entrepreneurship research. To begin with, the economies of developing nations are expanding rapidly, and government policies are being enacted that support economic liberalisation and the free market. This support creates a conducive environment for entrepreneurs to establish and grow their businesses (Arnold & Quelch, 1998). By starting their own ventures, entrepreneurs contribute to job creation, which is crucial for reducing unemployment and poverty in these economies (Cavusgil et al., 2012). Moreover, entrepreneurship in emerging economies plays a vital role in driving sustainable economic development. These economies often face underdeveloped market-supporting institutions, weak legal frameworks, and institutional voids (Welter & Xheneti, 2013). By establishing businesses, entrepreneurs contribute to the development of these institutions, fostering an environment conducive to trade and investment (Bruton et al., 2013). They can drive innovation, introduce new products and services, and contribute to overall market competitiveness.

International entrepreneurship also plays a significant role in emerging economies by providing opportunities for market expansion, access to global resources and networks, and knowledge transfer (Guimarães, 2012). By engaging in international markets, entrepreneurs in emerging economies can tap into larger customer bases, attract foreign investment, and gain exposure to advanced technologies and managerial practices. Furthermore, international entrepreneurship enables emerging economy entrepreneurs to learn from and collaborate with international partners, fostering innovation and enhancing their competitiveness on a global scale (Coviello

& McAuley, 1999). For these reasons, governments try to facilitate and develop entrepreneurship by enacting conducive policies for business, promoting entrepreneurship education, and making available entrepreneurial finance (Sun et al., 2020).

Emerging markets are associated with high risk due to price volatility, political risk, exchange rate fluctuations, high inflation rates influenced by artificial manipulation of local currency measures, and information disturbances (Barry, 1998). However, adhering to the high risk–high benefit principle, investors who accept the risks of investing in these markets have the potential to gain more compared to those investing in mature markets (Barry, 1998).

Emerging economies are crucial for business as their growth generates new entrepreneurial opportunities and perspectives. For instance, China and India, recognised as the largest economies globally and considered emerging markets, have approximately 37% of the world's population (Bruton et al., 2008; Paul, 2019). East-Asian economies are also categorised as emerging markets. The World Bank predicted that BRICS countries (Brazil, Russia, India, China, and South Africa), also classified as emerging economies, would account for about half of the world's economic growth in 2020 (World Bank Group, 2021). These populations are known for their entrepreneurial spirit; however, there is limited understanding of their unique methods and approaches (Ahlstrom & Bruton, 2006). Similarly, other developing countries face similar scenarios, but knowledge about their entrepreneurial characteristics remains limited.

Nonetheless, existing research in this field is subject to critique. While entrepreneurship provides substantial benefits to economies, entrepreneurial activities vary significantly worldwide due to specific conditions such as culture, infrastructure, institutional settings, and administrative systems, resulting in diverse entrepreneurial behaviours (Jain & Koch, 2020). An important issue is that most of the entrepreneurial studies are based on the USA and Europe

situations, and the research carried out outside of these regions is extremely limited (Paul, 2019). A rapid paradigm shift is currently taking place where emerging economies increasingly challenge incumbent firms based in North America and Europe (Bruton et al., 2013). Many economists agree that emerging economies will drive the global economy and that they will be the world's new power within a certain time frame (dos Santos, 2010). Thus, there is a considerable gap in entrepreneurship knowledge in emerging contexts (Paul, 2019).

Accordingly, despite the significance of emerging markets to the world economy, researchers often have failed to identify theories that can better explain entrepreneurial dynamics in emerging markets (Bruton et al., 2013). This scenario calls for amendments and modifications of prevailing theories of entrepreneurship and knowledge related to emergent phenomena. Thus, there is a strong need to research these emerging contexts to improve the richness of entrepreneurship literature.

The substantial role of entrepreneurship in driving economic development in emerging markets is widely recognised. Entrepreneurs in these regions not only stimulate job creation and innovation but also play a crucial part in overcoming institutional voids and fostering sustainable economic growth (Khanna, 2014; Amini Sedeh et al., 2022). However, despite the vast opportunities presented by these markets, they are also fraught with significant risks, such as political instability, exchange rate fluctuations, and market volatility (Barry, 1998). These high-risk environments require businesses, especially SMEs, to adopt entrepreneurial behaviours characterised by flexibility, innovation, and proactive market strategies to navigate these and thrive. The following section will examine why SMEs in emerging markets need to embody entrepreneurial behaviours to seize opportunities effectively, tackle challenges, and drive growth in these dynamic and often uncertain environments.

2.2.5.1 The Need for Entrepreneurial Behaviour in SMEs in Emerging Markets

SMEs in emerging markets particularly need entrepreneurial behaviour due to several reasons. Emerging markets are characterised by dynamic and rapidly changing business environments, which demand that SMEs are flexible, innovative, and adaptable if they are to seize opportunities and overcome challenges (Welter & Xheneti, 2013). Entrepreneurial behaviour allows SMEs to identify and exploit market gaps, create new products or services, and enter new markets, enabling them to compete effectively in these turbulent environments (Anderson & Miller, 2003).

SMEs in emerging markets often face resource constraints such as limited financial capital, lack of managerial expertise, and underdeveloped market-supporting institutions (Welter & Xheneti, 2013). Entrepreneurial behaviour helps SMEs to be resourceful and find creative solutions to these challenges. By leveraging their limited resources effectively, SMEs can innovate, build strategic alliances, and adopt cost-effective strategies, enabling them to compete against larger firms (Aidis et al., 2012).

Moreover, entrepreneurial behaviour in SMEs creates a culture of experimentation, learning, and adaptation. This mindset is essential in emerging markets, where the business setting is ambiguous and characterised by institutional voids and market imperfections (Welter & Xheneti, 2013). By adopting entrepreneurial behaviour, SMEs can overcome these challenges, seize opportunities for growth, and contribute to their success through their innovative practices (Anderson & Miller, 2003).

EO encompasses a set of behaviours and strategic orientations, including innovation, risk-taking, proactiveness, autonomy, and competitive aggressiveness (Lumpkin & Dess, 2001). These characteristics are essential for SMEs in emerging markets as they enable them to navigate their unique challenges. Innovation is a primary component of EO, and it helps SMEs develop new products, processes, and business models that distinguish them in competitive

markets (Zahra et al., 2006). In emerging markets, where there may be underdeveloped industries and limited competition, innovative SMEs can gain a significant advantage by addressing unfulfilled customer needs and creating value through novel solutions.

EO promotes risk-taking, which is crucial for SMEs in emerging markets. These markets often show higher levels of uncertainty, political instability, and market volatility than more mature markets do (Zahra et al., 2006). By embracing risk-taking behaviours, SMEs can seize opportunities and enter new markets, despite their inherent uncertainties. Such behaviours allow them to adjust to changing market conditions and gain a competitive edge. Proactiveness is another key dimension of entrepreneurial orientation that is favourable for SMEs in emerging markets. Proactive firms identify and exploit market opportunities before their competitors do so, enabling them to gain a first-mover advantage (Lumpkin & Dess, 2001). In emerging markets, where industries are still developing and evolving, being proactive helps SMEs shape their industries and establish themselves as leaders.

Autonomy refers to the extent to which SMEs have independence and freedom in decision-making and resource allocation (Lumpkin & Dess, 2001). In the context of emerging markets, where institutional frameworks may be less developed or rigid, autonomy allows SMEs to respond quickly to market changes, adapt their strategies, and exploit opportunities. Autonomy empowers SMEs to make responsive decisions and take actions that align with their unique business contexts and customer demands.

Competitive aggressiveness is another important dimension of EO that SMEs in emerging markets need to foster. Aggressiveness entails actively challenging and outperforming competitors through strategies such as price undercutting, aggressive marketing, and product differentiation (Lumpkin & Dess, 2001). In the competitive circumstances of emerging markets, SMEs deal with both local and international competitors. By holding competitive aggressiveness, SMEs can gain market share, establish a strong position, and overcome barriers

to entry. This dimension of EO helps SMEs in emerging markets to proactively engage in competitive encounters, drive growth, and secure sustainable market positions.

Lastly, opportunity seeking is an essential aspect of EO that enables SMEs to identify and capitalise on emerging market trends, gaps, and unexploited opportunities (Zahra et al., 2006). By actively seeking opportunities, SMEs can tap into new markets, leverage their resources, and achieve growth in emerging economies.

In conclusion, entrepreneurial behaviour is vital for SMEs in emerging markets due to the dynamic and challenging nature of these environments. By fostering a culture of innovation, risk-taking, proactiveness, autonomy, and competitive aggressiveness, SMEs can effectively navigate resource constraints, institutional voids, and market imperfections. These EOs enable SMEs to identify and exploit market gaps, create unique products or services, and adapt swiftly to changing conditions, thereby securing a competitive advantage. Embracing entrepreneurial behaviour not only helps SMEs to overcome challenges but also positions them as leaders and innovators, driving growth and contributing to the overall success of emerging market economies.

2.3 EO and Firm Performance

2.3.1 Firm Performance

The firm's performance is the consequence of organisational processes carried out over a period of time. Firm performance is a critical measure of a company's effectiveness in creating value for its stakeholders, including shareholders, customers, employees, and the broader society (Harrison & Wicks, 2013). The primary motivation for the continued existence of any firm is its financial and nonfinancial performance. Schendel and Hofer (1979) emphasised that evaluating performance is a vital task because it illustrates a yardstick for scrutinising the precise strategies fulfilled by the firm. With the high competitiveness of international business environments, keeping the firm's performance at an acceptable level is an enormous challenge

for SMEs. Hence, being vigilant about the performance of the firm is essential.

Firm performance encompasses various dimensions, including financial performance, market performance, innovation performance, operational performance, social and environmental performance (Chen & Miller, 1994; Rumelt, 1991), and EP (Oviatt & McDougall, 2005). Financial performance indicators such as profitability, return on investment, and cash flow provide insights into a firm's financial health and resource allocation (Barney, 1991). Market performance metrics like market share and customer satisfaction reflect a company's ability to attract and retain customers and compete effectively (Chen & Miller, 1994). Innovation performance measures the firm's ability to develop and introduce new products, services, and processes (Rumelt, 1991). Operational performance indicators assess the efficiency and effectiveness of a firm's internal processes (Barney, 1991). Social and environmental performance reflects a company's commitment to corporate social responsibility and sustainability practices (Rumelt, 1991). EP specifically focuses on a firm's ability to engage in international trade and succeed in foreign markets. EP involves measures such as export sales revenue, market share in international markets, and the growth rate of exports. EP is crucial for firms seeking to expand their customer base, tap into new markets, and leverage global opportunities (Oviatt & McDougall, 2005) as it reflects a company's competitiveness in international trade, its ability to adapt to different cultural and business contexts, and its effectiveness in managing international distribution channels (Knight & Liesch, 2016). Successful EP can lead to increased revenue, market diversification, and enhanced overall firm performance.

Performance can be conflated with organisational effectiveness. Effectiveness encompasses achieving set goals, resource acquisition, and minimising faults (Cameron, 1986). Neely et al. (2005) have claimed that performance is a means of measuring the firm's efficiency and

effectiveness. Some others argue that performance is related to the value creation of the firm on behalf of its stakeholders (Richard et al., 2009). However, scholars such as Bature et al. (2018) have claimed that performance involves achieving set objectives. Therefore, it can be concluded that firm performance is related to the achievement of objectives and, accordingly, fits under the umbrella of strategic management.

In this study, I am particularly interested in EP. To assess EP, I will apply the same firm performance measurements: financial performance, market performance, and operational performance. This approach provides a comprehensive view of how firms engage in international trade, succeed in foreign markets, and leverage global opportunities. Measures such as export sales revenue, market share in international markets, and the growth rate of exports will be utilised to evaluate a firm's competitiveness, adaptability to different cultural and business contexts, and effectiveness in managing international distribution channels. Successful EP, reflected through these metrics, is crucial for firms seeking to expand their customer base, diversify markets, and enhance overall performance.

2.3.1.1 Assessing Firm Performance

Assessing performance is crucial for a firm because it highlights how well the firm has achieved its objectives compared to the planned targets (Hass et al., 2005). Assessment involves the systematic evaluation and quantification of various performance indicators to measure the firm's achievements and progress towards its goals. The measurement of firm performance serves several important purposes, including providing insights into the company's financial health, identifying areas for improvement, and informing strategic decision-making. However, performance needs to be measured, and measuring it is complex. This section addresses how the firm's performance can be measured.

The explanation of firm performance and its measurement is subject to challenge by scholars due to its inherent complexity. Due to the lack of a broad theoretical basis through which to clarify the performance variable, integrating the results of different studies has become a more difficult task (Sousa et al., 2008). Firm performance is a multidimensional and multifaceted concept, and that multidimensionality has made the concept challenging to measure (Simons, 2000).

There are multiple dimensions and metrics used to measure firm performance. Financial performance indicators, such as profitability, return on investment, and cash flow, are commonly utilised to assess the firm's financial viability and resource allocation effectiveness (Barney, 1991). Measuring financial objectives may either be subjective or objective (Gerschewski et al., 2020). Subjective financial measures are often self-reported and typically capture the respondents' perception of the firm's performance (Guinot et al., 2020). In contrast, objective financial measures are constructed on records a firm has documented (Keh et al., 2007). Objective financial measures encompass profitability, efficiency, leverage, growth, liquidity, and market share. Table 1 summarises the measures that can reflect each indicator.

Table 2

Indicators and Measurements of Objective Financial Measures

Indicator	Measurement
Profitability	gross profit margin, net profit margin, pretax profit, return on sales (Shah & Ahmad, 2019), export intensity, the volume of export sales (Monteiro et al., 2019).
Efficiency	return on assets (ROA), return on equity (ROE), return on investment (ROI), and return on net worth (Shah & Ahmad, 2019)
Leverage	debt to assets ratio and debt to equity ratio (Shah & Ahmad, 2019)
Growth	total assets growth, sales growth, change in net income margin, market share growth, and employee growth (Shah & Ahmad, 2019); export market share (Monteiro et al., 2019).
Liquidity	the current ratio, quick ratio, cash flow, sales level, ability to fund growth, and total asset turnover (Shah & Ahmad, 2019).

Market share	product sales (Shah & Ahmad, 2019).
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Subjective performance indicators, which are also called judgmental measures (Agarwal et al., 2003), encompass satisfaction of shareholders, customers, employees, marketing effectiveness, product and service quality, new product introduction, and perceived overall firm performance (Shah & Ahmad, 2019) and perceived attitudinal performance (export success, perceived satisfaction with export sales) (Monteiro et al., 2019).

Market performance metrics, including market share, customer satisfaction, and sales growth, evaluate the company's ability to attract and retain customers and compete effectively in the marketplace (Chen & Miller, 1994). Innovation performance measures the firm's capacity to develop and introduce new products, services, and processes, reflecting its ability to stay competitive and adapt to changing market dynamics (Rumelt, 1991). Operational performance indicators focus on evaluating the efficiency and effectiveness of internal processes and operational activities within the organisation (Barney, 1991). Additionally, social and environmental performance metrics have gained prominence, measuring a firm's commitment to corporate social responsibility and sustainability practices (Rumelt, 1991). These metrics assess the company's environmental impact, social initiatives, and ethical behaviour.

The measurement of firm performance extends beyond domestic operations to include EP, which evaluates a company's ability to engage in international trade and succeed in foreign markets. EP indicators encompass measures such as export sales revenue, market share in international markets, and the growth rate of exports. EP is vital for firms seeking to expand their customer base, tap into new markets, and leverage global opportunities (Oviatt & McDougall, 2005).

Effective firm performance measurement provides valuable insights for strategic planning, resource allocation, and performance improvement initiatives. Effective measurement enables

companies to identify their strengths and weaknesses, set performance targets, and track progress towards achieving their objectives. By adopting a comprehensive approach to performance measurement, firms can gain a holistic understanding of their overall performance and make informed decisions to enhance their competitive advantage and long-term sustainability.

Choosing one perspective—financial or nonfinancial—to measure a firm’s performance would provide only a partial view and may not be comprehensive. Using objective measurements for measuring firm performance may bring incomplete responses, especially when considering the reluctance of SME owners to reveal sensitive information such as financial measurements—e.g., profit or revenue. Therefore, both financial and nonfinancial subjective measures related to EP have been used in this current study, and Akyol and Akehurst's (2003) five-item scale has been adopted. Those measures are related to satisfaction with export operations regarding the sales volume, market share, and growth.

2.3.2 EO and Firm Performance

The combinations of EO dimensions may generate higher levels of entrepreneurial behaviour at the firm level (Rauch et al., 2009). Therefore, an extensive amount of literature suggests that EO positively influences firm performance. Nonetheless, while many studies find a positive association between EO and firm performance (Calabrò et al., 2021; Galbreath et al., 2020; Hernández-Perlines et al., 2021; Rauch et al., 2009; Singh et al., 2016), others report contradictory, insignificant (Renko et al., 2009), or curvilinear (Tang & Tang, 2012) relationships. Therefore, this lack of consensus motivates researchers to carry out more extensive studies. This study takes a critical stance by recognising that EO is not a monolithic construct whose dimensions exert uniform influence across all contexts. While EO's value is widely acknowledged, it is essential to dissect how its individual dimensions interact with contextual variables such as firm size, market structure, and institutional quality—particularly

in emerging markets. Miller (1983) explained that high levels of EO's three dimensions (innovativeness, risk-taking, and proactiveness) are required. However, in this study, I argue that high levels of all dimensions may not necessarily be beneficial nor feasible for internationalising SMEs operating in resource-constrained environments. Rather than assuming a universally positive EO–performance relationship, this study explores the nuanced and possibly conditional contributions of EO's dimensions to EP, thereby encouraging a shift from generalised assumptions to more evidence-based, contextually aware theorising. Accordingly, understanding the precise blend of EO dimensions to enhance the EP is vital. Accordingly, understanding the precise blend of EO dimensions to enhance the EP is vital.

Due to the rapid globalisation of markets, although EO in the international context has gained growing interest, gaps exist in the literature on EO and EP in SMEs. Many research studies on EO in a cross-border entry relate to large-scale multinational corporations (Gupta & Batra, 2016). Therefore, the generalisability of the results of those studies to the SME context is questionable (Aloulou & Fayolle, 2005). SMEs, particularly in emerging markets, are more likely to face institutional voids, limited international experience, and significant resource constraints—all of which condition how EO is enacted and its impact realised. This study aims to contribute a nuanced understanding by examining how EO dimensions manifest in such a context and influence EP. SMEs suffer due to a lack of resources, from the liability of newness (Karami & Tang, 2019), and lack of international experience (Galkina & Chetty, 2015). These factors will adversely affect their attempts to improve their EP. Therefore, the attention paid to international EO in SMEs is lacking in past studies.

Furthermore, existing classic literature has widely focused on mature Western economies, such as the United States of America or the United Kingdom, or on China (Rauch et al., 2009). This study attempts to cover the applicability of the concept of EO in the Sri Lankan context, an

emerging market in South Asia. Therefore, these unexplored gaps justify calls for a more extensive study on EO under different conditions while identifying the best blend of EO dimensions for Sri Lankan SMEs. This contextually grounded approach addresses the need for entrepreneurship research that reflects the diverse institutional environments in which firms operate.

As discussed above, EO is a multidimensional construct, and past studies provide evidence that these dimensions must covary positively (Covin & Wales, 2012; Miller, 1983), while some other studies elaborate that those dimensions play different independent roles (Lumpkin & Dess, 1996). This thesis adopts the multi-dimensional perspective for three reasons that are especially salient to Sri Lankan SMEs:

- Resource parsimony – Internationalising SMEs operate under severe financial and human-capital constraints. Simultaneously maximising all EO facets is rarely feasible; firms must decide which behaviours to emphasise (Tang & Tang, 2012).
- Institutional voids – Weak regulatory support and unpredictable policy shifts amplify the downside of excessive risk-taking while rewarding selective proactiveness in opportunity recognition (Gupta & Batra, 2016).
- Task specificity in exporting – Different EO behaviours underpin different export tasks: proactiveness facilitates foreign opportunity scouting; innovativeness enables product adaptation; competitive aggressiveness helps defend nascent market positions; autonomy empowers quick, on-the-ground decisions (Renko et al., 2009; Hernández-Perlines et al., 2021).

Accordingly, treating EO as five potentially independent capabilities—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—provides a sharper lens for

explaining how resource-constrained Sri Lankan exporters overcome the liabilities of smallness and newness (Karami & Tang, 2019).

2.3.3 The Link Between EO and Firms' Export Performance

In the context of EP, EO can drive firms to identify and capitalise on international market opportunities, develop innovative products or services tailored to foreign markets, and take proactive measures to overcome barriers and challenges associated with international trade (Coviello & Munro, 1997). EO encourages firms to be market-oriented, seeking to understand and meet the needs of foreign customers and to be open to exploring new market segments and geographies.

EO also fosters a willingness to take calculated risks and make strategic decisions that support international expansion and market penetration. This willingness to take calculated risks can involve investing in market research, building distribution networks, and establishing partnerships or alliances in foreign markets (Knight et al., 2016). Moreover, firms with high EO exhibit a greater ability to adapt to diverse cultural, economic, and regulatory environments, allowing them to effectively navigate the complexities of international trade (Acedo & Jones, 2007). By fostering a proactive and innovative approach to international business, EO enhances a firm's ability to identify and exploit export opportunities, differentiate itself from competitors, and build strong relationships with foreign customers and partners.

Previous research suggests that EO plays a significant role in improving firm performance (Karami & Tang, 2019; Lumpkin & Dess, 1996; Monteiro et al., 2019; Shah & Ahmad, 2019), indicating that firms with a strong EO tend to achieve better export outcomes in terms of sales growth, market share, and profitability (Knight et al., 2016).

However, despite this prevailing view, this study argues that the influence of EO on EP is not universally linear or uniformly positive. The firm should provide substantial support to its

individuals to yield better performance, and the knowledge processes of the firm play a significant role in this regard (Imran et al., 2018). Furthermore, this conception is on a par with the idea that innovative and proactive companies take first-mover advantages by focusing on customers and providing them with superior offerings (Gautam, 2016; Haider et al., 2017). Thus, the fact that EO explains the variations in firm performance is clear (Galbreath et al., 2020).

Mehrabi et al. (2019) argued that EO and performance could be positive or negative depending on the environmental conditions. Accordingly, many studies found a positive relationship between EO and firm performance (Azmi, 2020; Calabrò et al. 2021; Galbreath et al., 2020; Gerschewski et al., 2020; Hernández-Perlines et al., 2021; Rauch et al., 2009; Singh et al., 2016) and innovative performance (Mokhtarzadeh et al., 2020; Zhang et al., 2020). Nevertheless, several scholars have emphasised the importance of contingency perspectives in explaining the relationship between EO and firm performance (Gupta & Batra, 2016; Rauch et al., 2009). According to the contingency approach, the ‘context’ in which the SMEs operate is important (Lumpkin & Dess, 1996; Tang et al., 2008). The majority of studies are based on the context of the USA or in similar locations, such as Western Europe (Galbreath et al., 2020; Rauch et al., 2009). A bibliometric review conducted by Gupta et al. (2021) found that a majority of international EO studies focus on Europe (Finland, France, Germany, Italy, Poland, Denmark, Spain, Sweden, and the UK) and that few studies have been carried out in the Asian contexts such as China and Korea. Since scholars have argued that cultural values affect the extent to which a firm is deemed to have entrepreneurial behaviour (Watson et al., 2019) and that the countries in the world have different cultures, socioeconomic, political, and legal dynamics, it is not fair to assume that the findings from European regions are generalisable to all the other regions in the world. Therefore, further research is essential (Galbreath et al., 2020; Shu et al., 2019) in other regions.

2.4 Factors mediating and moderating the focal association between EO-EP

The contingency perspective is a theoretical framework that suggests that the relationship between variables is contingent upon specific contextual factors (Amhalhal et al., 2022). This alignment may better predict a specific outcome because it emphasises that there is no “one-size-fits-all” approach or universal relationship between variables (Gupta & Batra, 2016). Instead, the outcomes depend on a situation's unique circumstances or contingencies. Therefore, adopting a contingency approach by introducing a third variable to anticipate the relationship between the two variables is more comprehensive than relying on a simple, direct relationship between the variables. Hence, understanding the contingencies and identifying the mediating and moderating factors that shape the relationship between variables is important for gaining a more comprehensive understanding of the dynamics and outcomes within organisations. This study incorporates additional contextual variables, viewed as mediators and moderators, which can potentially modify the relationship between EO and EP by either reducing or enhancing it.

According to the contingency perspective, the relationship between EO and firm performance is contingent upon various mediating and moderating factors that depend on the specific context of SMEs. Mediating factors, such as innovation capability, knowledge management, organizational networking, and organisational learning, have been identified as important mechanisms through which EO affects performance outcomes (Covin & Slevin, 1991; Karami & Tang, 2019; Lumpkin & Dess, 1996). Additionally, moderating factors, including industry dynamism, environmental uncertainty, resource availability (Wiklund & Shepherd, 2005; Zahra & Covin, 1995), and AC (Hayton & Zahra, 2005) can shape the strength and direction of the EO–performance relationship. These factors interact with EO to create a nuanced understanding of its influence on firm performance within different SME contexts.

2.5 Organisational Learning

As discussed earlier, the EO and firm performance literature are time-honoured as many empirical studies provide evidence that firms with more EO achieve high performance (Hakala, 2013; Rauch et al., 2009; Wang, 2008). EO has had positive correlations with financial and nonfinancial performance measures in numerous environmental contexts, and the importance of EO in promoting firm performance has been widely supported (Rauch et al., 2009). Organisational learning has more recently been studied in terms of EO and performance (Altinay et al., 2016; Fernández-Mesa & Alegre, 2015; Wolff et al., 2015), while many conceptual and empirical studies focus primarily on the relationship between EO and financial performance (Rauch et al., 2009). Organisational learning has been conceptualised as a business organisation's commitment to knowledge creation, retention, and utilisation (Argote et al., 2003). Two types of learning—VL and EL—are widely discussed in the literature.

Although there is broad consensus about the interdependence of EO and learning (Brettel & Rottenberger, 2013), the empirical support for the exact interplay of the constructs and their impact on performance is somewhat contradictory (Wilson & Perepelkin, 2020). For instance, multiple studies have shown that the EO and performance relationship is mediated by organisational learning because the EO approach develops strategic learning capabilities (Fernández-Mesa & Alegre, 2015; Hakala, 2013). Studies with contradictory results showed that EO mediated the learning and performance relationship as firms open to learning are more likely to seek entrepreneurial opportunities, indicating that learning at the company level is a precedent for EO (Altinay et al., 2016; Wolff et al., 2015). Therefore, there is a lack of consensus about the interplay between EO, learning, and performance.

Organisational learning literature also suggests that firms which learn from success and failure and produce new insights achieve high performance (Lin et al., 2008; Wang, 2008). Further, the ability to learn quicker than competitors do represents a competitive advantage (Hatch &

Dyer, 2004). When considering the internationalised environment, even though SMEs owners possess some domain-specific knowledge, it is generally insufficient to sustain and grow them in the international market (Posen & Chen, 2013). Therefore, SMEs can adopt two types of learning—EL and VL. This study offers a more in-depth assessment of the mediating roles of the two learning types for internationalised SMEs in the emerging Sri Lankan context.

2.5.1 Learning Types: Experiential Learning

EL, which has its origins in the works of Dewey (1986) and Kolb (1984), is a crucial concept in the field of organisational learning, emphasising the acquisition of knowledge and skills through direct experience and active engagement (Dewey, 1986; Kolb, 1984). According to the EL theory, individuals learn most effectively when they actively participate in concrete experiences, reflect on those experiences, conceptualise the observations, and apply the newly acquired knowledge to future situations (Kolb, 1984). Experimentation and trial-and-error are common in EL. The definitions of EL have evolved over time, reflecting various perspectives and insights.

According to Dewey (1986), EL involves the process of engaging in hands-on experiences, reflecting on those experiences, and actively constructing meaning and understanding. Building upon Dewey's work, David Kolb developed a widely recognised model of EL. Kolb (1984) proposed a four-stage learning cycle: concrete experience, reflective observation, abstract conceptualisation, and active experimentation. In this model, EL is a cyclical process where individuals engage in concrete experiences, reflect on their observations, derive abstract concepts and theories, and apply them in new situations.

Another influential perspective on EL emerged from the work of Carl Rogers, a prominent psychologist. Rogers (1969) emphasised the importance of personal involvement and self-

directed learning in EL. According to Rogers, EL involves active engagement, self-reflection, and a focus on personal growth and development.

Piaget's (1972) work is often associated with constructivist theories of learning, which emphasise the active role of learners in constructing their understanding of the world through their experiences. While Piaget did not specifically use the term “experiential learning,” his theories contribute to understanding how individuals learn through hands-on exploration and interaction with the environment. Piaget’s constructivist perspective aligns with the principles of EL, which emphasise the importance of active engagement, reflection, and application of knowledge in real-world contexts (Piaget, 1972).

Accordingly, key factors which have emerged as essential components of the concept are: *active engagement* which active involvement and engagement with the learning process involving hands-on experiences, participation in real-world activities, and direct interaction with the learning environment; *reflection* which involves the deliberate and thoughtful examination of one's experiences, observations, and actions to derive meaning, insights, and lessons learned; *constructing meaning*: In this process meaning and understanding are constructed through the integration of new experiences with existing knowledge and concepts; *application and transfer* which involves the application of newly acquired knowledge and skills in real-world situations; and *personal involvement* which involves learning in person and self-directed learning.

Organisational EL is characterised by cycles of action, reflection, and adjustment, where organisations learn from their past experiences, adapt their strategies, and improve their performance over time (Levinthal & March, 1993). Through these iterative learning processes, organisations can develop new competencies, innovate, and respond effectively to dynamic business environments (Bingham & Eisenhardt, 2011). EL at the organisational level involves

the process of acquiring knowledge, skills, and insights through direct organisational experiences and activities. It emphasises the importance of learning by doing and encourages organisations to engage in real-world tasks, experiments, and reflective practices to enhance their learning capabilities (Dewey, 1986).

Entrepreneurship is a field that involves taking risks, identifying opportunities, and creating value through innovative ventures (Shane & Venkataraman, 2000). EL aligns well with the entrepreneurial context as it emphasises learning by doing and engaging in real-world entrepreneurial activities (Bécharde & Grégoire, 2005).

Organisational learning has more recently been studied with EO and performance (Altinay et al., 2016; Fernández-Mesa & Alegre, 2015; Wolff et al., 2015). Organisational learning has been conceptualised as a business organisation's commitment to knowledge creation, retention, and utilisation (Argote et al., 2003). Levitt and March (1988) contended that organisations learn by doing or direct experience (EL) and by observing the experiences of others (VL).

The conceptualisation of EL in relation to entrepreneurship highlights several key factors: *Learning through action*: EL in entrepreneurship recognises that knowledge and skills are best developed through practical experiences and active engagement (Rae & Carswell, 2001). Entrepreneurs learn by taking action, making decisions, and experiencing the consequences of their choices (Harrison & Leitch, 2005). *Opportunity recognition and exploration*: EL in entrepreneurship emphasises the importance of opportunity recognition and exploration. Through hands-on experiences, entrepreneurs develop the ability to identify and evaluate opportunities, understand market dynamics, and adapt to changing circumstances (Fayolle & Gailly, 2008). *Reflection and sense-making*: Reflection is a critical component of EL in entrepreneurship. Entrepreneurs reflect on their experiences, analyse the outcomes, and extract valuable insights and lessons (Politis, 2005). This reflection allows entrepreneurs to make sense

of their experiences, refine their strategies, and improve decision-making. *Iterative learning process*: EL in entrepreneurship is an iterative process that involves cycles of action, observation, and reflection (Mullins & Forlani, 2005). Entrepreneurs engage in real-world activities, gather feedback, learn from successes and failures, and apply these insights to future endeavours (Bécharde & Grégoire, 2005). *Networking and mentoring*: EL in entrepreneurship acknowledges the importance of networks and mentorship in the learning process. Entrepreneurs benefit from interacting with experienced entrepreneurs, mentors, and peers who provide guidance, advice, and support (Hmieleski & Corbett, 2008).

The conceptualisation of EL in relation to entrepreneurship highlights the value of learning through action, opportunity recognition, reflection, iterative learning, and networking. By engaging in hands-on experiences and reflecting on their entrepreneurial journeys, entrepreneurs can develop the knowledge, skills, and attitudes necessary for entrepreneurial success. However, the exploration of organisational learning within entrepreneurship is limited, and there is a need to explore the interaction between learning types and entrepreneurship in different contexts.

Studies claim that firms operating in an internationalised environment use EL (Holcomb et al., 2009). EL is essential in the international context due to the high volatility in this setting caused by a lack of knowledge of foreign markets (Baum et al., 2000); generating market-specific knowledge helps to gain a competitive advantage (Schwens et al., 2018). Therefore, entrepreneurs shape their behaviours in line with the lessons learned from past experiences (Argote, 2012). However, the expertise gained through EL is not replicable to other markets because different markets have their quirks (Eriksson et al., 2015).

In conclusion, scholars such as Dewey, Kolb, Rogers, and Piaget have considered EL a key process for individuals and organisations such as those in business. EL emphasises learning

through action, reflection, abstraction, and application, in turn encouraging a hands-on and reflective way of gaining information and skills. In entrepreneurship, this iterative process promotes opportunity recognition, informed decision-making, and continuous learning from outcomes. In international business settings, EL helps people gain market-specific information, which gives them a competitive edge even though each market is different. Nevertheless, as its usefulness is known, more research is needed to determine how EL and entrepreneurship work together in different contexts, providing richer insights for academia and practice and enhancing the effectiveness of learning processes in dynamic environments.

Furthermore, many empirical studies support the notion that EL positively impacts firm performance (Karami & Tang, 2019). Nonetheless, EL can also harm performance. Levitt and March (1988) and Leonard-Barton (1990) argued that ‘competency traps’ that arise through continued expertise with familiar and comfort zones make it difficult for firms to adjust to emerging technologies. Levinthal and March (1993) framed these traps as myopia that misleads the firm to consider only the short-run and success lessons by avoiding many potentially valuable information sources. Accordingly, the impact EL has on the EO, and performance relationship may either be positive or negative.

Although there is broad consensus about the interdependence of EO and learning (Brettel & Rottenberger, 2013), the empirical support for the exact interplay of the constructs and their impact on performance is somewhat contradictory (Wilson & Perepelkin, 2020). For instance, multiple studies have shown that the EO and performance relationship is mediated by organisational learning because the EO approach develops strategic learning capabilities (Fernández-Mesa & Alegre, 2015; Hakala, 2013). Studies with contradictory results showed that EO mediated the learning and performance relationship as firms open to learning are more likely to seek entrepreneurial opportunities, indicating that learning at the company level is a

precedent for EO (Altinay et al., 2016; Wolff et al., 2015). Therefore, there is a lack of consensus about the interplay between EO, learning, and performance. Organisational learning literature also suggests that firms who learn from success and failure and produce new insights achieve high performance (Lin et al., 2008; Wang, 2008). Further, the ability to learn quicker than one's competitors represents a competitive advantage (Hatch & Dyer, 2004). When considering the internationalised environment, even though SMEs owners possess some domain-specific knowledge, it is generally insufficient to sustain and grow in the international market (Posen & Chen, 2013).

2.5.2 Learning Types: Vicarious Learning

Organisations also learn vicariously by watching other actors and inferring lessons to inform their endeavours instead of learning through first-hand knowledge (Bresman, 2013). VL refers to the process of learning by observing and imitating the behaviours of others. This concept was first brought to our attention by psychologist Albert Bandura in his SLT, where he argued that individuals can learn new behaviours by observing others (Bingham & Davis, 2012).

In its early conceptualisation, VL was often linked with social and behavioural perspectives (Bandura, 1969). For instance, children learn several social norms and conduct by observing their parents, teachers, and other children. This learning type was considered especially significant in comprehending the development of complicated behaviours that could not be learned by direct reinforcement or punishment.

The concept of VL evolved during the cognitive revolution in psychology in the 1970s and 1980s. Researchers began to highlight the importance of cognitive processes such as attention and memory in observational learning. It was revealed that learners interpret and integrate observed behaviour into their prior knowledge and understanding rather than just mimicking it (Dong et al., 2020). The notion of VL has recently been applied to disciplines such as artificial

intelligence and international business. This concept is particularly relevant in reinforcement learning, where an agent learns to perform tasks by observing and imitating expert behaviours (Bandura et al., 1963).

According to Bandura (1969), this sort of learning is essential for humans to acquire new knowledge and behaviours. He postulated four fundamental components of observational learning: attention, retention, reproduction, and motivation. Attention is the requirement for individuals to pay attention to the behaviour being imitated in order to learn. Retention involves individuals being able to recall the behaviour they observed. Reproduction requires individuals to replicate the behaviour they witnessed. Finally, motivation ensures that individuals are encouraged to engage in the acquired activity. Bandura's theory was significant because it extended the understanding of learning beyond direct experience and reinforcement, acknowledging the importance of social and observational learning in human behaviour.

VL occurs when a firm does not have first-hand activity experience. In such cases, firms observe the new task, attempt to understand the observed activity based on partial data, and fill in the unseen data via inferential thinking (Ali et al., 2020). Organisations selectively attend to behaviours with similar or active peers (Haunschild & Miner, 1997) to duplicate their results and so shortens the learning period (Baum et al., 2000). Some scholars argue that due to their lack of resources (Desouza & Awazu, 2006) SMEs learn vicariously from other firms' experience in their industry, leveraging successful firms' best practices (Ali et al., 2020).

VL is quite important in the sphere of international business. According to Surdu et al. (2021), VL, together with problematic search and experience, can help explain the dynamic and varied behaviours found in internationalisation choices. This view suggests that firms can learn from the experiences of other firms in the international market, thereby improving their decision-making processes and strategies.

In the context of SMEs, VL can significantly enhance their performance. Ali et al. (2020) discovered that learning from local enterprises in their host countries can help multinational SMEs enhance their AC, innovation, and overall performance, thus indicating that SMEs may benefit from the experiences and practices of local enterprises which can give significant insights into local market conditions and customer preferences. Additionally, VL might improve a firm's international competitiveness. According to Xie et al. (2020), entrepreneurs may considerably boost their firms' international growth by gaining foreign experience through interlocking partners as the experiences and expertise obtained via these collaborations can give vital insights that help boost the firm's competitiveness in the international market.

Like EL, VL has also drawn the business world's interest due to the perception that it improves the competitive advantage of businesses and operational productivity (Ali et al., 2020). VL is also essential for firms when more information is available, but multiple areas of expertise are required to acquire first-hand experience to acquire first-hand experience. Another VL application can be seen in firms operating internationally, where cultures, societies, regulatory frameworks, and economic factors vary from the home country (Ali et al., 2020). Firms gradually utilise VL to reproduce the best practices, strategies, and effective organisational designs (Ali et al., 2020). In conclusion, VL may give businesses significant insights and information that can improve their decision-making processes, performance, and competitiveness in the international market.

Holcomb et al. (2009) found that firms operating in an internationalised environment initially use EL and shape their behaviours through the lessons learned from past experiences (Argote, 2012). SMEs tend to learn vicariously from other firms in their industry, leveraging successful firms' best practices (Ali et al., 2020) due to the lack of resources (Desouza & Awazu, 2006). However, determining the learning type—experiential and/or vicarious—is essential for SMEs

operating in an internationalised environment in an emerging context and is unexplored in the current literature.

However, VL also can harm the performance of the organisation due to its drawbacks. There is a danger of misusing VL because it has an unobserved aspect that needs to be filled with inferential thinking based on the learning organisation's experiences. Therefore, this superstitious learning can be problematic (Levitt & March, 1988), especially when learning organisations may concentrate predominantly on successful cases, which may under-sample the actual population. While many studies have neglected VL compared to EL in business, there is nevertheless a significant gap in the existing literature on studies that have used both learning types simultaneously in the context of SMEs in emerging countries. That said, a handful of studies conducted in emerging contexts such as Malaysia (Arnold & Quelch, 1998) and Saudi Arabia (Ali et al., 2020) revealed that VL is positively related to firm performance.

2.6 Networking

While EO makes exploring new opportunities to boost firm performance easier, adopting an EO increasingly demands more resources and knowledge (Kreiser, 2011). Dynamic environments, rapid technological advancement, shrinking life cycles, and international competition have made new knowledge acquisition and knowledge management essential for maintaining a competitive edge (Nonaka & Takeuchi, 2007). Due to SMEs' constrained capacity and lack of international market entry experience, networking capability has been considered crucial in SMEs' internationalisation process (Galkina & Chetty, 2015). Several scholars have argued that networks significantly shape entrepreneurial processes and outcomes (Hoang & Antoncic, 2003). According to Stevenson and Jarillo (2007), the essence of entrepreneurship is the ability to identify, seek, and exploit business opportunities that arise in the market without regard to the resources at hand. However, not all entrepreneurs have the expertise and resources to exploit these opportunities. They need to collaborate with market

players to gain access to resources and markets (Zain & Ng, 2006). Networks are a crucial asset since they provide access to power, intelligence, expertise, technology, and finance (Elfring & Hulsink, 2003; Inkpen & Tsang, 2005). According to recent studies, strategic ties and learning are crucial in the supply chain (Humphrey & Schmitz, 1996). Nonetheless, the significance of networking in the sense of SMEs' knowledge acquisition and learning is still undervalued.

Several authors previously attempted to explore the interaction between networking and business performance. However, the findings have been contradictory. In a study conducted in the Shannon region in Ireland, Andreosso-O'Callaghan and Lenihan (2008) concluded that networking helps improve firm performance. During the internationalisation process, networking with local partners was also shown to have increased SMEs' international success in previous studies done for Japanese listed companies in the Tokyo Stock Exchange (Lu & Beamish, 2001). A study conducted by Watson (2007) in Australia revealed that networking is linked to a firm's survival and prosperity to a limited extent. However, the author was unable to find an apparent connection between firm performance and networking. Another significant result was that firm sustainability was related to both FN and InfN. However, growth was correlated only with structured networks.

Further, Gabrielsson and Gabrielsson (2013) argue that the importance of networking in the internationalisation of companies is overstated, suggesting that relying solely on networks may overlook other crucial factors (such as technology, marketing and customer understanding) for success. As a result, SMEs with special network ties and EO can propel and benefit from being a part of global value chain networks (Gereffi, 2019). Networks are like two-edged swords that limit and impede firms' information acquisition (e.g., Karami et al., 2020; Yamin & Kurt, 2018), and therefore further internationalisation, referred to as "network duality" (Yamin & Kurt, 2018). Further, it has been proposed that having a broad network of connections slows

down internationalisation (Nummela et al., 2004). This lack of consistency among previous studies' results paves the way for this aspect to be included in the current research.

However, the significance of networking in the sense of SMEs' knowledge acquisition and learning is still undervalued. Networking is critical to SME performance in domestic and international markets, particularly as the world becomes more globalised, with more opportunities and challenges, especially in an emerging market context. Therefore, this study contributes to the literature by examining two types of networking—formal (business level networking via interfirm networks) and informal (individual-level personal contacts of SME owners/managers)—as mediators in both host and home countries of internationalised SMEs operating in an emergent economy. This study offers a more in-depth assessment of the two networking types' mediating roles for internationalised SMEs in the emerging Sri Lankan context.

2.6.1 Networking Types: Formal Networking

FN refers to the deliberate and planned process of developing professional relationships with persons and organisations to generate opportunities for the firm's growth, collaboration, and knowledge sharing. Forsgren and Johanson (1992) defined FN as the connections between other business entities, such as consumers, distributors, suppliers, rivals, and governments which regulate business exercises. Kingsley and Malecki (2004) and Thorgren et al. (2009) defined FN as a deliberately formed group of firms that share united objectives, while Chen et al. (2016) defined the same as business-to-business networks that link businesses across industries and supply chains. These networks are also called business networks (Wright & Dana, 2003). FN include relations with business entities and persons such as accountants, banks, lawyers, chambers of commerce, small business administrators (Birley, 1985) and venture capitalists, creditors, and trade associations (Das & Teng, 1998). FN entails actively

participating in industry events, joining professional groups, attending conferences, and engaging in focused networking activities to make useful contacts.

Chen et al. (2016) and Schotter et al. (2017) clarify that these networks are structured to allow firms to compete globally by offering increased capital, greater negotiating power, and the transfer of technical know-how and market knowledge. Proper and formal mechanisms are used to collaborate, and these networks are focused on economic, information, or knowledge exchange (Kusumawardhani et al., 2009). Networking also builds a strong support system for entrepreneurs. Entrepreneurs may network with like-minded people who understand the challenges and possibilities of establishing and growing a business (Schotter et al., 2017). Entrepreneurs may get essential advice, guidance, and support throughout their entrepreneurial journey by developing relationships with mentors, fellow entrepreneurs, and industry experts. FN also enables access to resources and expertise (Gliga & Evers, 2023), especially for SMEs who lack resources (Desouza & Awazu, 2006). Networking allows entrepreneurs to connect with others who have specific knowledge, skills, and resources that may help them, for example, possible business partners, investors, suppliers, and service providers' expertise (Gliga & Evers, 2023). Entrepreneurs may tap into a plethora of experience and resources through networking, which can help them overcome challenges and improve their business operations.

Networking facilitates collaboration and forming strategic partnerships (Stuart, 1998). By partnering with comparable firms, entrepreneurs can explore collaborative ventures, comarketing activities, and pooled resources. Therefore, this collaborative networking will increase their market reach and diversify their services. Collaborations formed through networking can result in new company prospects, more exposure, and faster growth. Networking also provides market intelligence and trends (Phillips et al., 2006). Networking

may inform entrepreneurs about industry trends, market insights, and fresh prospects. By connecting to industry experts, entrepreneurs can gain business intelligence, find market niches, and adjust their strategy to stay ahead of the competition.

Participating actively in FN activities helps entrepreneurs build their personal and professional brand (Kuhn & Galloway, 2015). By consistently attending industry events, contributing to discussions, and sharing expertise, entrepreneurs can establish themselves as thought leaders in their respective fields. This visibility can enhance their credibility, attract potential clients or investors, and open doors to new business opportunities.

FN is critical in an internationalised business environment for various reasons. Understanding cultural nuances and establishing local connections is essential for global firms, and networking is often how this can be accomplished (Adler & Gundersen, 2001). Further, networking allows businesses to gain insights into market trends, competitor strategies, and industry best practices. Networks also facilitate building relationships, which can often lead to trust, which is particularly important in international business (Adler & Gundersen, 2001).

However, although FN brings such benefits to a firm, SMEs in emerging markets may face challenges when trying to gain real benefits from FN. SMEs in emerging markets often face resource constraints, including limited financial, human, and technological resources (Desouza & Awazu, 2006). It may be difficult for SMEs to participate in FN activities because doing so requires substantial time, money, and expertise that they may not have readily available. Effective FN requires building trust and establishing a good reputation (Antoldi & Cerrato, 2020). It may be challenging for SMEs to become trusted within FN when there is information asymmetry, weak institutional frameworks, and corruption prevalent in emerging markets.

2.6.2 Networking Types: Informal Networking

Firms need information and resources to make decisions and compete in a business environment, and networking is a way to access the needed resources. Firms use network linkages for the acquisition of knowledge and resources. Since this information is not readily available, it holds significant value (Sexton & Bowman-Upton, 1991). Therefore, a decision-maker with ties to networks that provide access to information gains a competitive advantage.

The term networking is used to describe the process of making and maintaining connections, whereas personal networks (often called informal networks—InfNs) refer to the people with whom a decision-maker has personal or professional ties (Dubini & Aldrich, 2002). InfNs are “networks developed from personal relationships” (Vasilchenko & Morrish, 2011, p. 90). InfN refer to informal relationships that involve relatives, friends, acquaintances (Forsgren & Johanson, 2012), and former colleagues/employers (Farr-Wharton & Brunetto, 2007). This study defines informal networking as defined by Vasilchenko and Morrish (2011).

As the cost of acquiring the information and resources is high, networks provide cost-effective access to such information and resources (Fuller-Love & Thomas, 2004). According to Hanson and Blake (2009), networking can lower transaction costs and offer access to resources for SME owners. In this way, networking helps increase a business owner's ‘social capital’.

Few conceptualisations of social capital are found in the literature. The first, social network theory (Granovetter, 1983), postulates that individuals (or organisations) are embedded in a network of interpersonal ties. These groups can help individuals or businesses by sharing useful knowledge and connecting them with valuable resources. This idea can shed light on how informal networking might pave the way to new and significant opportunities. The second theory, *social capital theory* (Coleman, 1988), considers social capital to be the aggregate of resources, such as information, influence, or support an individual or group has access to

because of their social connections. The third relevant theory is structural hole theory (Burt, 2002); considers that people who can link together disconnected groups within a network are at an advantage. They can regulate the flow of information and use their unique position to their advantage. Individuals who can connect diverse groups can obtain considerable advantages in the context of informal networking. Finally, weak tie theory (Granovetter, 1973) suggests that weak ties (acquaintances) can be more valuable than strong ties (close friends, family) for gaining access to new information, opportunities, or resources. In the context of informal networking, this theory underscores the value of having a diverse network.

The informal connections are based on informal, non-legally binding agreements and a code of conduct. They furnish entrepreneurs with tangible support, for example monetary exchanges and intangible support, such as help, guidance, information, and fellowship (Farr-Wharton & Brunetto, 2007). Naegels et al. (2020) found that InfNs are less problematic and thus easy to maintain, especially in financial matters, compared to FN.

However, vulnerability to corruption, unfair advantage, channelling favours, and abusive use of power—often related to cultural customs and traditions—are all weaknesses identified in studies of the dark side of informal networking (Horak et al., 2020). Further, when people are hired or promoted not based on merit and ability but because they know the right people, doing so can hold back an organisation's progress and restrict its capacity for creativity and innovation (Horak, 2017).

Informal networking is vital for internationalised SMEs. Mejri and Ramadan (2017) argued that locally embedded InfNs facilitate opportunity recognition in international contexts, especially during the early stages of internationalisation. Further, this form of networking reduces transaction costs and information-acquisition costs (Peng et al., 2005), as well as risk and uncertainty (Zain & Ng, 2006). Social networks appear to have an especially crucial role

to play in encouraging new entrepreneurial activity and helping entrepreneurs mobilise resources in developing countries characterised by volatile conditions and limited resources (Kiss et al., 2012).

2.7 Absorptive Capacity

AC, i.e., the “ability to identify, assimilate, and exploit knowledge from the environment” (Cohen & Levinthal, 1989, p. 589), as a construct, is a critical factor of a firm’s ability to innovate and maintain competitiveness in rapidly changing environments. Cohen and Levinthal (1990) first introduced the idea, arguing that an organisation's innovative capabilities depend heavily on its capacity to absorb and apply knowledge gained from external sources. They theorised that AC is not merely a passive acquisition of information but rather an active, strategic process that involves selecting, adapting, and implementing new knowledge to derive competitive advantage.

AC is a vital intangible asset for increasing firm performance, and it predominantly relies upon the extent of previous knowledge, which will help detect and process new information (Hernandez-Perlines, 2018). According to prior studies (e.g., Allen, 1984; Cohen & Levinthal, 1990), it is perceived as a byproduct of a firm’s R&D activities. Subsequently, the concept was revisited and expanded, introducing a more nuanced perspective that placed greater emphasis on the interplay of various internal capabilities and knowledge systems.

In their subsequent elaboration, Cohen and Levinthal (1990) redefined the concept of AC as a firm’s ability to evaluate, assimilate, and apply externally sourced knowledge for commercial purposes. This reconceptualization highlights that AC not only stems from R&D operations but also encompasses the diversity of the firm's knowledge base, the use of a shared language, prior learning experiences, the presence of cross-functional interfaces, and the conceptual modelling and problem-solving capabilities of the firm’s members. Such a perspective

underscores the interdependence of various organizational mechanisms and social interactions that facilitate the effective integration of external knowledge.

Zahra and George (2002) offer a redefinition for the concept of AC as “a set of organisational routines and processes by which businesses systematically acquire, assimilate, transform, and exploit knowledge” (p. 186) and define its four dimensions. First, knowledge acquisition relates to the project’s constructive efforts to identify and obtain necessary information from external sources that is essential to its activities. Second, knowledge assimilation is the process of making sense of information by analysing, processing, and interpreting it to fulfil project objectives. Third, information transfer is the process of combining new and established knowledge and identifying opportunities for change. Finally, the process of using newly gained insights to help achieve the firm’s learning goals is known as knowledge exploitation.

AC can be identified as a dynamic knowledge management process consisting of four separate but complementary dimensions (Idrissi & Manzani, 2019). Accordingly, two main subsets of the concept could be identified: potential AC (PAC) and realised AC (RAC). The former entails knowledge acquisition and assimilation, reflecting the effort to find and acquire novel external knowledge. PAC refers to the firm's ability to identify, understand, and acquire valuable external knowledge critical to its operations. At the same time, realised AC involves knowledge transformation and exploitation, which includes gaining new perspectives and implications by combining current and newly gained knowledge and integrating transformed knowledge into operational activities (Zahra & George, 2002) as PAC itself not guarantee the exploitation of accumulated knowledge (Tian et al., 2024). These two subgroups have unique effects on firms, particularly PAC, as regards accumulating new expertise in the business while reconstructing the knowledge base (Zahra & George, 2002). AC is described in this study as two subsets: PACs and RACs.

AC, as a construct, is complex and multifaceted, making it challenging to measure. However, five approaches have been proposed in the literature. The first is one of the earliest and most common proxies for AC; it relates to a firm's expenditure on research and development (R&D). The underlying assumption of this proxy is that firms that invest more in R&D are more likely to have the ability to recognise, assimilate, and apply new knowledge (Cohen & Levinthal, 1990). The second approach involves the level of employee education, particularly in key areas such as R&D, which can also serve as a proxy for AC. Firms with highly educated employees are assumed to better understand and assimilate new knowledge (Lane et al., 2006). The third measure—the number of patents a firm holds—can also be an alternative indicator of its AC. Patents represent a firm's ability to generate and apply new knowledge to create innovative products or processes (Rothaermel & Alexandre, 2009). The fourth proxy—the extent and nature of a firm's relationships with other organisations—can also be used to measure AC. Firms with extensive networks are often better able to access and assimilate external knowledge (Dahlander & McFarland, 2013). The fifth approach involves more recent efforts by researchers to develop scales for measuring AC directly. For example, Flatten et al. (2011) developed a scale composed of four factors and 14 items that meet the main validity and reliability criteria. This scale was selected for this study to measure AC.

AC is particularly crucial for SMEs operating in emerging markets. These markets are characterised by rapid change, high levels of uncertainty, and, often, a lack of established infrastructure or institutional frameworks (Bruton et al., 2013). In such environments, identifying, assimilating, and applying new knowledge can provide a crucial competitive advantage (Zahra & George, 2002).

AC allows SMEs to identify and understand valuable external knowledge (Zahra & George, 2002). This external knowledge could comprise emerging market trends, new technologies, or

best business practices. In emerging markets, the ability to quickly recognise and understand such information can be a significant advantage as it allows SMEs to adapt to changes in the market, seize new opportunities ahead of competitors, and avoid potential threats (Cohen & Levinthal, 1990). AC enables SMEs to assimilate and integrate this knowledge into their operations. This ability is particularly important in emerging markets, where businesses often need to be flexible and adaptable. By assimilating new knowledge, SMEs can increase their processes, develop novel products or services, and enhance their overall performance (Zahra & George, 2002). Additionally, AC allows SMEs to employ this new knowledge to commercial ends. Doing so could involve using the knowledge to enter new markets, develop new business models, or create innovative products or services. The capacity to apply new knowledge in novel ways can be a crucial factor in success in developing markets, where competition can be fierce and market circumstances can change quickly (Lane et al., 2006).

Several studies have highlighted the importance of AC for SMEs in emerging markets. For example, Zahra and Hayton (2008) found that AC significantly predicted innovation in SMEs in emerging markets. Similarly, Minbaeva et al. (2003) found that AC was crucial for the performance of SMEs in emerging markets, particularly in terms of their ability to learn from multinational corporations.

In emerging markets, SMEs often grapple with unique challenges such as institutional voids, limited access to critical resources, and intense competitive pressures (Buyukbalci et al., 2024; de Silva, 2019; Rothaermel & Alexandre, 2009; Voss & Voss, 2013). AC can help SMEs navigate unique challenges such as institutional voids, lack of access to resources, and intense competition by enabling them to leverage outside knowledge to improve their competitiveness and drive innovation. For instance, by using their AC, SMEs can learn from the best practices of multinational corporations, adapt to local market conditions, and develop innovative

solutions that meet the needs of their customers (Lyles & Salk, 1996). This study therefore views AC not as an isolated construct but as a key contingency that may influence how EO capabilities translate into EP.

2.8 Chapter Conclusion

The literature review on EO highlights its significant role in enhancing a firm's EP, especially SMEs, across diverse markets. Research has shown that EO, with its dimensions of innovativeness, risk-taking, and proactiveness, has been widely acknowledged as a crucial factor in achieving competitive advantage and business success (Covin & Wales, 2012; Lumpkin & Dess, 1996; Miller, 1983). Nevertheless, the literature also highlights critical tensions and research gaps that warrant further exploration.

A key, unresolved tension lies in the applicability and impact of EO across different cultural and economic contexts. Most studies have been conducted in developed economies, particularly in the USA and Western Europe, with limited research in emerging markets and other regions such as Latin America, Sub-Saharan Africa, and Southern Asia. This geographical bias raises questions about the generalisability of existing EO theories to the emerging market SMEs and calls for more inclusive research that considers the unique institutional and cultural dynamics of diverse regions (Luu & Ngo, 2019; Wales, 2016).

Another significant gap pertains to the contingency perspective, which suggests that the relationship between EO and firm performance is context-dependent and influenced by various mediating and moderating factors. Factors such as innovation capability, knowledge management, organisational networking, and environmental uncertainty have been identified as important variables that can modify the EO–performance relationship (Aloulou & Fayolle, 2005; Brettel & Rottenberger, 2013). Understanding these contingencies is crucial for developing a more comprehensive framework for EO research (Lumpkin & Pidduck, 2021).

The literature also indicates that the conceptualisation and measurement of EO remain questioned, with debates over whether EO should be viewed as a unidimensional construct or a multifaceted phenomenon encompassing both attitudinal and behavioural components. This ongoing debate underscores the need for further theoretical refinement and empirical validation of EO constructs (Anderson et al., 2015; Wales et al., 2013).

In conclusion, EO is a valuable concept in strategic management and entrepreneurship. However, its effectiveness varies depending on different factors and contexts. More research is needed to understand how EO works in understudied regions and to explore the different factors that can influence its impact. Additionally, refining how we define and measure EO will help improve its usefulness in theory and practice. Addressing these areas helps improve the understanding and application of EO across various situations and organisations.

CHAPTER THREE

The role of Learning and Networking Types in the Association of Entrepreneurial Orientation and Export Performance

This paper is currently under review for potential publication in an A-grade journal listed in the ABDC Quality Journal List. Therefore, it adheres to the layout, referencing style, and language guidelines stipulated by the journal editors. As a result, the numbering system for headings in this chapter may differ from the numbering convention used in the rest of the thesis. This decision was made to maintain consistency with the submitted version of the paper.

Abstract

This study examines the impact of entrepreneurial orientation (EO) on the export performance of small and medium-sized enterprises (SMEs) in emerging markets, with a focus on Sri Lanka. Utilizing the resource-based view (RBV) and ambidexterity theory, the research explores how EO dimensions—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—contribute to export performance. The study explores these more deeply by investigating how experiential and vicarious learning, alongside formal and informal networking, mediate the EO–export performance relationship. Data was collected from 365 Sri Lankan manufacturing SMEs using a structured questionnaire and analyzed through partial least squares structural equation modelling (PLS-SEM). Findings reveal that proactiveness is the most critical EO dimension for export performance, while innovativeness and autonomy are less significant in the context of resource-constrained emerging markets. Both experiential and vicarious learning significantly mediate the EO-export performance link, underscoring the importance of balancing exploration and exploitation in learning types. Additionally, formal networking plays a crucial mediating role, while informal networking does not significantly influence export performance in this context. The study contributes to international entrepreneurship literature by highlighting the contextual variability in the effectiveness of EO dimensions and providing practical insights for SME managers in emerging markets. Future research should further explore these dynamics across different contexts and use longitudinal designs to validate and extend these findings.

Keywords: entrepreneurial orientation, learning, networking, emerging market, SME, explorative and exploitative.

1. Introduction

Small and medium-sized enterprises (SMEs) are increasingly expanding internationally (Liñán et al., 2020; Veilleux et al., 2012) to leverage their core competencies (Osano, 2019). In this process, they face significant challenges, including resource constraints (Aldrich & Auster, 1986), limited foreign market knowledge (Zaheer, 1995), and difficulties in establishing strategic international networks (Johanson & Vahlne, 2009). For SMEs in emerging markets, these challenges are compounded by economic instability, weak legal frameworks, protectionism, and political instability (Bruton et al., 2013; Chandra et al., 2020; Hoskisson et al., 2000). Emerging markets SMEs must capitalize on their entrepreneurial resources and capabilities to enhance export performance (EP) and overcome these resource limitations and lack of organizational legitimacy (Delmar & Shane, 2004).

From a resource-based view (RBV), entrepreneurial orientation (EO) is a capability (Wales et al., 2015) that supports exceptional EP through value creation (Wales et al., 2023), in turn leading to success if appropriately managed (Mazzei, 2018). While crucial, the question of how SMEs can effectively implement strategic entrepreneurial initiatives to enhance EP in international markets remains underresearched (e.g., Mansion & Bausch, 2020; Safari & Saleh, 2020). The differing theoretical perspectives on EO offered by Miller (1983) and Lumpkin and Dess (1996) create challenges in its operationalization and comparison across studies. Miller views EO as a unidimensional construct comprising innovativeness, risk-taking, and proactiveness that must covary, while Lumpkin and Dess expand it to a five-dimensional construct by adding autonomy and competitive aggressiveness, with each dimension potentially varying independently. This theoretical duality leads to varying interpretations in entrepreneurship research. Although EO was initially considered universally applicable, scholars argue that its effectiveness is contextual (e.g., Etemad, 2021; Lee & Peterson, 2000). Beyond this theoretical duality, the predominance of studies on large multinationals (e.g.,

Gupta et al., 2006; Martins et al., 2020; Riviere & Romero-Martínez, 2021) raises questions about their applicability to the EO of SMEs (Anwar et al., 2021), especially in emerging markets (Gupta et al., 2021; Mendy et al., 2020). Moreover, EO research has primarily focused on EP, examining both importers and exporters (e.g., Ajayi, 2016; Brouthers et al., 2015; Karami & Tang, 2019), who have distinct motivations, goals, and strategies due to their different roles in the trade process (Lisboa et al., 2011). While EO is crucial for EP (Brouthers et al., 2015; Kalinic & Brouthers, 2022; Lisboa et al., 2011; Wales et al., 2019), the significance and optimal levels of each EO dimension in SMEs within emerging markets need further research. While many studies find a positive association between EO and firm performance (e.g., Galbreath et al., 2020; Gerschewski et al., 2020; Hernández-Perlines et al., 2021; Rauch et al., 2009; Singh et al., 2016), others note insignificant (Renko et al., 2009), or curvilinear (Tang & Tang, 2012) relationships. We thus need to understand which EO dimensions should be prioritized and at what levels to achieve EP. This study aims to investigate the relevance of each dimension of EO for resource-constrained SMEs in Sri Lanka's emerging market.

However, the EO–performance relationship is complex (Lumpkin & Dess, 1996), so exploring the mechanisms through which EO influences EP is essential. Since EO requires firms to continually develop, integrate, and reconfigure skills to achieve exceptional EP (Sousa et al., 2008), the mediation effects of learning and networking capabilities of SMEs have been examined in the literature (e.g., Fernández-Mesa & Alegre, 2015; Karami & Tang, 2019). Recent studies highlight the importance of balancing explorative and exploitative activities (e.g., Donbesuur et al., 2023), something which is challenging for emerging market firms (Kang et al., 2021), especially given their limited resources (Rothaermel & Alexandre, 2009; Voss & Voss, 2013). When entering foreign markets, extensive knowledge is crucial, but emerging market SMEs often lack this expertise (Zhou et al., 2020). The literature emphasizes the role of EL in enhancing EP (e.g., Eriksson et al., 1997; Karami & Tang, 2019; Liu et al.,

2015). However, success in one country does not guarantee success in others (Sui & Baum, 2014), and firms must engage in experiential (exploitative) and vicarious (explorative) learning to meet foreign market demands (Baum et al., 2000). While positive impact of EL on EP is well-documented, it remains unclear whether a simultaneous and equal or unequal emphasis on vicarious learning alongside EL is beneficial for improving EP in the context of emerging market SMEs.

In addition to that on learning, another stream of research increasingly highlights the importance of network relationships for firms to acquire the knowledge and resources necessary for successful entry and sustained growth in foreign markets (Hite & Hesterly, 2001; Lo et al., 2016). Formal networks, which are explorative in nature, provide critical market information, regulatory updates, and business opportunities, helping firms to success in new markets. While the role of formal networking in improving EP has received notable attention (e.g., Bao et al., 2020; Karami & Tang, 2019; Liu et al., 2015), the role of informal networking, which is exploitative, should not be underestimated (Zhao & Lv, 2023). Informal networks provide access to resources and knowledge that may not be available through formal channels and reduce operational risks; they also foster trust and collaboration (Lo et al., 2016; Puthusserry et al., 2020), and the sharing of tacit knowledge (e.g., Goyal & Heine, 2021), enabling SMEs to adapt more effectively to local market dynamics (Fadahunsi et al., 2000; Lee et al., 2022). However, while the use of formal networks in improving EP is well-documented, it remains unclear if emerging market SMEs also benefit from leveraging informal networks.

Given the increasing importance of both learning and networking-related exploitative and explorative approaches to firm success, we argue that EO alone may not be sufficient to enhance EP. Consequently, we propose a model in which EO positively influences EP through the simultaneous mediation of EL, vicarious learning, and both formal and informal networking in SMEs operating in emerging markets. Setting our study in Sri Lanka allows us to contribute

to the broader understanding of EO's impact on SMEs' EP in emerging markets. This research makes several key contributions. (i) It advances the understanding of EO dimensions—innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness—in emerging markets. (ii) It proposes a novel framework integrating learning (experiential and vicarious) and networking (formal and informal) as simultaneous mediators in the EO–EP relationship, responding to calls for deeper exploration of mediating mechanisms by Hossain et al. (2023) and Kalinic and Brouthers (2022). (iii) Investigating Sri Lankan SMEs provides context-specific insights, challenges the universal applicability of EO, and highlights the importance of contextual variations. (iv) The study clarifies the roles and optimal levels of each EO dimension necessary for export performance in emerging market SME contexts, contributing to the theoretical debate between Miller's (1983) unidimensional and Lumpkin and Dess' (1996) multidimensional conceptualizations. (v) Finally, it offers empirical evidence on the EO–performance relationship in emerging market SMEs, enriching the understanding of the complex dynamics between EO and EP and addressing mixed results reported in previous studies. Overall, this study not only addresses critical gaps in the literature but also enhances our understanding of the complex interplay between EO, learning, and networking in the context of emerging market SMEs.

2. Theoretical Background

The resource-based view (RBV) provides a robust framework for examining firm performance differences (Barney, 1986; Lockett et al., 2009). The RBV focuses on the competitive advantages a firm derives from its distinctive set of resources and capabilities (Barney, 1986; Helfat & Peteraf, 2003; Peteraf, 1993). While resources refer to the unique skills, assets, and strengths that a firm possesses, capabilities represent complex, coordinated patterns of skills and knowledge that, over time, become ingrained as organizational routines and practices, enabling firms to effectively utilize their resources, create value, and achieve strategic goals

(Grant, 1991; Hitt et al., 2003; Teece et al., 1997). From this perspective, market imperfections lead to diverse firms with different specializations and limited resource transfers, and firms gain competitive advantage and exceptional outcomes by leveraging their unique resources and capability bundles (e.g., Amit & Schoemaker, 1993; Ferreira et al., 2011; Peteraf, 1993).

Empirical research on the RBV (e.g., Lonial & Carter, 2015; Lumpkin & Dess, 1996; Martin & Javalgi, 2016; Masa'deh et al., 2018) suggests that distinctive, difficult-to-imitate resources, along with a firm's strategic orientations, including technology, entrepreneurship, market, and learning, lead to better performance. EO serves as an intangible strategic resource that enables a firm to anticipate environmental changes and identify new opportunities, thereby improving performance (Barney, 1991; Shirokova et al., 2016). This study adopts the RBV as the primary theoretical lens because it helps explain the strategic importance of EO dimensions and the mediating mechanisms of learning and networking in enhancing EP, particularly under the resource-constrained conditions typical of emerging markets. By focusing on how EO acts as a strategic intangible resource, RBV justifies our investigation of how SMEs leverage and configure EO and complementary capabilities to overcome internationalization challenges—addressing a key research gap in underexplored emerging markets such as Sri Lanka.

EO serves as an intangible strategic resource that enables a firm to anticipate environmental changes and identify new opportunities, thereby improving performance (Barney, 1991; Shirokova et al., 2016). Its most recent conceptualization comprises five dimensions—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy (Lumpkin & Dess, 2001; Rauch et al., 2009). Innovativeness entails embracing and promoting new ideas, experimenting, and employing creative approaches in technology adoption, product development, and internal procedures. (Baker & Sinkula, 2009a; Lumpkin & Dess, 1996). Proactiveness relates to the forward-looking perspective of an organization, anticipating and acting on future needs and changes in the environment (Lumpkin & Dess, 2001), and gaining

first mover advantage (Lieberman & Montgomery, 1988). Risk-taking involves making bold decisions, such as allocating resources to new projects and incurring significant debt in the pursuit of opportunities (Lumpkin & Dess, 1996; Rauch et al., 2009). Competitive aggressiveness is the intensity of a firm's efforts to outperform its rivals, characterized by a contentious posture or aggressive response to competitive threats (Lumpkin & Dess, 2001). Autonomy refers to the freedom of individuals or teams within an organization to independently make decisions and take actions, fostering innovation, empowerment, and proactive opportunity recognition (Lumpkin & Dess, 1996).

EO is a strategic resource that reflects a firm's posture for entrepreneurial value creation that aligns with its environment (Lisboa et al., 2011). Merely possessing resources is not enough for value generation; firms must strategically leverage EO to gain a competitive edge and achieve desired performance, as performance variations stem from how resources are deployed, not just resource differences (Barney, 1991; Lisboa et al., 2011). Firms can strategically leverage EO in two ways: (i) by deciding different levels of EO dimensions; (ii) by developing other organizational explorative and exploitative capabilities (such as learning and networking) to fully realize EO's value to the firm (e.g., Lisboa et al., 2011).

Although early research on EO argued that firms need to have high levels of all its dimensions (e.g., Miller, 1983), some have argued that the dimensions are not equally important as they vary independently (Lumpkin & Dess, 1996). Further, the manifestation of EO's dimensions can be context specific. For instance, firms with a high EO are more inclined to adopt bold strategies when operating in informal economies, taking risky actions like employing cash transactions to evade taxes or creating multiple entities within the same industry (Aidis & van Praag, 2007), activities they would not engage in if operating in a more formal, developed economy. This adaptability is crucial in emerging markets, where the economic and political landscape can be volatile and unpredictable and resources available to firms are limited (e.g.,

Bhowmick, 2022; Wu & Deng, 2020). Firms can realize competitive advantage and superior outcomes by leveraging different combinations of EO dimensions.

Firms can also develop other organizational explorative and exploitative capabilities to harness the EO's value. Recent studies highlighted that explorative and exploitative activities are crucial to continuously develop, integrate, and reconfigure skills and abilities (e.g., Donbesuur et al., 2023). Learning is such a capability embedded in the routines and practices of organizations, allowing them to maximize the effectiveness of their resources. (e.g., Anderson et al., 2009; Kreiser, 2011; Wang, 2008). The theory of organizational learning (March, 1991) provides a robust framework for analyzing actions connected to knowledge development and creation, with a particular focus on exploration and exploitation. Exploitation focuses on refining and developing knowledge and skills related to a firm's current products, technologies, markets, and is closely tied to its current knowledge bases and routines (March, 1991). In contrast, exploration seeks new knowledge beyond the existing framework, consciously moving away from established paradigms to introduce new variants and opportunities (March, 1991). Organizational ambidexterity theory posits that excessive emphasis on exploration can deplete resources without yielding satisfactory returns, undermining short-term gains, while an overfocus on exploitation can prevent the learning of new skills, trapping organizations in outdated competencies and technologies, thus harming long-term performance (March, 1991). As a consequence, trade-offs must always be made. While these trade-offs can never be entirely removed, the most efficient firms can balance them to enhance long-term success (Gibson & Birkinshaw, 2004). Further, Raisch and Birkinshaw (2008) argue that, although prior studies interpreted these trade-offs as unsolvable, more recent research has provided many organizational strategies to promote ambidexterity (Adler et al., 1999; Tushman & O'Reilly, 1996). Thus, ambidexterity theory explains that ambidexterity is crucial for enabling firms to adapt to changing environments and mitigate the risks of relying solely on one strategy. This

dual approach fosters organizational agility, enhancing both entrepreneurial and adaptive capabilities and, in turn, overall performance (Stei et al., 2024).

Recent studies have focused extensively on activities related to exploration and exploitation, particularly in improving EP (e.g., Khalid, 2020; Lisboa et al., 2011), and while a raft of studies has been conducted on either learning (e.g., Assadinia, Kadile, et al., 2019; Fernández-Mesa & Alegre, 2015) or networking (e.g., Ajayi, 2016; Boso et al., 2013) in general or emphasizing EL and formal networking (e.g., Karami & Tang, 2019), there is a dearth of research on exploitation and exploration capabilities involving different learning and networking approaches in driving EP in emerging markets SMEs. This is a significant gap in the literature, especially considering the widely recognized importance of different learning and networking approaches in driving EP in export markets. This study concentrates on two crucial areas: exploitative and explorative capabilities in relation to learning and networking approaches in improving EP. More specifically, we contend that EL is mainly exploitative, and that vicarious learning is explorative. Likewise, we also assert that formal networking is exploitative while informal networking is explorative. All these learning and networking activities in combination improve EP.

Learning Types

EL is a process whereby individuals actively engage with experiences, reflect on them, conceptualize the insights, and apply this knowledge to new situations (Kolb, 1984). This learning type is inherently exploitative as it builds upon existing knowledge accumulated with the lessons learned from past experiences (Argote, 2012; Sousa et al., 2020), refining and applying it to enhance efficiency and mastery (Schildt et al., 2005). It is a cyclical process of learning from concrete experiences and systematically integrating them into existing knowledge structures. When firms are new to the export markets and less information is available, EL is essential in the export context due to the high volatility in this setting caused

by a lack of knowledge in export markets (Assadina, Boso, et al., 2019). Generating market-specific knowledge helps gain a competitive advantage (Schwens et al., 2018). Nonetheless, an exclusive focus on EL can also harm performance if decision-makers become ‘myopic’ and consider only the short-run and success lessons by avoiding many potentially valuable information sources (Levinthal & March, 1993). Further, the expertise gained through EL is not replicable in other markets because different markets have unique characteristics (Eriksson et al., 2015). While highly beneficial, EL can be resource-intensive and time-consuming (Jones et al., 2014).

Vicarious learning is a form of learning from others’ experiences rather than through direct experience (Baum et al., 2023; Bruneel et al., 2010). Explorative learning refers to gaining external knowledge (Schaarschmidt & Kilian, 2014) that is unfamiliar to the firm and beyond its existing competence (Otioma, 2022). It can be argued that vicarious learning is an explorative learning activity, a process concerned with acquiring new and external knowledge that extends beyond the prevailing competencies of a firm. It requires active engagement with and analysis of the observed behaviours, leading to the reinforcement or establishment of new practices within the firm (Almeida, 2011). However, vicarious learning involves inferential thinking to fill gaps left by unobserved aspects of the behavior being imitated, which can lead to superstitious learning and potentially problematic outcomes (March, 1991). An overemphasis on explorative learning can also strain resources without yielding adequate returns, thus affecting short-term performance (Levinthal & March, 1993).

Networking Types

Formal networks, comprising deliberately formed strategic connections with stakeholders (Kingsley & Malecki, 2004; Thorgren et al., 2009), are particularly important in the exploratory processes of knowledge sharing, collaboration, and internationalization (Wang et al., 2020). These networks are instrumental in discovering opportunities and driving innovation (Chen et

al., 2014), especially in emerging markets where institutional voids present unique challenges and opportunities (Peng, 2004). Formal networking in this context enables SMEs to explore new relationships and opportunities, bridging gaps in local knowledge and resources (Meyer et al., 2011). It also helps identify innovative business opportunities (Yu et al., 2021) and fosters innovation and flexibility, which are needed to navigate the complicated and frequently uncertain business environment of emerging economies (Hatun & Pettigrew, 2006). Therefore, we contend that formal networks are inherently explorative, aiming to acquire new knowledge beyond the current framework. These networks intentionally diverge from established paradigms to introduce novel variations and opportunities (e.g., March, 1991; Yalcinkaya et al., 2007). However, formal networks can lead to conflicts due to interdependence (Gnyawali & Park, 2011); they may allow for imitation and theft among competitors (Hamel et al., 1989) and sometimes restrict a firm's growth by limiting its networking reach (Tang, 2011).

Informal networks are networks developed from personal relationships (Vasilchenko & Morrish, 2011), such as relatives, friends and acquaintances (Forsgren & Johanson, 1992), and former colleagues/employers (Lee et al., 2022). Informal networks provide both tangible and intangible support to entrepreneurs, including financial aid, advice, and learning opportunities (Ivy & Perényi, 2020). Zhao and Lv (2023) suggest these networks contribute to exploitative activities. Informal networking aligns with exploitative activities by sharing best practices and experiences that optimize processes and enhance performance (Comas, 2014). Such networks also enable access to new ideas and technologies that refine existing offerings (Comas, 2014). Additionally, informal networks (such as Yongo or Inmaek in Korea) foster social and intellectual capital (Nahapiet & Ghoshal, 1998) and enhance trust, reducing transaction costs (Lee et al., 2022). However, they can harm the firms, as they tend to have a connection with corruption, favoritism, and power abuse, potentially hindering organizational progress and

innovation (Horak, 2017; Horak et al., 2020).

The two types of learning and networking that incorporate both exploitative and explorative capabilities are complex combinations of skills ingrained in the exporting firm's routines. These capabilities can create a competitive advantage by producing superior offerings. Building on ambidexterity theory, we posit that achieving an optimal balance between these two types of learning and networking, without over-reliance on one type over the other, is crucial for harnessing the benefits of each while mitigating their drawbacks and, in turn, influences the EP of firms.

Building on RBV, organizational learning, and networking perspectives, and the ambidexterity view of balancing explorative and exploitative activities, we develop and test a model of EO–EL–vicarious learning–formal networking–informal networking–EP linkages in emerging markets SMEs (Fig. 1). We will hereafter develop the research hypotheses.

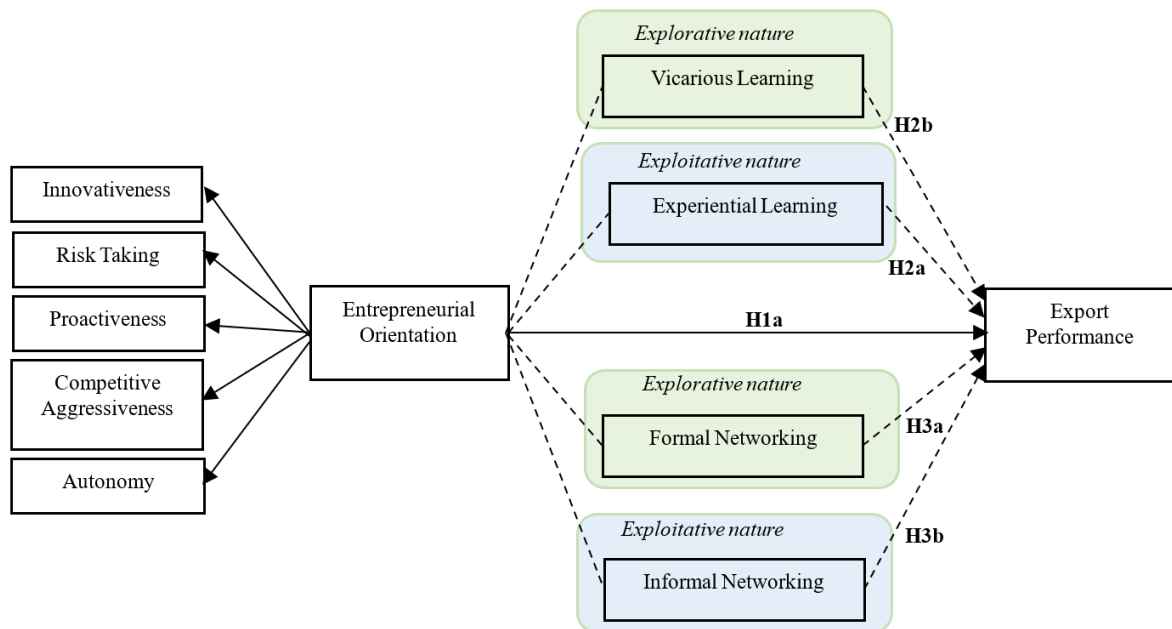


Fig. 1: *Research Model*

3. Hypothesis Development

EO relates to a firm's strategic posture for value creation in an entrepreneurial manner. The concept includes the strategies, activities, and managerial practices, as well as the decision-making approaches that help the firm act entrepreneurially (Lumpkin & Dess, 1996). According to Miller (1983), three dimensions of EO can be identified: innovativeness, risk-taking, and proactiveness, and are measured unidimensional. After Miller's conceptualization, Lumpkin and Dess (1996) added two other dimensions to Miller's work: competitive aggressiveness and autonomy, arguing that they are not only distinct in their characteristics but vary independently depending on the context (Hughes & Morgan, 2007; Jin et al., 2018; Lumpkin & Dess, 1996). There is a continuing debate regarding whether unidimensional or multidimensional scales of perceived objects offer better predictive validity and internal consistency (Bergkvist & Rossiter, 2007). While unidimensional scales are easier to administer, avoid common method bias, and reduce costs, multidimensional scales synthesize all relevant items to measure a focal construct effectively, ensuring predictive validity and allowing computation of intercorrelations (İpek et al., 2023). Therefore, we select the multidimensional view of EO for our study.

Entrepreneurial activities and exporting are closely linked, with several scholars recognizing exporting as a particularly entrepreneurial action for SMEs (Ibeh, 2003; Knight & Cavusgil, 2004; Nummela et al., 2020), as it can be regarded as an opportunity recognition (Jones et al., 2011) and embracing risk with expanding into unknown territories (Schreier & Udomkit, 2022). Therefore, EO is a key driver in developing various performance attributes in export markets (İpek et al., 2023), creating a competitive advantage. In the literature, scholars adopt a unidimensional construct of EO, often arguing that firms with higher levels of EO are more likely to perform better (Covin & Slevin, 1989; Miller, 1983). However, scholars also have noted that EO dimensions may vary independently depending on the context (Hughes &

Morgan, 2007; Jin et al., 2018; Lumpkin & Dess, 1996). In contexts where resources are restricted such as emerging market SMEs (Desouza & Awazu, 2006; Wu & Deng, 2020), maintaining all of them at their highest level may not be practical. Thus, a strategic configuration of the dimensions of EO is needed (Huang et al., 2023).

These dimensions can either improve or hinder a firm's performance, as they involve costs and uncertainties (Huang et al., 2023) while also contributing to its distinctiveness. Innovativeness refers to a firm's tendency to seek and support new ideas, innovations, experimentation, and creative processes (Lumpkin & Dess, 1996). It sets firms apart from their competitors by enabling them to achieve higher profits while effectively meeting evolving customer needs (Avlonitis & Salavou, 2007; Boso et al., 2013). However, not all innovation activities lead to positive outcomes (Zheng Zhou, 2006). Given the limited resources and the uncertain, less-stable market conditions typical of emerging markets (Anwar & Shah, 2021), SMEs in those markets may not maintain high levels of innovativeness. Instead, they may adopt other different ways to be innovative. For example, rather than incurring substantial R&D costs, these SMEs may use replication (Ng & Kee, 2018; Sternberg et al., 2003) as a strategy to bring novelty to their business, as it does not require the focal firm to be a highly innovative and bearing the risk of committing resources on R&D activities.

Risk-taking involves a willingness to commit resources to potentially high-failure or uncertain opportunities (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). SMEs may need to embrace risk-taking to capitalize on new market opportunities, which can boost firm performance by maintaining market competitiveness. While SMEs may need to embrace risk-taking to capture new market opportunities (Dai et al., 2014), the high risks involved, coupled with significant uncertainty (Alvarez, 2007), can lead to a high probability of failure, potentially jeopardizing the entire venture. However, a firm with limited resources can strategically configure its EO dimensions while adapting to different strategies. For instance,

if a firm commits capital on machinery to produce a replicated product with substantial market potential, it reduces the plausible risk as it capitalizes on the already tried and successful original.

Proactiveness relates to the forward-looking perspective of an organization, anticipating and acting on future needs and changes in the environment ahead of competitors (Lumpkin & Dess, 2001). Being proactive may allow the firm to achieve a first-mover advantage and become the market leader. However, the downside of being proactive is an increased likelihood of launching unsuccessful products, which may fail to generate positive outcomes (e.g., Huang et al., 2023). Therefore, being a fast follower can be beneficial if a company enters the market before the competitive landscape is fully settled. This timing allows the firm to learn from the mistakes made by pioneers and take advantage of new opportunities as they arise (Wunker, 2012). Therefore, being a follower may have higher product success rates and outperform pioneers as followers benefit from vicarious learning (Brem, 2008).

Competitive aggressiveness is the intensity of a firm's efforts to outperform its rivals, characterized by a contentious posture or aggressive response to competitive threats (Lumpkin & Dess, 2001). Competitive aggressiveness includes investing in new technologies or markets for a first-mover advantage and enhancing existing operations to strengthen current positions (Smith & Grimm, 1991). Therefore, competitive aggressiveness may be reactive or proactive (Lumpkin & Dess, 1996; Moen, 1999). A firm that operates in an emerging market with resource constraints can be competitive by adopting nonconventional competing methods such as distribution or marketing (Zellweger & Sieger, 2012). Replicating while incorporating innovation can also be considered entrepreneurial when it involves direct competition and strategic countermoves against competitors (Dagnino et al., 2021). However, scholars have argued that, in some contexts, competitive aggressiveness takes low relevance as many firms focus on and control factors such as value and profitability rather than directly challenging

competitors (Zellweger & Sieger, 2012) due to the high resource consumption needed to maintain a competitive behavior (Covin & Covin, 1990).

Autonomy, as a dimension of EO, refers to the ability of a firm or its employees to independently make decisions and take actions in pursuit of opportunities without requiring top-down directives (Hughes & Morgan, 2007; Lumpkin & Dess, 1996). While autonomy fosters creativity, innovation, and agility (Amabile & Conti, 1999), maintaining it at high levels may not always be practical or beneficial, particularly in resource-constrained settings like emerging markets. Excessive autonomy can lead to fragmented efforts and misalignment with the firm's strategic goals, potentially diminishing overall performance (Lumpkin et al., 2009). Therefore, a balanced approach is necessary, where autonomy is strategically granted to specific teams or individuals closest to market opportunities or challenges (e.g., Conger & Kanungo, 1988). This selective empowerment ensures that autonomy is exercised where it can have the most impact while maintaining sufficient oversight to align with broader organizational objectives (e.g., Spreitzer, 1995). In this way, autonomy can be a powerful tool for entrepreneurial activity, provided it is configured to suit the specific context and resources of the firm.

Accordingly, we posit that EO is a strategic behavior that enhances EP (Knight & Cavusgil, 2004; Nummela et al., 2020) by creating unique bundles of resources and competencies (Tece, 2014). Firms have the freedom to choose their position in the continuum of 'very conservative' to 'highly entrepreneurial' by configuring the EO dimensions depending on the decisions on how they handle each EO dimension (Amit & Schoemaker, 1993; Covin & Slevin, 1989; Lumpkin & Dess, 1996). While a substantial body of research theoretically supports (Lumpkin & Dess, 1996; Rauch et al., 2009) and empirically validates the positive link between EO and EP (Dadzie et al., 2021; Karami & Tang, 2019; Khalid, 2020; Monteiro et al., 2017, 2019; Mostafa et al., 2005), it is crucial to acknowledge the variability in the strength of this

association across different contexts.

Hence, we hypothesise:

***Hypothesis 1a:** EO is positively associated with the export performance of emerging market SMEs.*

***Hypothesis 1b:** All the EO dimensions—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—are important but not equally for improving the export performance of emerging market SMEs.*

Entrepreneurial firms engage in different exploitative and exploitative learning mechanisms. Vicarious learning serves as a form of exploratory learning, where firms acquire new knowledge, skills, and strategies by observing and analysing the experiences of others, rather than through direct experience (Almeida, 2011; Bruneel et al., 2010). Organizations engage in vicarious learning by selectively focusing on similar or successful peers (Bresman, 2013; Haunschild & Miner, 1997), aiming to replicate their successful behaviors, which can expedite the learning process (Baum et al., 2000). For instance, SMEs can gain insights into which product modifications are effective in these export markets and how potential customers respond to various products, pricing, and marketing strategies (Baum et al., 2023). This type of learning lays the groundwork for future actions and adaptations within the observing organization (Almeida, 2011), making it a valuable strategy for firms with limited international experience and resources.

In contrast, experiential learning is inherently exploitative, as it involves actively engaging with experiences, reflecting on them, and applying the insights gained to new situations (Kolb, 1984). This type of learning builds on the existing knowledge base, utilizing lessons learned from past experiences to refine and enhance efficiency and mastery (Argote, 2012; Sousa et al., 2020). By systematically integrating these experiences into established knowledge

structures, experiential learning focuses on optimizing and improving current competencies and practices (Schildt et al., 2005). Thus, it emphasizes exploiting existing knowledge rather than exploring entirely new concepts, making it a critical process for refining and applying learned skills in familiar contexts. Such refinement is particularly useful for SMEs in emerging markets where trial-and-error experimentation must be balanced against resource scarcity.

Each dimension of EO—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—requires both experiential and vicarious learning to be fully effective. Innovativeness benefits from experiential learning by refining and enhancing existing products and processes through continuous improvement based on past experiences (Sousa et al., 2020). However, it also necessitates vicarious learning to explore new ideas and innovations by observing and integrating successful practices from other firms (Baum et al., 2023; Schaarschmidt & Kilian, 2014). Risk-taking involves learning from direct experiences to manage and mitigate risks effectively (Lumpkin & Dess, 1996), while vicarious learning helps understand the potential pitfalls by observing the outcomes of others' ventures (March, 1991). Proactiveness, which involves anticipating future market trends, relies on experiential learning to swiftly adapt and respond based on accumulated market knowledge (Schwens et al., 2018), while vicarious learning aids in predicting and capitalizing on emerging opportunities observed in other contexts (Baum et al., 2023). Competitive aggressiveness is sharpened through experiential learning by refining competitive strategies that have proven successful, yet it also needs vicarious learning to adapt strategies from competitors who have successfully overcome similar challenges (Hamel et al., 1989; Smith & Grimm, 1991). Lastly, autonomy in decision-making is reinforced through experiential learning by enabling independent problem-solving based on past outcomes (Lumpkin & Dess, 1996); however, it also benefits from vicarious learning by integrating broader industry knowledge and strategies without directly experiencing them (Almeida, 2011).

However, vicarious learning, while helpful in acquiring knowledge by observing others, can lead to misinterpretations and the adoption of ineffective strategies due to its inferential nature, which can result in superstitious learning (March, 1991). On the other hand, an overemphasis on experiential learning may cause organizational myopia, where firms focus too narrowly on short-term successes, neglecting broader strategic opportunities (Levinthal & March, 1993). This duality aligns with ambidexterity theory, which posits that firms must balance exploration and exploitation to achieve superior performance in dynamic environments. As suggested by ambidexterity theory, a balanced approach that integrates both methods allows firms to combine the breadth of insights from vicarious learning with the depth of experience from direct engagement, ultimately enhancing their adaptability and long-term success in dynamic markets leveraging EO dimensions (e.g., Sousa et al., 2020). This theoretical framework thus supports the notion that learning mechanisms serve as mediating capabilities through which EO enhances EP. While some empirical studies in emerging markets, such as Malaysia and Saudi Arabia, have identified a positive relationship between vicarious learning and EP (e.g., Ali et al., 2020; Arnold & Quelch, 1998), other studies have demonstrated that experiential learning also positively impacts EP (e.g., Karami & Tang, 2019; Liu et al., 2015). However, the combined effect of both experiential and vicarious learning on the relationship between EO and EP remains unclear and has not yet been fully explored in the context of SMEs in emerging markets. This study addresses this gap by proposing that both learning mechanisms operate in tandem as complementary mediators that explain how EO dimensions translate into export success.

Hence, we hypothesise:

***Hypothesis 2a:** Vicarious learning mediates the relationship between entrepreneurial orientation and export performance in SMEs in emerging markets, with the simultaneous influence of experiential learning.*

***Hypothesis 2b:** Experiential learning mediates the relationship between entrepreneurial orientation and export performance in SMEs in emerging markets, with the simultaneous influence of vicarious learning.*

In addition to learning types, a growing body of research highlights the importance of leveraging network relationships as a means for firms to acquire knowledge and other resources necessary for the successful entry and sustained growth of SMEs in foreign markets (Hite & Hesterly, 2001; Lo et al., 2016). Formal networks, consisting of strategically established connections (Kingsley & Malecki, 2004; Thorgren et al., 2009) with key stakeholders such as consumers, suppliers, and governments (Forsgren & Johanson, 1992), are vital for SMEs, particularly in the exploratory phases of knowledge sharing, collaboration, and internationalization (Wang et al., 2020). These networks enable SMEs to discover new relationships and opportunities, effectively bridging gaps in local knowledge and resources (Meyer et al., 2011) and facilitating faster internationalization (Kujala & Törnroos, 2018; Masiello & Izzo, 2019). According to Chen et al. (2016) and Schotter et al. (2017), formal networks are designed to help SMEs compete globally by providing increased capital, greater negotiating power, access to technical expertise, and market knowledge. They also foster trust and commitment (Nahapiet & Ghoshal, 1998), offer localized guidance (Manolova et al., 2010), and reduce transaction costs and risks (Lin & Lin, 2016), all of which enhance collaborative productivity and enhance EP. For instance, Wenzhou networks in China (Che Senik et al., 2011; Zeng & Williamson, 2003) and *quanxi* in many Asian countries such as Taiwan, Malaysia, Hong Kong, Singapore, or China (Che Senik et al., 2011) demonstrate how culturally embedded formal networks can shape international success.

In contrast, Informal networks are networks developed from personal relationships (Vasilchenko & Morrish, 2011), such as relatives, friends and acquaintances (Forsgren & Johanson, 1992), and former colleagues/employers (Lee et al., 2022). Informal networks

provide both tangible and intangible support to entrepreneurs, including financial aid, advice, and learning opportunities (Ivy & Perényi, 2020). Zhao and Lv (2023) suggest these networks contribute to exploitative activities by sharing best practices and experiences that optimise processes and enhance performance (Comas, 2014), foster social and intellectual capital (Nahapiet & Ghoshal, 1998), and enhance trust, reducing transaction costs (Lee et al., 2022). While well-connected individuals can leverage these networks for privileged access to opportunities (Fadahunsi et al., 2000), the effectiveness of informal networks is often context specific. For example, Yongo or Inmaek in Korea. Informal networks allow for flexible and responsive interactions, facilitating quick adaptation and efficient resource utilisation. They are generally less problematic and easier to maintain than formal networks, particularly financially (Naegels et al., 2020).

Each dimension of EO—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—requires both formal and informal networking to be fully effective. Innovativeness is developed through formal networks by providing access to new technologies, regulatory updates, and collaborations that drive the development of novel products and services (e.g., Chen et al., 2014). Meanwhile, informal networks offer practical, experience-based feedback and insights that help firms refine and tailor these innovations to better meet market needs (Goyal & Heine, 2021). Risk-taking benefits from formal networks by offering structured information and strategic alliances that help mitigate uncertainties and risks, while informal networks provide access to the tacit knowledge and experiences of trusted peers, aiding firms in navigating risky ventures (Zhao & Lv, 2023). Proactiveness, which involves anticipating and acting on future market trends (Lumpkin & Dess, 2001), is supported by formal networks that provide timely access to industry trends and opportunities, enabling firms to act swiftly on emerging market developments (Wang et al., 2020).

Informal networks complement this by offering insider knowledge and rapid feedback,

allowing firms to adapt their strategies quickly in response to new information (Lo et al., 2016). Formal networks reinforce competitive aggressiveness through strategic partnerships and alliances that enhance a firm's competitive stance, while informal networks provide critical insights into competitors' strategies and market behaviours, enabling the firm to craft effective countermeasures (e.g., Comas, 2014). Finally, since formal networks offer crucial resources (Meyer et al., 2011; Wang et al., 2020), enhance legitimacy, and facilitate the development of strategic partnerships, it provides a structured framework within which independent decisions can be made, while informal networks provide information, resources, guidance, advice, social support and encouragement necessary for individuals to take bold, autonomous actions (e.g., Ivy & Perényi, 2020; Lee et al., 2022). Together, these networks enable firms to effectively balance their explorative and exploitative activities, thereby enhancing overall performance in dynamic markets. Hence, both networks are not merely complementary but are mechanisms through which EO capabilities are converted into EP.

However, vicarious learning, while useful for acquiring knowledge by observing others, can lead to misinterpretations and the adoption of ineffective strategies due to its inferential nature, which can result in superstitious learning (March, 1991). On the other hand, an overemphasis on experiential learning may cause organizational myopia, where firms focus too narrowly on short-term successes, neglecting broader strategic opportunities (Levinthal & March, 1993). As suggested by ambidexterity theory, a balanced approach that integrates both methods allows firms to combine the breadth of insights from vicarious learning with the depth of experience from direct engagement, ultimately enhancing their adaptability and long-term success in dynamic markets leveraging EO dimensions (Karami & Tang, 2019; Sousa et al., 2020). Therefore, we claim that SMEs in emerging markets should avoid overreliance on either vicarious or experiential learning and instead seek a balance between the two.

Overreliance on either formal or informal networking can hinder the EP of SMEs in emerging

markets. Formal networks, while crucial for acquiring structured market information and establishing strategic connections, can lead to conflicts due to interdependence (Gnyawali & Park, 2011); they may allow for imitation and theft among competitors (Hamel et al., 1989), and sometimes restrict a firm's growth by limiting its networking reach (Tang, 2011). Conversely, informal networks, which offer flexibility and access to tacit knowledge through personal relationships, can lead to issues such as corruption, favoritism, and power abuse, potentially hindering organizational progress and innovation (Horak, 2017; Horak et al., 2020). Therefore, a balanced approach that integrates both formal and informal networking allows SMEs to capitalize on the strengths of each—leveraging the structured support of formal networks while maintaining the agility and trust-building benefits of informal networks. Such a balance aligns with ambidexterity theory, which emphasizes managing competing demands of structure and flexibility, and is particularly relevant in emerging markets characterized by institutional uncertainty.

Some studies indicate a positive effect of informal networks on SME performance (Machirori & Fatoki, 2013; Yli-Renko et al., 2002) while Davidsson and Honig (2003) and Watson (2007) suggest that informal networks are positively connected with firm survival but not growth. Further, some empirical studies on formal networks have identified that they have a positive relationship with EP (e.g., Brouthers et al., 2009; Faroque et al., 2017; Faroque et al., 2021; Karami & Tang, 2019). However, during radical changes in the environment, formal networks seem to negatively impact firm performance (e.g., Cisi et al., 2020). However, the combined impact of both formal and informal networking on the relationship between EO and EP is still unclear and has not been thoroughly investigated in the context of SMEs in emerging markets. Previous studies have typically examined different types of networks independently or concerning formal networks, but we aim to explore their simultaneous existence and influence. Addressing this gap, we propose that formal and informal networking act as dual mediators

that channel the influence of EO into enhanced EP, contingent on their balanced deployment.

Hypothesis 2a: Formal networking mediates the relationship between entrepreneurial orientation and export performance in SMEs in emerging markets, with the simultaneous influence of informal networking.

Hypothesis 2b: Informal networking mediates the relationship between entrepreneurial orientation and export performance in SMEs in emerging markets, with the simultaneous influence of formal networking.

4. Data and Methods

4.1 Research Setting

The research setting is Sri Lanka, a lower-middle-income nation transitioning to an export-oriented strategy since 1977 (Lal & Rajapathirana, 1989a; White & Wignaraja, 1992). Despite its emerging market status (Arnold & Quelch, 1998), Sri Lanka grapples with institutional and political challenges (de Silva, 2019), exacerbated by recent economic turmoil since 2019 due to fiscal policy shifts, the 2019 Easter bombings, and the COVID-19 pandemic (Bhowmick, 2022). SMEs are crucial to Sri Lanka's economy, comprising 75% of businesses, contributing 52% to GDP, and providing 45% of employment (Ministry of Development and Commerce, 2015).

4.2 Research Sample and Data Collection

A structured, self-administered questionnaire was distributed to collect survey data from manufacturing exporting SMEs registered with the Export Development Board (EDB) of Sri Lanka. The respondents targeted for this survey were managers, owners, and top-level executives involved in each firm's exporting decisions. A pilot study with 30 participants led to adaptations in the questionnaire aimed at improving the clarity of the questions being asked. The final data collection commenced in October 2022 and spanned a period of 6 months.

A random sample of 385 firms (with 95% confidence level, with 5% margin of error according to PH stat) (Newbold et al., 2022) were selected and invited to participate from a list of 1515 qualifying firms by generating random numbers, ensuring transparency, independence, and representativeness in the sampling process. After two email reminders and one scheduled visit, 367 SMEs completed the survey. The 95.3% response rate indicates a robust level of participation and a low likelihood of nonresponse bias (Rutherford et al., 2017). A t-test following Armstrong and Overton (1977) revealed no significant nonresponse bias at the 0.05 level between early and late survey responses. We encouraged participant involvement in the study by offering a copy of the study's main results. We identified two responses as outliers through Mahalanobis distance and removed them from the dataset, leaving a total of 365 responses. The demographic profiles and characteristics of the firms in our study are reported in Table 1.

The study reveals that the characteristics of SME owners in Sri Lanka significantly impact their firms' EP. Predominantly male (93%) and experienced (58% with over 20 years of experience), these owners often operate within a strategic framework that balances innovation and calculated risk-taking. The majority of owners are aged between 31 and 60 years (65%), a demographic likely to be mature and experienced in business, contributing positively to stable and effective internationalization strategies. Higher educational attainment, with 34% holding bachelor's degrees and 24% holding postgraduate qualifications, equips these owners with the knowledge to thrive in complex international markets and leverage both formal and informal networks effectively. Additionally, the fact that 63% of firms began exporting within the first 5 years indicates a strong entrepreneurial orientation, characterized by early internationalization and proactive market engagement. The diversity in export sectors, ranging from apparel to tea and spices, suggests varying degrees of competitiveness and innovation across industries. Furthermore, with 72% of firms being export-oriented, there is a clear

emphasis on international markets, driving firms to continuously refine their strategies to remain competitive globally.

4.3. Common Method Variance (CMV) and Other Potential Biases

Several steps were taken to reduce the potential for CMV, a concern that can emerge when using a single data source for both independent and dependent variables (Podsakoff et al., 2003). First, participants were assured that their responses would be treated with the strictest confidentiality, and they were encouraged to be candid in their responses. We also randomized the questionnaire items to mitigate potential order bias in the responses. We also used established and validated scales. From a main analysis standpoint, no extremely high correlations ($r > 0.9$) were detected among variables (see Table 2). Fourthly, we employed Harman's one-factor test to evaluate the potential influence of CMV. The variance explained by the primary factor was found to be 44.91%. Fifthly, we checked for occurrence of variance inflation factor (VIF) greater than 5 in the inner model (Kock, 2015a) for an indication of collinearity and found that all the values are well below, with a maximum of 3.819. These tests indicate that CMV is not a major concern in our data set.

In addition to addressing CMV, several steps were taken to mitigate other potential biases and limitations in the study. To reduce sampling bias, a random sampling technique was employed, ensuring each firm had an equal chance of selection, thereby enhancing the representativeness of the findings (Newbold et al., 2022). Response bias was minimized by achieving a robust 95.3% response rate through follow-up reminders and scheduled visits, with a t-test confirming no significant differences between early and late respondents (Armstrong & Overton, 1977). Measurement bias was addressed by using validated scales and conducting a pilot study to refine the questionnaire, ensuring clarity and reducing potential errors (Blomstermo et al., 2004; Karami & Tang, 2019). Endogeneity concerns were tackled using several control variables. For instance, firm size, exporting experience, export sector, and export orientation

were included in the model. Additionally, robustness checks like FIMIX-PLS for unobserved heterogeneity and post hoc power analysis further reinforced the validity of the model (Sarstedt et al., 2021). Model specification bias was minimized through the use of partial least squares structural equation modelling (PLS-SEM), which, as explained by (Ringle et al., 2012), is particularly suited for complex models with small sample sizes. While the study offers valuable insights into Sri Lankan SMEs, it is acknowledged that the specific economic and cultural context may limit the generalizability of the findings, and the cross-sectional design restricts the ability to infer causality. Future research could address these limitations by employing longitudinal designs and exploring different contexts to validate and extend the findings.

4.4. Variables

This study's measurement items were primarily sourced from earlier studies, and they each use seven-point Likert scales for construct measurement. Content validity was confirmed using established scales, and face validity issues were addressed by pretesting the questionnaire with two industry practitioners and two academic experts, whose feedback helped refine the wording of items.

4.4.1 Entrepreneurial orientation:

While the Miller (1983) model views EO as unidimensional, this conceptualization limits our understanding due to the absence of covariance among dimensions. In contrast, the multidimensional perspective treats EO dimensions as manifestations rather than causes, allowing for separate assessment (Alvarez-Torres et al., 2019). We employed EO (our independent variable) as a multidimensional construct with a five-dimensional (Lumpkin & Dess, 1996) higher (or second) order, reflective-reflective construct (Covin & Wales, 2012; George & Marino, 2011). Hence, it is a type I model, the reflective-reflective hierarchical component model (HCM) (Sarstedt et al., 2019). We adopted a multidimensional approach to

measuring entrepreneurial orientation (EO) to reflect the contextual nuances of emerging market SMEs more accurately. Specifically, we drew on established and widely validated scales from Covin and Slevin (1989), Zhou et al. (2010), Lumpkin and Dess (2001), Lumpkin et al. (2009), and Ali et al. (2020), which are frequently cited in EO literature and offer comprehensive coverage of each EO dimension.

For innovativeness (four indicators), we used the scales by Covin and Slevin (1989) and Zhou et al. (2010); for risk-taking (three indicators), we again used the scale by Covin and Slevin (1989); for proactiveness (four indicators), we used the scales by Covin and Slevin (1989) and by Zhou et al. (2010); for competitive aggressiveness (four indicators), the scales by Lumpkin and Dess (2001) and Ali et al. (2020) were employed; and finally, for autonomy (four indicators), we used the scale by Lumpkin et al. (2009).

This mix of classic and context-sensitive measures allowed us to capture EO as a higher-order reflective-reflective construct, while ensuring the indicators reflect both theoretical rigor and relevance to the empirical setting of Sri Lankan manufacturing SMEs. This approach supports our goal of exploring how each EO dimension contributes differentially to EP in an emerging market context.

4.4.2. Export performance:

Both financial and nonfinancial measures (Wheeler et al., 2008) were used to measure EP. We used scales by Zou and Stan (1998) and Karami and Tang (2019), both of which measure EP as a first-order construct with six indicators in a seven-point Likert scale. The following variables were all ranked using a seven-point Likert scale.

4.4.3. Experiential learning:

Scales by Blomstermo et al. (2004) and Karami and Tang (2019) were used to measure experiential learning, a mediator variable in our model. Experiential learning was

conceptualized as a first-order construct with four indicators.

4.4.4. Vicarious learning:

Two items from Ali et al. (2020) and another three from Bao et al. (2020) were used to measure vicarious learning, which measured five indicators as a first-order construct.

4.4.5. Formal networking

We adopted scales from Chen et al. (2009) and Karami and Tang (2019) to measure formal networking, which was conceptualized as a first-order construct with eight indicators.

4.4.6. Informal networking

Informal networking, conceptualized as a first-order construct with six indicators, was measured using adapted scales from Takyi et al. (2023).

4.5. Control variables

In our model, we included four control variables to account for potential confounding factors that could influence the relationship between EO and EP. Firm size, categorized into small (11-50 employees) and medium (51-300 employees), was included because larger firms often have more resources, which can enhance their capacity for innovation, networking, and international expansion, thereby impacting EP (Dhanaraj & Beamish, 2003; Zahra et al., 2000). Exporting experience, with firms categorized as early exporters if they had 5 years or less of experience, was also controlled for, as length of experience reflects a firm's familiarity with international markets and its ability to navigate cross-border trade, which can significantly influence performance outcomes (Eriksson et al., 1997; Johanson & Vahlne, 2009). The export sector was included to account for differences in competitiveness, market demand, and regulatory environments across industries, such as tea and apparel, which could affect a firm's strategic decisions and success in export markets (Leonidou et al., 1998). Finally, export orientation was controlled by distinguishing firms based on whether more than 50% of their sales were export-

driven, as export-oriented firms are likely to be more proactive and innovative in their international operations (Knight & Cavusgil, 2004; Zou & Stan, 1998). These controls were selected to ensure that the analysis accurately reflects the impact of EO on EP, independent of these potentially confounding factors.

5. Analysis and Results

The data analysis for this study was conducted using PLS-SEM with SmartPLS 4.0.9.6 (Ringle et al., 2022), following guidelines by Hair et al. (2016); Sarstedt et al. (2019). PLS-SEM is particularly suited for examining complex models with multiple constructs and mediating relationships, an approach which aligns with the theoretical framework of this research. PLS-SEM is also capable of handling both observed and latent variables, nonnormal data distributions (Hair et al., 2014) and is ideal for small to medium sample sizes. Additionally, PLS-SEM is advantageous for exploratory research focused on maximizing explained variance in dependent constructs, which is a key objective of this study.

We began by evaluating the measurement model to ensure reliability and validity, using metrics such as Cronbach's alpha, composite reliability, and average variance extracted (AVE). Discriminant validity was assessed through the Heterotrait-Monotrait ratio (HTMT), confirming that the constructs were distinct. The structural model was then evaluated by examining path coefficients, R^2 values, effect sizes (f^2), and predictive relevance (Q^2), with bootstrapping (5000 subsamples) used to determine the significance of the paths. To address potential common method variance (CMV), Harman's one-factor test was employed, alongside checks for variance inflation factor (VIF), which indicated no significant CMV concerns. The mediation effects of experiential and vicarious learning, as well as formal and informal networking, were also tested, revealing complementary mediation effects in most cases. Additionally, robustness checks, including tests for nonlinearity unobserved heterogeneity and

endogeneity, were performed to validate the findings, ensuring that the results were robust and reliable. Outliers were checked using unstandardized values of the indicators, and we could not find any unstandardized value exceeding 3.3.

5.1. Measurement Model Evaluation

Our model's constructs are reflective, meaning they are "caused by" each construct, making it a reflective-reflective model (Baxter, 2009) (see Fig. 3). We employed the consistent PLS-SEM algorithm (PLSc) for assessment (Hair Jr et al., 2021). The initial validation involved checking item loadings and composite reliability, with loadings ideally above 0.7 (Hair et al., 2019). We followed the recommendations to remove items with loadings ranging from 0.40 to 0.70 only if doing so improves the composite reliability or the average variance extracted (AVE) (Hair Jr et al., 2021). Accordingly, the removal of two indicators (EO_Au3: Employees are given freedom and independence to decide on their own how to go about doing their work, EO_CA4, and: We often prioritise market share position at the expense of cash flow and profitability) enhanced our construct metrics (see Table 3). While these items represent aspects of autonomy and competitive aggressiveness, their removal does not compromise the theoretical integrity of these constructs. The remaining items continue to capture the core concepts effectively. Empirically, the low loadings of EO_Au3 and EO_CA4 justified their exclusion, as this led to improved reliability and validity metrics. Thus, both theoretical and empirical considerations support the decision to remove these indicators.

Then, we assessed composite reliability using Cronbach's alpha, rho_a and rho_c, and those were within the acceptable levels ranging between 0.770 to 0.942 showing a "satisfactory" level (Hair et al., 2019, p. 119). As the third step, we assessed convergent validity, with AVE values exceeding 0.50 in line with the criteria by Carlson and Herdman (2012), ensuring each latent variable's AVE surpassed its highest squared correlation with any other variable. As the

fourth step, discriminant validity was evaluated through the HTMT, as methods like the Fornell-Larcker criterion and cross-loadings assessment often fail to reliably identify discriminant validity issues. We adhere to Henseler et al.'s (2015) HTMT thresholds of 0.9 for similar constructs and 0.850 for distinct ones. In the model, the HTMT values for three distinct constructs had values of 0.876, 0.870, 0.881 (Table 4). To further affirm discriminant validity, we employed the HTMT+ statistic and confirmed that the values fell within acceptable limits, thus validating discriminant validity in our study.

5.2 Structural Model Evaluation

Variance inflation factor (VIF) was evaluated using latent variable scores of the predictor variables in this study and, with a maximum VIF value of 3.819 which is well below the commonly accepted cutoff mark of 5 (Kock, 2015a), indicating no concerns of multicollinearity. Next, we measured R^2 , f^2 , Q^2 , and predictive power. The goodness of model is determined by R^2 , and it explains the variance in endogenous variables explained by the exogenous variables. In our model, R^2 of the dependent variable is 0.873, which indicates that the endogenous latent variable (EP) is substantially explained by the exogenous variables (Hair et al. (2013); f^2 indicates the change in R^2 when an exogenous variable is removed from the structural model. According to Hair et al. 2014), generally, there is no measurable effect if f^2 is less than and if f^2 effect sizes are considered small if they are above 0.02, medium if they exceed 0.15, and large if they surpass 0.35. Table 5 shows the f^2 values of our model. Accordingly, the removal of control variables from the model is expected to have no effect on EP. In contrast, the paths $EL \rightarrow EP$ and $EO \rightarrow EO_CA$, $EO \rightarrow EO_In$, $EO \rightarrow EO_Pr$, and $EO \rightarrow EO_RT$ have large effects whereas the omission of the paths $EO \rightarrow EP$, $FN \rightarrow EP$, $InfN \rightarrow EP$, and $VL \rightarrow EP$ have small effects. It is worth noting that even a minor impact can be meaningful in extreme conditions (Chin et al., 2003).

Assessing Q^2 is another way to evaluate the predictive accuracy of the PLS path. In general, Q^2 values greater than 0, 0.25 and 0.50 represent small, medium, and large predictive relevance of the PLS-path model, respectively (Hair Jr et al., 2021). In our model, Q^2 values for all the variables are greater than zero (See Table 5) and show medium to large predictive relevance.

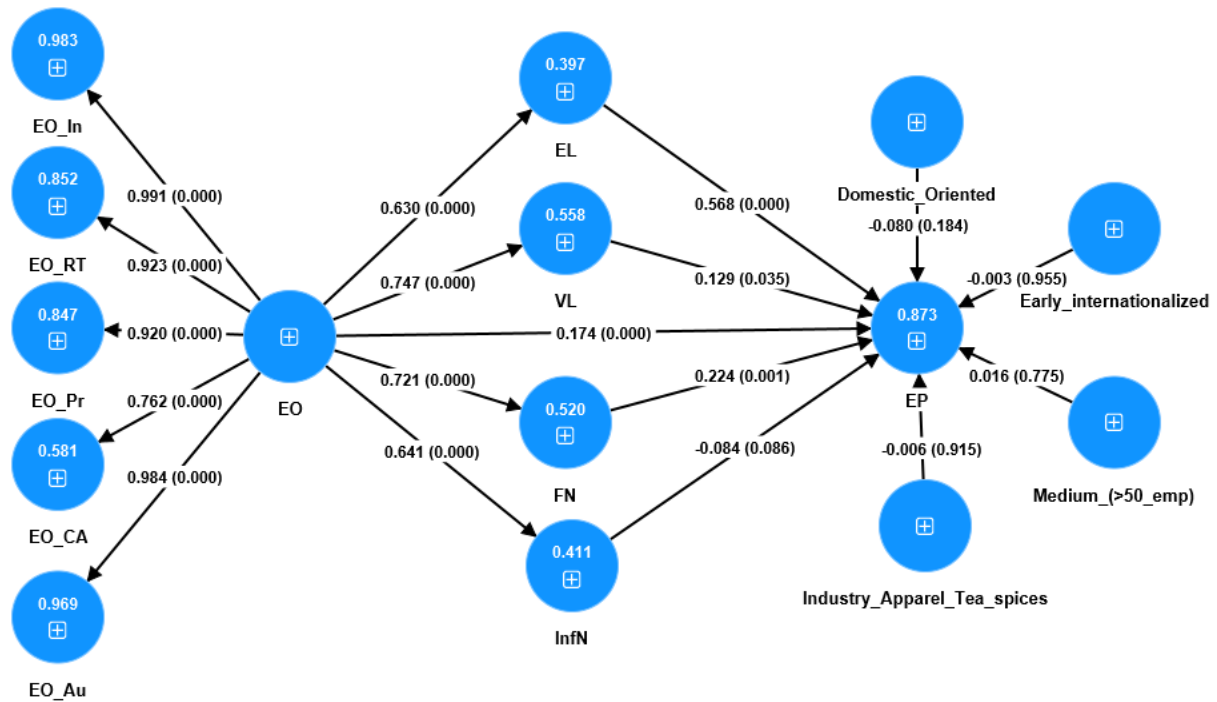
We utilized PLS predict to evaluate our model's capacity for out-of-sample prediction in conjunction with in-sample prediction for a single theoretical model with 10 folds and 10 repetitions. We compared PLS-SEM_MAE values with the LM_MAE naïve benchmark, as the prediction error histograms were not highly symmetrically distributed (Shmueli et al., 2019). As a result, most construct indicators in the PLS-SEM analysis yielded prediction errors that surpassed those of the naïve LM benchmark, suggesting that the model possesses low predictive power (Hair et al., 2019; Shmueli et al., 2019).

Finally, as per Sarstedt et al. (2019), we assessed the model's path coefficients using bootstrapping t-statistics with 5,000 subsamples (see Fig. 2). Based on the findings, all the proposed hypotheses, except for H3b, achieved statistical significance at the 95% significance level.

Hypothesis 1a examined the direct effect of the model (EO→EP), i.e., that EO significantly affects EP ($\beta = .174$, $t = 3.704$, $p < .001$), and it was substantiated (Table 6). In H1b, we also hypothesized that all the EO dimensions—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—are important but not equally so for improving the EP of emerging market SMEs.

We performed an importance-performance map analysis (IPMA) to check the relative importance of each dimension of EO for EP. Accordingly, SMEs can make resource deployment decisions based on both importance and performance.

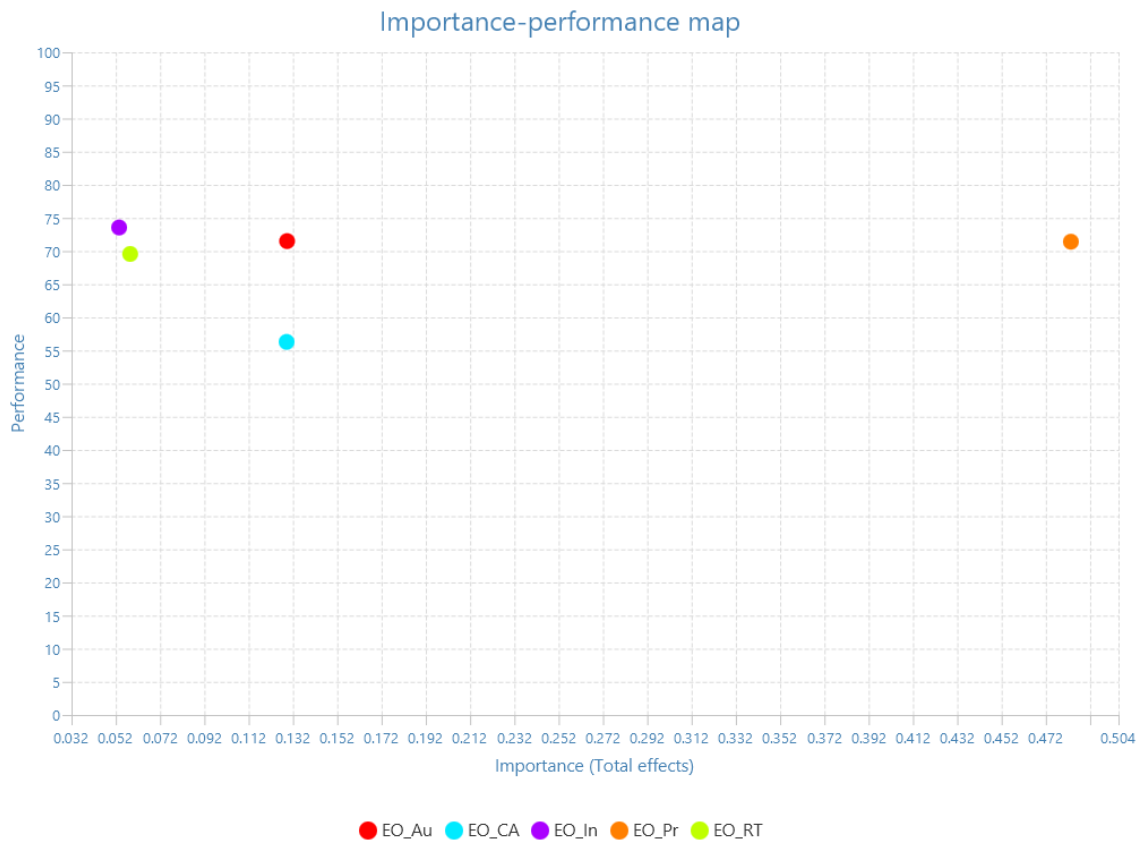
Fig. 2: PLS-SEM Model



Note: EL: Experiential Learning, EO: Entrepreneurial Orientation, Au: Autonomy, CA: Competitive Aggressiveness, In: Innovativeness, Pr: Proactiveness, RT: Risk Taking, EP: Export Performance, FN: Formal Networking, InfN: Informal Networking, VL: Vicarious Learning, Medium_(>50_emp): Medium firms with greater than 50 employees, Domestic Oriented: Firms who have more than fifty percent of domestic sales, Industry_ Apparel / Tea: Firms engage in tea and apparel industry, Early internationalised: firms who started international sales within 5 years of establishment.

In our research, proactiveness (EO_Pr) emerged as a crucial factor for EP, residing in the high-importance and high-performance quadrant. Other EO dimensions—autonomy, competitive aggressiveness, innovativeness, and risk-taking—though high-performing, displayed lower impact on export performance. The findings indicated that proactiveness was the most crucial dimension, with innovativeness ranking as the least significant (refer to Table 7 and Fig. 3). In terms of importance, the EO dimensions were prioritized as follows: proactiveness led the rank, followed by autonomy and competitive aggressiveness which tied for second, while risk-taking and innovativeness were positioned third and fourth, respectively.

Fig. 3: Importance-Performance Map Analysis (IPMA)



Note: EO_Au: Autonomy, EO_CA: Competitive Aggressiveness, EO_In: Innovativeness, EO_Pr: Proactiveness, EO_RT: Risk Taking, EP: Export Performance

Hypothesis 2a predicted that EL mediates the relationship between EO and EP. The results revealed that the EO→EP relationship was significantly mediated by EL (H2a: $\beta = .355$, $t = 7.777$, $p < .001$). Hypothesis 2b suggested that VL mediates the relationship between EO and EP. The results revealed that the EO→EP relationship was significantly mediated by VL (H2b: $\beta = .101$, $t = 2.211$, $p < .005$). These results confirm hypotheses 2a and 2b (Table 8).

The networking-related hypothesis H3a, which predicted that FN mediates the relationship between EO and EP, is confirmed (H3a: $\beta = .162$, $t = 3.355$, $p = .001$). However, the next hypothesis, H3b, which suggested InfN mediates the relationship between EO and EP, could not be substantiated (H3b: $\beta = -.053$, $t = 1.600$, $p = .110$) (see Table 8).

Further, with the inclusion of mediators, the effect of EO on EP was still significant ($\beta = .737$,

$t = 21.278, p < 0.001$) (Table 6). Hence, this mediation was a complementary mediation, as the direct and mediated effects point in the same direction (Zhao et al., 2010). Accordingly, H2a, H2b and H3a are supported. Since we could not substantiate the mediation effects of InfN, it falls under the direct-only (non-mediation) category (Zhao et al., 2010).

5.2.1. Robustness checks

Several additional tests were performed to check the validity of our results. First, we checked for any quadratic effects in the model. No significant quadratic effects were found; thus, the linearity of the model was validated. Second, we looked for unobserved heterogeneity of the model using FIMIX-PLS, focusing on four segments and employing a stop criterion ($10^{-10} = 1.0E-10$). The maximum number of iterations was 10,000 with 10 repetitions. A post hoc power analysis with an effect size of 0.15 and 80 percent power indicated that a minimum sample size of 85 is needed to extract up to four segments. Accordingly, we reran FIMIX-PLS for two to four segments. The results (Table 9) suggest that AIC 3 points to a four-segment solution, while CAIC points towards a three-segment solution. Further, AIC4 and BIC criteria point to four-segment solutions. Finally, MDL5 points to a one-segment solution varying from all other criteria. Accordingly, the analysis does not unambiguously point to a specific segment solution. Therefore, we assume that unobserved heterogeneity is not significantly high, reinforcing the validity of the analysis conducted on the entire dataset. Finally, to test for endogeneity, given that our sample size is less than 1000 and the skewness is less than 2 (Becker et al., 2022), we employed the control variable approach (Hult et al., 2018). The use of control variables in our model further confirmed the robustness of the results, with none of the control variables proving to be significant, thereby implying that our model is robust against potential endogeneity issues (see Fig. 2). This result reinforces the validity of our model as the primary variables of interest are not correlated with the error term due to omitted variable bias.

6. Discussion and Conclusion

This study offers significant contributions to understanding EO and its impact on EP within the context of SMEs in emerging markets. By examining the differential importance of EO dimensions and the roles of learning and networking, this research provides nuanced insights that challenge and extend existing literature.

6.1. The Relative Importance of EO Dimensions

Our finding that proactiveness is the most crucial dimension of EO for EP in Sri Lankan SMEs contrasts with much of the existing literature, which often highlights innovativeness and autonomy as key drivers of performance (e.g., Knight & Cavusgil, 2004; Lumpkin & Dess, 1996). For instance, studies conducted in developed markets, such as those in the United States and Europe, typically emphasize the importance of innovativeness due to the higher resource availability and more stable economic conditions that facilitate continuous innovation (Galbreath et al., 2020; Hernández-Perlines et al., 2021). In contrast, the lower importance of innovativeness in our study could be attributed to the resource constraints and economic instability prevalent in emerging markets like Sri Lanka (Bhowmick, 2022; Bruton et al., 2013; Chandra et al., 2020; de Silva, 2019), where firms may focus more on incremental improvements and survival strategies than on radical innovations.

The limited significance of autonomy in this context also diverges from findings in more developed markets, where decentralized decision-making is often linked to greater agility and innovation (e.g., Hughes & Morgan, 2007; Lumpkin et al., 2009). In Sri Lankan SMEs, the centralized decision-making processes may limit the effective exercise of autonomy (e.g., Wickramasinghe & Jayabandu, 2007), suggesting that the benefits of autonomy might be contingent on the organizational structure and the broader economic environment.

These discrepancies highlight the importance of contextual factors in determining the

effectiveness of EO dimensions. Emerging markets often present unique challenges, such as political instability, weaker institutional frameworks, and limited access to resources, which can significantly influence the relative importance of different EO dimensions (Bruton et al., 2013; Chandra et al., 2020). This finding suggests that SMEs in these contexts may need to strategically prioritize certain EO dimensions, like proactiveness, which allows firms to anticipate and respond to market changes more effectively, over others that may be more relevant in resource-rich environments.

Our findings challenge aspects of resource bricolage theory, which suggests firms succeed by creatively reconfiguring existing resources (Baker & Nelson, 2005). While bricolage emphasizes innovativeness and informal networks, our study highlights a different priority for SMEs in emerging markets like Sri Lanka. The focus on proactiveness over innovativeness indicates that in volatile, resource-constrained environments, seeking and capitalizing on new opportunities is more critical. Furthermore, the greater importance of formal networking over informal networking challenges the bricolage emphasis on improvisation. These findings suggest that structured and strategic resource acquisition may be more effective for sustained success in such contexts.

6.2 The Role of Learning in the EO-EP Relationship

The study's findings on the mediation effects of experiential and vicarious learning are not only consistent with organizational learning theory but also reveal some nuances that diverge from previous research. While experiential learning's importance in refining and enhancing existing competencies is well-documented (e.g., Argote, 2012; Karami & Tang, 2019; Sousa et al., 2020), our finding that vicarious learning is also crucial in the resource-constrained context of Sri Lankan SMEs underscores the need for firms to adopt a balanced approach to learning. This balance is particularly critical in environments where direct experiential learning is costly and time-consuming.

In contrast, studies in more stable, developed markets often emphasize experiential learning as the primary driver of competitive advantage, with less focus on vicarious learning (e.g., Eriksson et al., 1997; Levinthal & March, 1993). The emphasis on vicarious learning in our study may be due to the higher levels of uncertainty and market volatility in emerging markets (Bruton et al., 2008; Hoskisson et al., 2000), where learning from the successes and failures of others can provide valuable insights without incurring the high costs of trial and error (e.g., Baum & Ingram, 1998; Bruneel et al., 2010).

The divergence in the relative importance of these learning types might also stem from methodological differences across studies. For instance, research conducted in more developed markets often has access to longitudinal data that allows for a deeper exploration of the long-term benefits of experiential learning (e.g., Baum et al., 2023). In contrast, our cross-sectional study in Sri Lanka, while providing valuable insights, may capture the more immediate benefits of vicarious learning in a rapidly changing market environment.

6.3. The Impact of Networking on EP

The finding that formal networking mediates the relationship between EO and EP aligns with the literature that emphasizes the importance of structured, strategic connections in facilitating access to resources and enhancing EP (e.g., Chen et al., 2016; Karami & Tang, 2019). However, the lack of significant mediation by informal networking diverges from studies that highlight the critical role of informal networks, especially in resource-constrained environments where trust and personal relationships are often key to business success (e.g., Forsgren & Johanson, 1992; Lee et al., 2022).

This divergence could be explained by the specific socioeconomic context of Sri Lanka during the study period. The economic instability and uncertainty, exacerbated by recent political and financial crises, may have diminished the effectiveness of informal networks, which typically

rely on stability and predictability to function effectively (Bhowmick, 2022; de Silva, 2019). In such a volatile environment, formal networks may provide more reliable and structured support, helping firms navigate the complexities of international markets more effectively (Peng & Heath, 1996).

Additionally, methodological differences may also account for these discrepancies. Studies that emphasize the importance of informal networks often use qualitative methods or case studies that capture these networks' nuanced, context-specific benefits (e.g., Machirori & Fatoki, 2013). In contrast, while offering broad generalizability, our quantitative approach may not fully capture the subtleties of informal networking in crisis conditions, where personal relationships might significantly help or hinder business performance.

6.4. Theoretical and Practical Implications

This study challenges traditional assumptions in EO theory regarding the universal applicability of EO dimensions (e.g., Covin & Slevin, 1989; Miller, 1983). Our findings demonstrate that the relevance of EO dimensions, especially innovativeness and autonomy, significantly varies in the context of emerging market SMEs, indicating the necessity for theoretical refinement to better accommodate context-specific factors. Moreover, our findings underline the importance of explicitly integrating contextual factors within the resource-based view (RBV). Traditional RBV perspectives focus on resource uniqueness and rarity; however, this study reveals that contextual factors such as economic instability, political uncertainty, and resource scarcity fundamentally influence how entrepreneurial resources and capabilities translate into performance outcomes. Thus, RBV framework requires evolve to explicitly consider environmental contingencies in emerging markets.

Additionally, this study significantly extends ambidexterity theory to the context of emerging markets and international entrepreneurship. While ambidexterity theory has primarily focused

on balancing exploration and exploitation within developed economies, our research demonstrates the critical role of simultaneously balancing experiential (exploitative) and vicarious (explorative) learning as well as formal (explorative) and informal networking (exploitative) in SMEs within emerging markets. This extension highlights the distinctive ways emerging market SMEs manage resource constraints and uncertainties inherent in international entrepreneurship, thus providing novel theoretical insights into how ambidexterity functions in these specific contexts.

This study offers actionable insights for SME managers in emerging markets, particularly Sri Lanka, to strategically enhance EP. Managers should prioritize proactiveness by investing in market intelligence tools to anticipate trends and adopt fast-follower strategies to efficiently leverage proven market opportunities without substantial R&D investments. Given the limited importance of autonomy and competitive aggressiveness, SMEs could centralize strategic decision-making while empowering teams to make tactical adaptations, focusing on niche differentiation rather than costly price-based competition. To effectively improve EP, SMEs should actively utilize formal networks, such as partnerships with export promotion institutions (e.g., Sri Lanka Export Development Board) and strategic alliances with international distributors, to secure resources, training, and market entry support. While informal networks provide useful competitive intelligence, managers should be cautious not to over-rely on them and instead formalize key informal relationships to mitigate risks and enhance reliability.

6.5. Limitations and Future Research Directions

While this study provides important contributions, it also has limitations that should be acknowledged. The unique economic circumstances in Sri Lanka during the study period may limit the generalizability of the findings. Future research should explore the relative importance of EO dimensions in different emerging markets, considering varying socioeconomic conditions and industry-specific factors.

Moreover, the cross-sectional design of this study limits the ability to draw causal inferences. Longitudinal studies could provide deeper insights into how the importance of EO dimensions evolves over time and in response to changing market conditions. Future research should also explore the role of absorptive capacity as a potential moderator, as it could explain variations in the effectiveness of learning and networking strategies across different contexts.

In conclusion, this study enhances our understanding of the complex interplay between EO, learning, and networking in the context of emerging market SMEs. By doing so, it not only addresses critical gaps in the literature but also provides practical insights for firms seeking to face the challenges of exporting in resource-constrained environments.³

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Tables

Characteristic	Frequency	%
Gender of the owner		
Male	340	93
Female	27	7
Age of the owner		
Less than or equal 30 years	34	9
Between 31 and 60 years	240	65
More than 60 years	93	25
Owner's experience		
Less than or equal to 5 years of experience	24	7
Greater than 6 years but less than 20 years of experience	129	35
Greater than 20 years of experience	214	58
Education of the owner		
Has not been to a school	0	0
Ordinary level exam	8	2
Advanced level exam	42	11
Certificate/diploma	73	20
Bachelor's degree	123	34
Postgraduate degree	87	24
Professional courses	34	9
Export earliness of the firms		
Firms started exports within first 5 years or less from the year of establishment	233	63
Firms started exports after 5 years of establishment	134	37
Employees in the firm		
Small firms (employees 11-50)	189	51
Medium firms (employees 51-300)	178	49
Export Sector		
Apparel	85	23
Tea	75	20
Rubber and rubber-based products	40	11
Coconut and coconut-based products	36	10
Spices	74	20
Diamonds, gems, and jewellery	26	7
Seafood	31	8
Export Orientation		
Domestic oriented	103	28
Export oriented	264	72

Table 1: Respondents' Demographic Profile and the Firm Characteristics in the Sample

	EL	EO_Au	EO_CA	EO_In	EO_Pr	EO_RT	EP	FN	InfN	VL
EL	1									
EO_Au	0.539	1								
EO_CA	0.544	0.559	1							
EO_In	0.568	0.877	0.625	1						
EO_Pr	0.616	0.756	0.621	0.719	1					
EO_RT	0.454	0.870	0.477	0.827	0.649	1				
EP	0.883	0.654	0.563	0.617	0.774	0.572	1			
FN	0.733	0.643	0.549	0.625	0.720	0.557	0.824	1		
InfN	0.611	0.669	0.550	0.600	0.517	0.454	0.596	0.596	1	
VL	0.667	0.714	0.463	0.701	0.640	0.671	0.771	0.801	0.657	1

Note: EL: Experiential Learning, EO: Entrepreneurial Orientation, Au: Autonomy, CA: Competitive Aggressiveness, In: Innovativeness, Pr: Proactiveness, RT: Risk Taking, EP: Export Performance, FN: Formal Networking, InfN: Informal Networking, VL: Vicarious Learning

Table 2: Latent Variable Correlations

Construct	ITEM	Loading	CA	(rho_a)	(rho_c)	AVE
Experiential Learning	EL1	0.867	0.927	0.931	0.927	0.762
	EL2	0.945				
	EL3	0.894				
	EL4	0.776				
Entrepreneurial Orientation	EO_Au1	0.848	0.871	0.871	0.870	0.691
	EO_Au2	0.794				
	EO_Au4	0.851				
	EO_CA1	0.581	0.767	0.787	0.770	
	EO_CA2	0.791				0.532
	EO_CA3	0.796				
	EO_In1	0.721	0.834	0.835	0.834	
	EO_In2	0.759				
	EO_In3	0.766				0.558
	EO_In4	0.741				
	EO_Pr1	0.824	0.876	0.878	0.877	
	EO_Pr2	0.815				
Export Performance	EO_Pr3	0.815				0.640
	EO_Pr4	0.745				
	EO_RT1	0.769	0.866	0.873	0.869	
	EO_RT2	0.828				
	EO_RT3	0.888				
	EP1	0.645	0.921	0.933	0.921	
	EP2	0.695				
Formal Networking	EP3	0.817				0.646
	EP4	0.815				
	EP5	0.901				
	EP6	0.975				
	FN1	0.822	0.930	0.942	0.930	

	FN2	0.506				
	FN3	0.858				
	FN4	0.640				
	FN5	0.893				
	FN6	0.882				
	FN7	0.750				
	FN8	0.874				
Informal Networking	InfN1	0.742	0.899	0.919	0.885	0.576
	InfN2	0.738				
	InfN3	0.531				
	InfN4	0.953				
	InfN5	0.505				
	InfN6	0.955				
Vicarious Learning	VL1	0.810	0.931	0.936	0.931	0.731
	VL2	0.951				
	VL3	0.917				
	VL4	0.754				
	VL5	0.826				

Note: CA: Cronbach's alpha, AVE: Average Variance Extracted, EL: Experiential Learning, EO: Entrepreneurial Orientation, Au: Autonomy, CA: Competitive Aggressiveness, In: Innovativeness, Pr: Proactiveness, RT: Risk Taking, EP: Export Performance, FN: Formal Networking, InfN: Informal Networking, VL: Vicarious Learning

Table 3: Measurement Model Statistics

	EL	EO_Au	EO_CA	EO_In	EO_Pr	EO_RT	EP	FN	InfN	VL
EL										
EO_Au	0.533									
EO_CA	0.545	0.555								
EO_In	0.563	0.876	0.623							
EO_Pr	0.617	0.755	0.625	0.719						
EO_RT	0.449	0.870	0.466	0.828	0.651					
EP	0.881	0.652	0.564	0.616	0.777	0.577				
FN	0.719	0.631	0.551	0.619	0.719	0.548	0.811			
InfN	0.583	0.649	0.563	0.575	0.497	0.430	0.552	0.578		
VL	0.664	0.713	0.446	0.698	0.639	0.670	0.765	0.795	0.646	

Note: EL: Experiential Learning, EO: Entrepreneurial Orientation, Au: Autonomy, CA: Competitive Aggressiveness, In: Innovativeness, Pr: Proactiveness, RT: Risk-Taking, EP: Export Performance, FN: Formal Networking, InfN: Informal Networking, VL: Vicarious Learning

Table 4: HTMT Results

Path	f^2	Construct	Q^2 predict
EO → EP	0.087	EL	0.345
EL → EP	0.945	EO_Au	0.794
FN → EP	0.096	EO_CA	0.428
InfN → EP	0.025	EO_In	0.771
VL → EP	0.038	EO_Pr	0.699
EO → EO_Au	31.173	EO_RT	0.699
EO → EO_CA	1.387	EP	0.482
EO → EO_In	56.721	FN	0.457
EO → EO_Pr	5.528	InfN	0.353
EO → EO_RT	5.760	VL	0.489
Domestic_Oriented → EP	0.009		
Early_Internationalised → EP	0.000		
Industry_Apparel/Tea/Spices → EP	0.000		
Medium_(>50_emp) → EP	0.000		

Note: EL: Experiential Learning, EO: Entrepreneurial Orientation, Au: Autonomy, CA: Competitive Aggressiveness, In: Innovativeness, Pr: Proactiveness, RT: Risk Taking, EP: Export Performance, FN: Formal Networking, InfN: Informal Networking, VL: Vicarious Learning

Table 5: f^2 and Q^2 Results

Effect	β	SD	t value	p value	95% CIBC	
					2.5%	97.5%
Total effect	0.737	0.035	21.278	0.000	0.664	0.800
Direct effect	0.174	0.047	3.704	0.000	0.083	0.271

Note: β : Beta coefficient, SD: Standard Deviation, CIBC: Confidence Interval Bias Corrected

Table 6: Total and Direct Effects of EO and EP Relationship

	Construct Total Effect for EP
Autonomy → Export performance	0.129
Competitive Aggressiveness → Export performance	0.129
Innovativeness → Export performance	0.053
Proactiveness → Export performance	0.483
Risk-taking → Export performance	0.058

Table 7: IPMA Results

Path	β	SD	<i>t</i> value	<i>p</i> value	CIBC		Mediation Type
					2.5%	97.5%	
EO → FN → EP	0.162	0.048	3.365	0.001	0.075	0.266	Complementary (Mediation)
EO → EL → EP	0.355	0.046	7.777	0.000	0.280	0.452	Complementary (Mediation)
EO → InfN → EP	-0.053	0.033	1.600	0.110	-0.124	0.006	Direct only (Nonmediation)
EO → VL → EP	0.101	0.046	2.211	0.027	0.003	0.185	Complementary (Mediation)

Note: β : Beta coefficient, SD: Standard Deviation, CIBC: Confidence Interval Bias Corrected

Table 8: Indirect Effects

Criteria	No. of segments			
	1	2	3	4
AIC (Akaike's information criterion)	6860.137	6454.958	6181.433	6099.392
AIC3 (modified AIC with Factor 3)	6888.137	6511.958	6267.433	6214.392
CAIC (consistent AIC)	6997.334	6734.253	6602.824	6662.88
AIC4 (modified AIC with Factor 4)	6916.137	6568.958	6353.433	6329.392
BIC (Bayesian information criterion)	6969.334	6677.253	6516.824	6547.88
MDL5 (minimum description length with factor 5)	7630.123	8022.429	8546.389	9261.833
EN (normed entropy statistic)	0	0.737	0.898	0.819

Table 9: Fit Indices for the One to Four-Segment Solutions

CHAPTER FOUR

The Role of Vicarious Learning and Absorptive Capacity in Entrepreneurial Orientation and Export Performance Relationship in Emerging Market SMEs: A Moderated Mediation Model

Note: This paper is currently under review for potential publication in an A-grade journal listed in the ABDC Quality Journal List. It adheres to the layout and language guidelines stipulated by the journal editors. Both British and American spellings are acceptable, and British spelling was chosen for consistency. Additionally, as no specific referencing style is stipulated for articles at the submission stage, this paper follows APA referencing style. The numbering system for headings in this chapter may differ from the numbering convention used in the rest of the thesis. This decision was made to maintain consistency with the submitted version of the paper.

Abstract

This research explores the pathway from entrepreneurial orientation (EO) to export performance (EP) in SMEs, focusing on the mediating role of vicarious learning (VL) and the moderating effects of absorptive capacity (AC). Integrating social learning theory (SLT) and the knowledge-based view (KBV) of the firm, we provide a comprehensive framework to understand how EO drives EP. We used a structured survey of 365 SMEs in key export industries and employ PLS-SEM and PROCESS modelling for analysis. Results show that VL significantly mediates the EO–EP relationship, and the process is further conditioned by potential and realised AC. We provide insights on the importance of knowledge management for resource-constrained SMEs who want to effectively penetrate global markets despite resource limitations. We contribute to the international business discourse by detailing the interplay between EO, VL, and AC in SME export performance.

Key Words: entrepreneurial orientation, export performance, vicarious learning, absorptive capacity, conditional mediation, SME

1. Introduction

The exploration of the link between entrepreneurial orientation (EO) and export performance (EP) remains a vibrant area of inquiry in international business research, underscored by the critical role of entrepreneurially oriented firms in driving the global economy (Cavusgil & Knight, 2015; Hossain et al., 2023). The prevailing consensus indicates that the transformation of EO into enhanced firm performance is contingent upon the specific context in which the firm operates (Lechner & Gudmundsson, 2014), including external and internal factors (Gupta & Batra, 2016; Rauch et al., 2009).

In terms of the external context, EO has been extensively studied in mature economies like the United States and the United Kingdom, but rapidly emerging economies, excluding China (Gupta & Batra, 2016), have not received systematic attention. EO was originally thought to be universally applicable across cultures, but entrepreneurial tendencies may be less effective in emerging economies due to substantial variations in institutional contexts (Lee & Peterson, 2000). Therefore, exploring the applicability of EO in different emerging contexts, such as Sri Lanka, may refine our understanding of the concept while offering insights relevant to similar settings.

EO represents the approach in which a firm operates rather than its specific actions (Lumpkin & Dess, 1996). As small and medium enterprises (SMEs) operating in emerging market contexts tend to have relatively limited resources (Desouza & Awazu, 2006; Woschke et al., 2017), they may exercise particular caution when adopting a strategic orientation. Given the significance of entrepreneurship to firm performance, EO serves as a crucial indicator of how a firm is structured to identify and capitalise on market opportunities (Ireland et al., 2003; Wiklund & Shepherd, 2003). EO is often viewed from a resource-based perspective (RBV) (Barney, 1991) as a critical resource that aids in achieving superior performance (Shirokova et

al., 2016). From a knowledge-based view (KBV), which derives from the RBV (Barney, 1991; Spender, 1996), EO requires firms to intensively acquire *knowledge* for the effective realisation of its benefits in international business (Stoian et al., 2024). To thrive in a dynamic and competitive environment, firms must continuously translate EO into practical strategic activities that emphasise the knowledge creation process, thereby meeting objectives and achieving superior performance (Li et al., 2009).

Since international SMEs in emerging markets often grapple with resource scarcity (Desouza & Awazu, 2006; Woschke et al., 2017), which makes the process considerably more challenging for the SME (Knight, 2001), those firms tend to adopt cost-effective ways of acquiring knowledge. Out of many available ways to acquire knowledge, *vicarious learning* (VL)—learning indirectly by observing others' experiences (Bandura, 1977; Baum et al., 2000; Ingram & Baum, 1997; Kim & Miner, 2007)—presents a viable strategy to bypass resource constraints (Baum et al., 2023), allowing SMEs to acquire critical knowledge and competencies without the need for substantial resource allocation. This paucity is surprising as the application of VL in SME internationalisation has been repeatedly identified as needing further research (Baum et al., 2023; Bruneel et al., 2010), particularly its potential explanatory role in the indirect impacts of EO on EP in diverse international markets.

However, merely acquiring knowledge is insufficient; it must also be effectively integrated and utilised within the firm. Therefore, international business requires an enhanced ability to access, integrate, and utilise knowledge effectively to thrive in the international market (Grant & Phene, 2022), which could be achieved through the development of the absorptive capacity (AC) of a firm (Sciascia et al., 2014). Indeed, the capacity to acquire, assimilate, transform, and exploit knowledge from external sources (AC) (Cohen & Levinthal, 1990; Jansen et al., 2005; Todorova & Durisin, 2007) enhances the effectiveness of entrepreneurial strategy in

SMEs (Alshahrani & Salam, 2024). However, AC consists of two aspects that may have different effects: *potential absorptive capacity* (PAC) and *realised absorptive capacity* (RAC) (Zahra & George, 2002). Therefore, PAC (acquisition and assimilation) and, RAC (transformation and exploitation) of knowledge gathered from external sources of a firm is crucial in explaining how entrepreneurial firms leverage external knowledge [gained through vicarious learning] for international success (Engelen et al., 2014; Zahra & George, 2002). Therefore, we address the following question: How do the potential and realized ACs of SMEs in emerging markets affect the way EO indirectly enhances EP through VL?

While prior research has extensively explored EO's impact on performance, two important gaps remain. First, the role of indirect knowledge acquisition—particularly VL—in the EO–EP link has not been adequately theorised or empirically tested, especially in resource-constrained emerging markets. Second, existing studies often overlook how the firm's knowledge capabilities—such as differential impact of PAC and RAC—condition the success of EO initiatives. Addressing these gaps is critical for understanding how entrepreneurial SMEs in emerging markets navigate internationalisation.

This study integrates social learning theory (SLT) and the KBV of the firm to argue that the interplay between EO, VL, and AC leads to better EP. SLT (Bandura, 1977) provides a theoretical lens to explain how firms in resource-scarce contexts can learn through observing others, making it a natural fit to study VL in internationalising SMEs. Meanwhile, the KBV (Grant, 1996; Spender, 1996) highlights the importance of strategically managing knowledge as a key resource, aligning well with the role of AC in transforming knowledge into performance. Together, these perspectives offer a rich, theory-driven explanation of how EO, knowledge acquisition, and knowledge integration interact to drive SME export performance.

The integration of these theories provides a comprehensive framework for understanding how EO can drive EP. By combining SLT's emphasis on learning through observation with the KBV's focus on the strategic management of knowledge, this study highlights the dual pathways through which SMEs can enhance their performance in international markets. This theoretical framework underscores the importance of EO in driving firms to seek out external knowledge and the role of AC in transforming this knowledge into competitive advantage. This study therefore investigates how EO enhances EP when it fosters an environment conducive to leveraging VL and AC, particularly under conditions of limited resources in emerging market SMEs.

To achieve the study's objectives, we collected and analysed data from SMEs across key export industries in the emerging market context of Sri Lanka. Using partial least squares structural equation modelling (PLS-SEM) and PROCESS analysis, we examine the relationships between EO, VL, AC, and EP to resolve the complex mechanisms at play. Our findings reveal that VL plays a pivotal role in mediating the relationship between EO and EP, with AC further modulating this mediation. Specifically, we found that both potential and realised ACs intensified the beneficial effects of EO on EP through VL, showing nuanced ways in which SMEs in emerging markets can leverage external knowledge and their EO to thrive in international markets.

The contributions of our study are multifaceted. Firstly, it significantly advances the EO–EP discourse by integrating VL and AC into the analysis, thus providing a more comprehensive model that expounds the mechanisms through which EO influences EP in SMEs engaged in international markets. Our study extends the theoretical understanding by demonstrating that VL is a critical mediator in the EO–EP relationship, highlighting the importance of indirect learning processes in enhancing SME performance in resource-constrained emerging markets.

Secondly, by differentiating between PAC and RAC, our study offers nuanced insights into how different aspects of AC modulate the effects of EO on EP through VL.

Thirdly, our study also bridges SLT and the KBV, providing a robust theoretical framework that explains how EO can drive EP. By integrating SLT's emphasis on vicarious learning with KBV's focus on strategic knowledge management, our study informs the dual pathways through which SMEs can enhance their performance in international markets. Fourthly, our study's empirical focus on Sri Lanka, an underresearched emerging market, broadens the geographical scope of EO–EP research. Finally, the methodological approach, employing PLS-SEM and PROCESS analysis, allows for a sophisticated examination of the complex relationships between EO, VL, AC, and EP. The empirical evidence this study provides not only reinforces existing theories but also opens new avenues for future research on the strategic role of EO in international business.

This paper proceeds with a literature review introducing the theoretical framework and research hypotheses and detailing the interrelations among EO, VL, AC, and EP. The methods section then outlines the sample selection, data collection, and analytical approaches. The results section presents the empirical findings, which are subsequently discussed in light of the literature in the discussion section.

2. Literature Review

2.1 Theoretical Framework

The RBV offers a robust framework for analysing variations in performance among firms (Lockett et al., 2009). According to this perspective, firms that possess unique resources tend to perform well in the market. The KBV, an extension of RBV, posits that knowledge constitutes a strategic resource for firms (Spender, 1996). As such, it must be managed to

enhance the organisation's competitive performance (Mahdi et al., 2019). Knowledge therefore represents a crucial bundle of intangible resources that can provide a sustainable competitive advantage (Barney, 1991; Barney, 1986; Hitt et al., 2013). Furthermore, knowledge enables firms to predict more accurately the nature and commercial potential of environmental changes, as well as the suitability of strategic and tactical actions (Cohen & Levinthal, 1990). In the absence of such knowledge, organisations are less capable of identifying and capitalising on new opportunities (Wiklund & Shepherd, 2003).

KBV suggests that the ability to create, store, transfer, and apply knowledge is central to achieving and sustaining competitive advantage (Barney, 1991). Within this framework, AC is crucial as it represents the firm's ability to recognise the value of new external information, assimilate it, and apply it to commercial ends (Cohen & Levinthal, 1990). AC is divided into PAC and RAC, where PAC involves knowledge acquisition and assimilation, and RAC involves transformation and exploitation (Zahra & George, 2002).

Within the framework of KBV, EO is considered an intangible strategic resource that allows the firm to predict environmental changes and identify new opportunities, ultimately enhancing performance (Barney, 1991; Shirokova et al., 2016). For instance, innovativeness encourages creativity and the development of new ideas, contributing to the acquisition of new knowledge (Bahl et al., 2021). Proactiveness involves anticipating and acting on the market's future needs (Lumpkin & Dess, 1996) and utilising market and technological knowledge to capitalise on emerging opportunities (Hughes et al., 2008). Additionally, risk taking involves allocating resources to ventures with uncertain outcomes, which promotes engaging in learning activities to leverage previously unexplored technologies or products (Guo & Jiang, 2020). Competitive aggressiveness drives firms to understand their competitors deeply, necessitating gathering competitive intelligence and refining strategic positioning (Cho, 2024). Autonomy empowers

employees to pursue diverse ideas and engage in decentralised decision-making (Kopfer & Schönberger, 2011), facilitating rapid knowledge dissemination and innovation. Therefore, EO is an important strategic resource. Therefore, firms with an EO can effectively identify and exploit new market opportunities, allowing them to thrive in competitive and uncertain environments (Li et al., 2009), proving that EO is a strategic resource.

Firms can engage in various types of learning, such as experiential learning (Levitt & March, 1988), VL (Baum et al., 2000), and grafting (Huber, 1991), to enhance their knowledge base and, in turn, improve firm performance. However, no organisation can rely solely on knowledge derived from its own experiences; therefore, learning from the experiences of others is particularly crucial when entering new domains such as entering a foreign market (Tsang, 2020).

The SLT posits that individuals and organisations learn by observing the behaviours, attitudes, and outcomes of others' actions (Bandura, 1969). This theory emphasises the importance of modelling, imitation, and vicarious reinforcement in the learning process (Bandura, 1969). VL, aligned with SLT, posits that individuals and organisations can acquire new behaviours and skills through observation (Bandura, 1969; Baum et al., 2000). SLT is particularly relevant in the context of international SMEs operating in emerging markets with resource scarcity, as it explains how firms can acquire critical knowledge and skills by observing and learning from the experiences of other firms in the industry. VL allows firms to benchmark against more established competitors, adapt best practices, innovate based on observed outcomes (Luo & Peng, 1999), and refine their export strategies without incurring the direct costs and risks associated with trial-and-error approaches (Posen & Chen, 2013; Simon & Lieberman, 2010).

Therefore, the interplay between SLT and KBV provides a robust theoretical foundation for understanding how EO can enhance EP through VL. EO drives firms to proactively seek out

and assimilate external knowledge, fostering a learning-oriented culture (Wolff et al., 2015) that forces VL, especially in emerging market contexts. AC further enhances this process by enabling firms to effectively assimilate and apply the knowledge (Zahra & George, 2002) gained through VL. PAC allows firms to identify and absorb valuable external knowledge, while RAC enables the transformation of this knowledge into innovative products and strategies, thereby enhancing EP (Miroshnychenko et al., 2021; Zahra & George, 2002). The synergistic relationship between EO, VL, and AC underscores the importance of these capabilities in improving the firm performance in international markets and achieving sustained EP.

By combining SLT's focus on behavioural observation with KBV's emphasis on internal knowledge transformation, this study builds a dual-pathway model that captures how SMEs translate entrepreneurial intent into EP. This theoretical integration not only addresses the gaps in the EO–EP literature but also contributes to both theories by expanding their application to firm-level strategy in emerging market contexts. Thus, the framework is well-positioned to explain SME internationalisation where resource scarcity and indirect learning are common realities.

Using KBV and SLT, together with EO and VL, as our theoretical foundations, we develop and test a model of EO–VL–PAC–RAC–EP linkages in SMEs in emerging market contexts. We hereafter develop the research hypotheses.

2.2 Research Hypothesis

2.2.1 Entrepreneurially oriented firms and export performance

EO, defined as a firm's strategic framework aimed at value creation through entrepreneurial actions (Lumpkin & Dess, 1996), has become a heavily explored research field and is now

established as crucial for securing a long-term competitive advantage in foreign markets (Covin & Miller, 2014). This framework encompasses the strategies implemented, the activities conducted, the managerial methods employed, and the approaches to decision-making that collectively enable a firm to operate entrepreneurially (Bryan et al., 2024).

Research into EO can be traced back to Miller's seminal 1983 study, which underscored the strategic decision-making approach of firms with an entrepreneurial inclination. According to Miller (1983), such firms are characterised by their commitment to innovation, aggressive market entry strategies, and willingness to assume strategic and financial risks in identifying and leveraging new market opportunities.

In the framework put forward by Lumpkin and Dess (1996), EO is a complex framework with five dimensions: willingness to take risks, pursuit of innovation, competitive aggressiveness, proactiveness, and degree of autonomy within the firm. These dimensions of EO are distinct and vary independently based on context (Jinet et al., 2018; Lumpkin & Dess, 1996). Although there is still debate about the relevance of those five dimensions (Boso et al., 2017), we select Lumpkin and Dess' conceptualisation with five dimensions for our study as it offers a more comprehensive framework for understanding the multifaceted nature of EO (Gupta & Dutta, 2018). This expanded model allows us to assess and explore how firms engage in entrepreneurship, driving their performance and competitive advantage in rapidly changing markets more accurately.

Innovativeness represents a firm's openness to novel ideas, products, processes, and changes, highlighting the importance of innovation in maintaining competitiveness (Lisboa et al., 2011; Lumpkin & Dess, 2001; Miller, 1983). Risk-taking is characterised by a firm's willingness to engage in ventures with uncertain outcomes, while proactiveness represents an entrepreneurial stance (Lumpkin & Dess, 1996; Miller, 1983). Proactiveness is the anticipation and action on

future opportunities and changes to shape the environment (Gyensare et al., 2024; Lumpkin & Dess, 1996; Miller, 1983). Competitive aggressiveness denotes a firm's determination to aggressively challenge its competitors to improve its market stance and outperform rival firms (Dess & Lumpkin, 2005). Lastly, autonomy is described as the degree of freedom and flexibility of organisational members when pursuing new initiatives (Lumpkin & Dess, 1996). High autonomy fosters an environment conducive to opportunity and advantage-seeking (Ireland et al., 2001). Together, these dimensions form the foundation of EO, guiding firms in their strategic orientation and actions within competitive marketplaces.

As we discussed in the theoretical framework, all these dimensions require exploration of new knowledge, which eventually makes EO a strategic resource that helps firms in striving to maximise their earnings in specific international markets (Hizarci et al., 2023). Many scholars have explored the significant impact of EO on foreign markets (Dadzie et al., 2021; Khalid, 2020; Mostafa et al., 2005), yet the empirical findings have shown varied outcomes (Rauch et al., 2009; Rosenbusch et al., 2013; Wales, 2016). Numerous studies indicate that EO positively affects firm performance (Monteiro et al., 2019; Rauch et al., 2009; Wiklund, 1999). However, some research, including work by Cossío-Silva et al. (2015) and Pinillos et al. (2005), suggests a negative relationship between EO and performance, while Hart (1992) and Smart and Conant (1994) found no direct link between EO and improved performance, attributing such discrepancies to potential methodological issues in study design (Wiklund & Shepherd, 2005) or the influence of specific contexts and the complexity of business environments (Covin & Slevin, 1989; Lumpkin & Dess, 1996). Therefore, higher EO could increase a firm's ability to identify opportunities, differentiate itself, and gain competitive advantages, leading to better performance outcomes.

Extant studies have suggested that EO is vital for export-oriented international firms because it captures the behaviours and strategies enabling them to excel in the complex and dynamic international markets (Solano Acosta et al., 2018). The international success of entrepreneurial firms hinges on their ability to innovate and be creative, coupled with the flexibility to embrace new advancements, organizational structures, and processes (Zahra & George 2002; Jantunen et al.; 2005; Bianchi et al. 2017). These firms proactively enter and expand in new markets, establish a strong presence, and gain market share early on (Baker & Sinkula, 2009b; Knight & Cavusgil, 2004). Entrepreneurially oriented exporting firms are adept at managing international expansion risks and adapting to changes, protecting them from potential losses (Brouthers et al., 2009). Such firms effectively use their resources and form strategic partnerships, optimising their international operations and success (Morgan et al., 2004). Finally, export EO has been associated with continuous learning and, in turn, enhanced market knowledge and increased performance (Zahra et al., 2000). Accordingly, firms with an EO can enhance their EP by developing strategic competencies that distinguish them from competitors, help them assess risks, and identify new opportunities in foreign markets (Gull et al., 2021). Hence, our baseline hypothesis is:

H1: EO has a positive direct impact on EP.

2.2.2 The mediating role of vicarious learning

VL is a process through which individuals learn from the experiences of others without direct involvement, enhancing personal and organisational outcomes (Almeida, 2011). This learning mechanism, rooted in social learning theory (Bandura, 1977), emphasises the role of observation, imitation, and modelling in acquiring new behaviours, skills, and attitudes, suggesting that individuals can learn not only through their own experiences but also by observing the actions and consequences faced by others (Bandura, 1977; Posen & Chen, 2013).

The idea that organisations also gain substantial knowledge through learning indirectly from other organisations' experiences is now accepted (Ingram & Baum, 1997; Kim & Miner, 2007).

VL can occur in various ways; the most common way is learning from the best performing firms in the industry, also called 'benchmarking' (Strang, 2010). VL in innovation research is characterised by knowledge spillovers, which refer to accidental technical knowledge dissemination (Griliches, 2007). VL extends beyond R&D, with firms acquiring knowledge through observing competitors or directly from employees of competing firms, including employee movement (Wright et al., 2018); (Haunschild & Beckman, 1998). Networking with partners (Tuschke et al., 2014) and discussions in informal settings (Posen & Chen, 2013) also facilitate knowledge transfer, as does learning from visits to rivals or via common third-party suppliers (Posen & Chen, 2013; Simon & Lieberman, 2010).

EO plays a pivotal role in enhancing learning within organisations (Wang, 2008), which its dimensions can explain. Innovativeness encourages the exploration of new knowledge beyond direct experiences, fostering a culture that values learning from the external environment (Ireland et al., 2003). Proactiveness leads organisations to anticipate future trends and learn from others' experiences to stay ahead, while risk-taking propels firms to learn from both successes and failures of others, minimising the direct cost of failures (Lumpkin & Dess, 1996; Miner et al., 2001). This multifaceted influence of EO on learning underscores its significance in fostering an environment conducive to continuous learning as it pushes organisations towards innovation, risk-taking, and proactive opportunity-seeking (Harrison & Leitch, 2005; Liu et al., 2002; Wang, 2008). Additionally, EO-driven firms often engage in network building, facilitating knowledge exchange and VL from a broader community (Stam & Elfring, 2008). These networks, established through EO-driven initiatives, not only foster collaboration and innovation but also serve as critical platforms for VL, where firms can harness their peers'

collective wisdom and experiences to deal with the challenges of doing business internationally.

EO creates a mindset and organisational environment that encourages the identification and acquisition of external knowledge. VL provides a practical and efficient channel to obtain such knowledge, especially in environments where firms face significant constraints on financial and experiential resources. VL allows SMEs to understand foreign market dynamics, export processes, and competitive responses by observing other firms. This knowledge improves decision-making in export activities, enabling firms to refine their strategies and avoid costly trial-and-error approaches. VL acts as a behavioural and cognitive link between EO and EP, translating entrepreneurial orientation into export-relevant capabilities.

Yang (2023) emphasises the importance of VL in competitive business environment, highlighting its role in enhancing firm performance and competitive advantage by leveraging the successes and failures of others. VL allows firms to adopt best practices and avoid past mistakes (Ali et al., 2020; Kim & Miner, 2007), making it an efficient knowledge accumulation method for less experienced firms (Huber, 1991; Nathan & Kovoov-Misra, 2002). It is particularly beneficial for companies engaging in international business, where understanding diverse socioeconomic and cultural contexts is crucial (Ali et al., 2020). In emerging markets, SMEs often engage in VL to adopt best practices for competitive advantage and productivity (Ali et al., 2020; Beugelsdijk et al., 2018). This approach is vital for refining export strategies and understanding foreign markets without the direct experience costs and risks, thus reducing the likelihood of costly errors (Barkema & Vermeulen, 1998; Beugelsdijk et al., 2018). Observing how similar firms navigate international challenges helps businesses adapt their strategies for better competitiveness and market entry (Johanson & Vahlne, 2009), offering a valuable learning method in the complex international business context. As firms increasingly

recognise the value of these insights for strategic advantage, integrating VL with an EO becomes a crucial step in transforming these insights into actionable strategies for international success.

EO is pivotal for fostering EP, yet its impact is significantly enhanced when firms incorporate VL into their strategy (Perera et al., 2023b). VL emerges as a crucial channel, enabling firms to acquire and apply insights derived from the successes and failures of others, thereby refining their export strategies. In this way, VL acts as a central mechanism by which the entrepreneurial behaviours and attitudes embedded in EO are operationalised in foreign market contexts. This synergistic relationship suggests that the transformative potential of EO on EP is significantly leveraged through the strategic integration of VL and that it enhances firms' adaptability and competitiveness in foreign markets (Baum et al., 2023). This approach highlights the significance of acquiring knowledge from external sources to accelerate the advantages of entrepreneurial efforts on export results. With the literature we mentioned above, we propose that EO positively influences VL and, in turn, EP. Hence, we hypothesise that:

H2: VL mediates the relationship between EO and EP, such that the positive impact of EO on EP is strengthened when firms actively engage in learning from the experiences of others in the industry.

2.2.3 The moderating role of potential and realised absorptive capacities

AC, a central concept in organisational theory and strategic management, highlights a firm's ability to leverage external knowledge for innovation and competitive advantage (Zacharia et al., 2011). Originating from the foundational work of Cohen and Levinthal (1990), AC has evolved to encompass the distinct processes of knowledge acquisition, assimilation, transformation, and exploitation. Zahra and George (2002) further refined this concept by

dividing AC into PAC and RAC, each serving unique roles within the knowledge management process.

PAC involves a firm's capabilities related to the identification, acquisition, and preliminary assimilation of external knowledge. Empirical research has shown that PAC plays a critical role in enabling firms to recognise and incorporate new external knowledge, thereby enhancing responsiveness to market changes and technological advancements (Miroshnychenko et al., 2021; Patel et al., 2015). However, PAC in isolation will not automatically lead to improved performance (Akram et al., 2021; Miroshnychenko et al., 2021) as it does not guarantee the exploitation of accumulated knowledge (Tian et al., 2024).

Conversely, RAC focuses on AC's transformation and exploitation stages, where the assimilated knowledge is further processed, integrated, and utilised to enhance or develop new organisational capabilities. Instead, it is crucial for firms to develop the capability to convert the acquired knowledge into market-accepted new products (Ferrerias-Méndez et al., 2015). This perspective underscores the significance of examining the mechanisms that enable organisations to effectively integrate newly acquired knowledge into their operations or the products and services they provide (Caloghirou et al., 2004). Therefore, a firm must have RAC to convert the acquired knowledge to commercial ends. Studies such as those by Miroshnychenko et al. (2021) and Patel et al. (2015) have empirically demonstrated how RAC contributes directly to firm performance by enabling the practical application of absorbed knowledge, thus driving innovation and competitive differentiation.

KBV of the firm, articulated by Kogut and Zander (1992) and further explored by Grant (1996), posits that knowledge is the most critical strategic resource underpinning a firm's innovation capacity. It is crucial for firms to develop the capability to convert the acquired knowledge into market-accepted new products (Ferrerias-Méndez et al., 2015). This view is supported by

empirical findings from Dabić et al. (2020), who highlight AC as an essential enabler for firms to conceptualise innovative ideas and strategically reconfigure resources. Additionally, the dynamic capabilities framework (Teece et al., 1997) interprets how RAC, as a dynamic capability, facilitates a firm's adaptation to rapidly changing environments by effectively exploiting internal and external knowledge.

The interplay between AC and EO further underscores the importance of AC in fostering innovative and proactive organisational behaviour, which is essential for sustaining competitiveness. Engelen et al. (2014) highlight that AC enhances the impact of EO on EP by enabling firms to effectively use external knowledge in strategic decision-making.

Building on this theoretical and empirical groundwork, we propose two hypotheses:

H3a: PAC moderates the relationship between EO and VL, such that the higher the PAC, the stronger the influence of EO on VL.

H3b: RAC moderates the relationship between EO and EP mediated by VL, such that the higher the RAC, the stronger the influence of VL on EP.

In this study, the moderating roles of PAC and RAC introduce an additional layer of complexity to this model. Several scholars argue that AC enhances the link between international ventures and firm performance (e.g., Jansen et al., 2005; Lane et al., 2006; Zahra & Hayton, 2008). However, Wales et al. (2013) show how EO moderates the AC and firm performance relationship in tech-based SMEs, enhancing performance at lower AC levels and reducing performance dips at higher AC levels. Based on these insights, the interplay between AC and EO in influencing firm performance is not straightforward but rather nuanced and conditional. Our study more deeply investigates this complicated relationship by examining the differential effects of two distinct dimensions of AC—PAC and RAC—on firm EP in the context of how

EO influences performance through VL. This approach aims to explore the nuanced mechanisms through which EO can either leverage PAC and RAC for performance enhancement or counterbalance the diminishing returns often observed with higher levels of AC. By focusing on the specific roles of PAC and RAC, our research seeks to contribute to a deeper understanding of how EO, through the mechanism of VL, conditions the impact of ACs on firm performance in international ventures. This nuanced exploration is anticipated to shed light on the conditional hypothesis that the beneficial effects of AC on firm performance are significantly influenced by the level of EO and the type of AC—PAC or RAC—present within the organisation, thereby offering more detailed guidance for leveraging these dynamics in the pursuit of enhanced international firm performance.

Hence, we hypothesise that:

H3c: The positive indirect effect of EO on EP through VL is moderated by both PAC and RAC, such that it is stronger at higher levels of both PAC and RAC.

3. Methods

3.1 Sample and data collection

We selected SMEs from key export industries: apparel, tea, rubber, coconut products, spices, diamonds, gems, jewellery, and seafood, due to their significant contributions to the Sri Lankan economy (Central Bank of Sri Lanka, 2022a). We then identified a total of 1,515 SMEs, employing between 11 to 300 individuals, from the registry of the Export Development Board (EDB) of Sri Lanka. A random sample of 385 was chosen, targeting (owner) managers and executives involved in exporting decisions, assuming these roles provide a thorough understanding of essential business operations and can accurately evaluate how learning processes affect their firms. We used a structured self-administered questionnaire to collect data. A preliminary pilot study with 30 responses refined the questionnaire for clarity.

Following two email reminders and a visit, we achieved a 95.3% response rate (367 SMEs), indicating minimal nonresponse bias, confirmed by a t-test (Armstrong & Overton, 1977). The exceptional response rate can be attributed to our strategic approach of collaborating with the EDB, Sri Lanka for initial contact, coupled with conducting personal visits to collect data. This direct and engaged method likely contributed significantly to the high level of participation. After excluding two outliers identified through Mahalanobis distance, 365 responses remained. This process ensures the study's data integrity and relevance to the export sector's dynamics. The demographic details and features of the respondents and selected firms in our study are presented in Table 1.

3.2 Measures

All the latent variable indicators used a seven-point Likert scale, where 1 indicated "strongly disagree" and 7 indicated "strongly agree". EO, the primary independent variable, was structured as a second-order construct with five dimensions (Lumpkin & Dess, 1996) and a reflective-reflective model (Covin & Wales, 2012; George & Marino, 2011). EO was assessed across five dimensions: innovativeness was measured with four indicators using scales from Covin and Slevin (1989) and Zhou et al. (2010); risk-taking was evaluated with three indicators using Covin and Slevin (1989) scale; proactiveness was assessed through four indicators with scales by Covin and Slevin (1989) and Zhou et al. (2010); competitive aggressiveness was assessed with four indicators using scales by Lumpkin and Dess (2001) and Ali et al. (2020); and autonomy was measured with four indicators using the scale by Lumpkin et al. (2009). We used 14 scales used by Flatten et al. (2011) to assess AC, conceptualising PAC (acquisition and assimilation) and RAC (transformation and exploitation) as second-order constructs.

EP was measured using scales by Zou and Stan (1998) and Karami and Tang (2019) as a first-order construct with six indicators. VL was measured with scales from Ali et al. (2020) and

Bao et al. (2020) with five first-order indicators. The model was incorporated with five control variables: firm size (small firms: 11-50 employees and medium firms: 51-300 employees); exporting experience (firms with 5 years or less of exporting experience were defined as early export firms); export sector (tea, apparel, and spices categorised into one group); and export orientation (firms with more than 50 percent exports sales were classed as export-oriented and those under 50 percent as domestic-oriented). In addition, EL was measured using a 7-point Likert scale from Blomstermo et al. (2004) and Karami and Tang (2019). Inclusion of these control variables refines the analysis by accounting for external and internal factors that could influence the relationship between EO and EP. Inclusion of EL as a control will isolate the impact of indirect learning (i.e. VL).

3.3 Data analysis

We selected our analysis methodology based on several considerations. Firstly, we determined that the primary constructs would be treated as a reflective measurement model. Secondly, the model's complexity was recognised due to the presence of direct paths, mediation, and moderation effects. We also aimed to analyse observed data and forecast future outcomes under conditions similar to those of our study. Lastly, we used component scores with a disjoint two-stage method to estimate higher-order constructs. Hence, partial least squares path modelling and PROCESS modelling are deemed appropriate for the assessment of the model (Hair Jr et al., 2021; Riggs et al., 2024). We conducted our analysis using PLS-SEM and PROCESS with SmartPLS 4.1.0.0 (Ringle et al., 2022). The evaluation of our model occurred in two phases: the measurement model in PLS-SEM, followed by an assessment of the structural model in PLS-PROCESS to evaluate the study's hypotheses.

3.4 Common Method Bias (CMB)

Several steps were taken to reduce the potential for CMB, during the research design stage as suggested by MacKenzie and Podsakoff (2012). However, concerns may arise from utilising a single data source for both independent and dependent variables, as highlighted by Podsakoff et al. (2003). Therefore, we also applied a posthoc approach. We employed Harman's one-factor test to evaluate the potential influence of CMB. The variance explained by the primary factor was found to be 33.85%. We checked for the occurrence of variance inflation factor (VIF) greater than 3.3 in lateral collinearity (Kock & Lynn, 2012) for an indication of collinearity and found that all the values are well below, with a maximum of 2.884 (Table 2). These tests indicate that CMB is not a major concern in our data set.

4. Results

4.1 Measurement Model Assessment for Lower-order Construct

Initially, we assessed the validity and reliability of the lower order constructs' item loadings and composite reliability, targeting loadings over 0.7 as per Hair et al. (2019). Items with loadings between 0.40 and 0.70 were removed only if composite reliability or AVE improved, as advised by Hair Jr et al. (2021), while ensuring that items of theoretical importance were not removed. Accordingly, two indicators (EO_Au3: Employees have autonomy in their work approach, EO_CA4: Market share is prioritised over cash flow and profitability) were removed from the further analysis. Table 3 shows that all factor loadings surpass the suggested threshold of 0.70. Similarly, the AVE and CR for all constructs meet or surpass the advised benchmarks of 0.50 (Carlson & Herdman, 2012) and 0.70 (Hair et al., 2019), respectively confirming convergent validity and reliability (see Table 3). Additionally, as depicted in Table 4, discriminant validity was verified based on the HTMT results (Henseler et al., 2015). Further, the Fornell and Larker criterion, a conventional method of confirming discriminant validity,

was also used (Appendix 1- Table a). The variance inflation factor (VIF) for lower-order constructs was also less than 5 (Kock, 2015b), showing a maximum of 3.486 (see Table 3).

4.2 Validating Higher-order Constructs

In this model, which comprises three higher-order constructs (HOCs)—EO, PAC, and RAC—a disjoint two-stage approach was employed for HOC validation as part of the measurement model assessment. This method aligns with the recommendations by Sarstedt et al. (2019) for evaluating each construct's reliability and convergent validity. The outcomes for the HOC's reliability and validity confirm that both reliability and validity criteria have been met (see Appendix 1-Table b). Additionally, the discriminant validity of the HOCs was examined using the Heterotrait-Monotrait (HTMT) ratio and Fornell-Larker criterion, ensuring discriminant validity was achieved (See Appendix 1- Tables c and d).

4.3 Structural Model Evaluation

This research analysed the VIF using scores from latent predictor variables, showing a maximum VIF of 2.051. This is significantly below the widely accepted threshold of 5 (Kock, 2015b), suggesting no multicollinearity issues. The study also assessed the model's effectiveness through R^2 , f^2 , Q^2 , and predictive power metrics. The R^2 value of our model is 0.769, revealing how well exogenous variables explain the variance in endogenous variables, with a notable explanation degree for the dependent variable's R^2 .

The f^2 values were used to examine the impact of removing an exogenous variable from the model. According to the criterion set by Hair et al. (2014), removing EL →EP, EO→EP, and EO→VL would substantially affect the model, while VL→EP would have a small effect. Removing control variables may not have any significant effect on the model. Q^2 assesses the predictive accuracy of the PLS path. According to the criterion specified by Hair Jr et al.

(2021), Q^2 values for all the variables are greater than zero, indicating that all the model variables have medium to large predictive relevance (see Appendix 1- Table e).

We used cross-validation predictive ability test—CVPAT—results to evaluate our model's capacity for out-of-sample prediction in conjunction with in-sample prediction for a single theoretical model with 10folds and 10 repetitions. We compared the PLS-SEM model with indicator average (IA). The results showed negative average loss value difference for the overall model with p-values significantly below 0.05 (see Appendix 1- Table f), suggesting a high predictive power of our model.

Finally, following the method outlined by Sarstedt et al. (2019), we evaluated the model's path coefficients through the application of bootstrapping t-statistics, using 5,000 subsamples as illustrated in Figure 1. The results indicated that all the hypotheses H1: direct effect of EO on EP ($\beta = .200$, $t = 5.206$, $p < .001$) and H2: VL mediates the relationship between EO and EP (H2: $\beta = .157$, $t = 5.084$, $p < .001$) were statistically significant at the 95% confidence level.

Further, the inclusion of the mediator—VL—showed a positive significant indirect effect ($\beta = .157$, $t = 5.084$, $p < 0.001$) while the effect of EO on EP was still positive and significant ($\beta = .358$, $t = 8.382$, $p < 0.001$) (see Table 5). Since the direct and mediated effects point in the same direction, this mediation was categorised as a complementary partial mediation (Zhao et al., 2010).

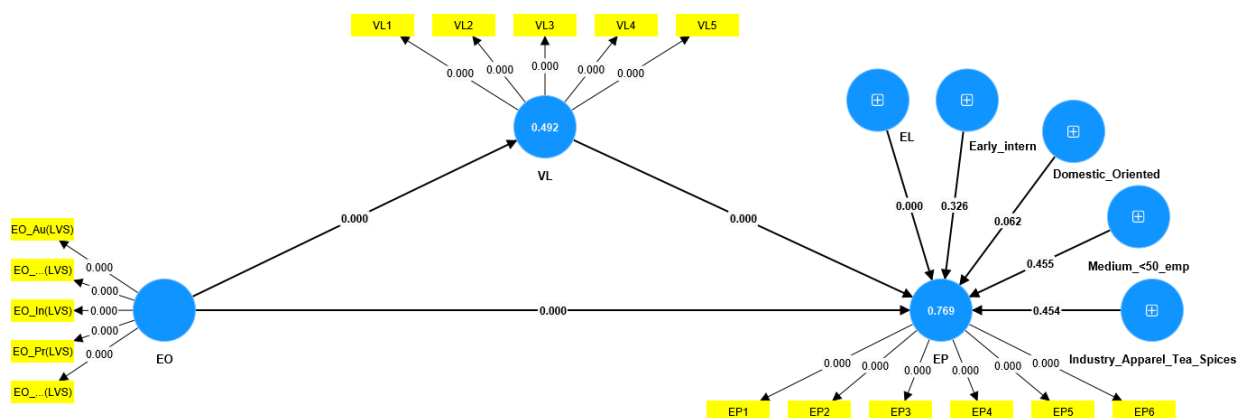


Figure 1: PLS-SEM Model

4.4 Robustness Checks

4.4.1 Assessment of nonlinear effects

To further validate our findings, we conducted multiple additional analyses. Initially, we investigated the presence of potential nonlinearities in the structural model relationships. We incorporated interaction terms to capture the quadratic effects between EO and VL, VL and EP, and EO and EP. The results from bootstrapping with 10,000 samples, without any sign changes, show that none of these nonlinear effects is significant (VL→EP: $p = 0.834$, EO→EP: $p = 0.373$, EO→VL: $p = 0.096$) confirming the model's linearity.

4.4.2 Assessment of endogeneity

We assessed potential endogeneity by following the systematic procedure outlined by Hult et al. (2018). Endogeneity in a multiple regression context occurs when an explanatory variable is correlated with the error term (Wooldridge, 2010), typically due to omitted variables, simultaneity, or measurement errors (Sande & Ghosh, 2018). This assessment began with applying Park and Gupta's (2012) Gaussian copula approach, using the latent variable scores from the original model estimation as input. First, we checked for nonnormal distribution in

potentially endogenous variables by performing the Kolmogorov-Smirnov test with Lilliefors correction on the latent variable scores (Sarstedt & Mooi, 2019) of EO and VL. The results indicate that none of the constructs has normally distributed scores, permitting us to proceed with Park and Gupta's (2012) Gaussian copula approach. The results indicate that none of the Gaussian copulas (EO and VL) are significant (p -value > 0.05). Specifically, considering EP's two predictor constructs as potentially endogenous leads to nonsignificant copulas: 0.11 for EO \rightarrow EP ($p = 0.147$), -0.16 for EO \rightarrow VL ($p = 0.109$), and 0.008 for VL \rightarrow EP ($p = 0.314$). We also examined all other combinations of Gaussian copulas in the model, and none was significant (see Appendix 1- Table g). Therefore, we conclude that endogeneity is not an issue in this study, affirming the robustness of the structural model results (Hult et al., 2018).

4.4.3 Unobserved heterogeneity

Finally, our analysis extended to examining the model's unobserved heterogeneity using FIMIX-PLS, targeting four distinct segments and applying a stopping criterion of criterion ($10^{-10} = 1.0E-10$). We set the iteration cap at 10,000, repeating the process 10 times. A post hoc power analysis, assuming an effect size of 0.15 and a power level of 80%, suggested that a minimum sample size of 85 is required to identify as many as four segments effectively. Accordingly, we reran FIMIX-PLS for two to four segments. The results suggest that AIC3, CAIC, and AIC4 point to a four-segment solution, while BIC points towards a two-segment solution. Finally, MDL5 points to a one-segment solution, varying from all other criteria (see Appendix- Table h). Thus, the analysis does not definitively indicate a particular segment solution. As a result, we infer that the level of unobserved heterogeneity is not markedly substantial, which, in turn, supports the credibility of the analysis performed on the full dataset.

4.5 Moderation Effects of RAC and PAC

In the mediation analysis, we intend to analyse whether EO influences EP through VL, and whether the relationship is conditioned by the PAC and RAC. Based on Cheah et al. (2021), we used a conditional mediation (CoMe) model in our study to simultaneously analyse complex relationships between latent variables and address measurement errors in multiitem measurements, overcoming the limitations of traditional methods. We used Smart PLS-PROCESS (Ringle et al., 2022) to analyse the CoMe model.

In our model, the two associated moderator variables—PAC and RAC—are associated with the first and second stages of the mediation process, respectively (see Figure 2). Our goal is to assess the rate of change of the mediated relationship. Therefore, our model fits with Model D (two distinct moderating factors influencing stage one and two of the mediated effect) as defined by Hayes (2018). The 'interaction term' (ω) and the CoMe effect equation were calculated using the following equation.

$$\begin{aligned} \text{CoMe effect} &= p1 \cdot p2 + (p2 \cdot p5)W + (p1 \cdot p7)Z + p5 \cdot p7WZ \\ \omega &= p2 \cdot p5 + p1 \cdot p7 \end{aligned}$$

where, ω : interaction term, $p1$: path coefficients of $EO \rightarrow VL$ path, $p2$: path coefficients of $VL \rightarrow EP$ path, $p5$: interaction effect of PAC and path coefficients of $EO \rightarrow VL$ path, $p7$: interaction effect of RAC and path coefficients of $VL \rightarrow EP$ path, W : stage-one moderator-PAC, Z : stage-two moderator- RAC

The PLS-PROCESS results indicate that the index value of PAC for moderated mediation is insignificant [index = 0.013, SD = 0.043, 95% CI= (-0.075 – 0.093), $p = 0.758$], showing no significant moderation effect of PAC on the $EO \rightarrow VL$ relationship. Further, the index value of RAC for moderated mediation $VL \rightarrow EP$ is significant [index = 0.081, SD = 0.023, 95% CI = (0.038 – 0.128), $p = 0.001$]. However, when PAC is combined with RAC for moderated mediation, it becomes significant [index = 0.043, SD = 0.015, 95% CI = (0.019 – 0.068), $p = 0.036$], highlighting the combined effect's significance (see Table 6).

In examining the moderated indirect effects of EO on EP through VL, conditioned by varying levels of PAC and RAC, our analysis reveals significant moderated mediation effects, affirming the complexity of these relationships. Specifically, the index of moderated mediation was found to be significant, indicating that the strength and direction of the indirect relationship between EO and EP through VL are contingent upon the levels of PAC and RAC.

The results demonstrate that the indirect effect of EO on EP through VL is more obvious when both PAC and RAC are at high levels (+1 SD), with an effect size of 0.249 (95% CI: 0.152 – 0.362, $p < 0.001$). This effect size diminishes when RAC is at a low level (-1 SD), even when PAC remains high, showing a conditional indirect effect size of 0.109 (95% CI: 0.022 – 0.202, $p = 0.017$). A similar pattern of moderated mediation is observed when PAC and RAC are at their mean levels or when PAC is at a low level (-1 SD), indicating a nuanced interplay between EO, VL, and EP under different AC conditions.

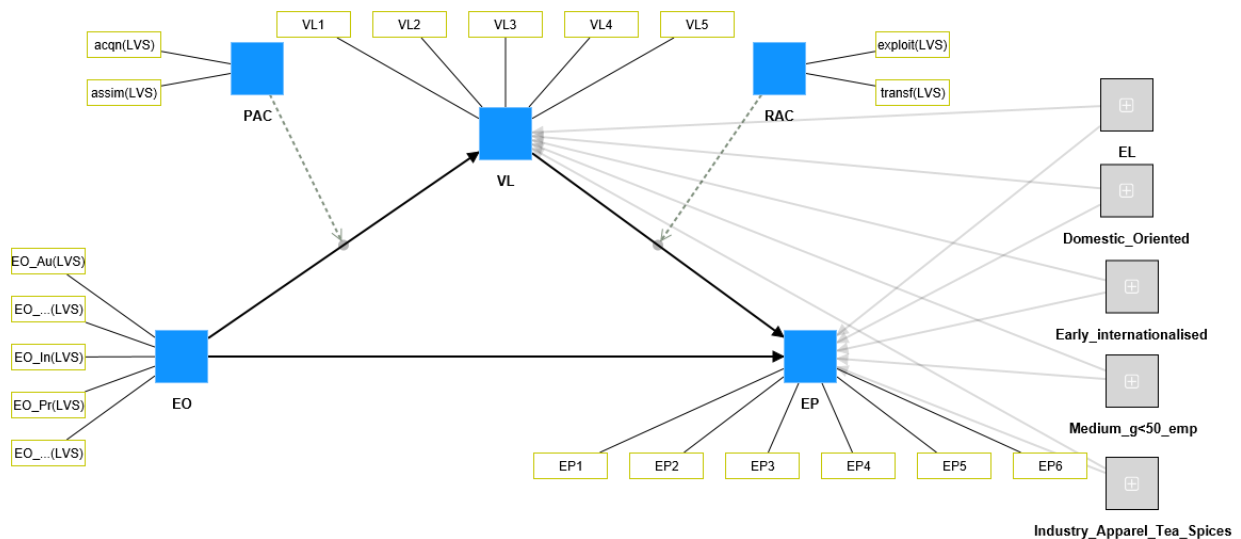


Figure 2: PLS-PROCESS Moderated Mediation Model

The effect sizes are relatively stable across conditions where PAC is varied, but RAC remains constant, suggesting that RAC plays a more vital role in moderating the indirect effect of EO

on EP through VL. For instance, with RAC at +1 SD, the conditional indirect effect sizes are 0.249, 0.242, and 0.246 for PAC at +1 SD, -1 SD, and Mean, respectively, all significant at $p < 0.001$. Conversely, when RAC is at -1 SD, the conditional indirect effect sizes are notably lower, regardless of the level of PAC, underscoring the critical role of RAC in leveraging EO through VL for enhanced EP (see Table 7).

These findings emphasise the importance of both potential and realised ACs in strengthening the VL pathway from EO to EP. They highlight the conditional nature of these relationships and suggest that firms with higher levels of both PAC and RAC are better positioned to translate EO into EP gains through VL mechanisms. The results of the analysis are summarised in Table 8.

5 Discussion and Conclusion

The results underscore several significant findings of the study. First, a complementary mediation of VL was found between EO and firms' EP, and the positive direct effect was also significant. This finding aligns with the claims of the literature that the impact of EO is direct (Dadzie et al., 2021; Gupta & Batra, 2016; Monteiro et al., 2019; Mostafa et al., 2005) and also occurs through specific learning processes such as VL (Bao et al., 2020; Perera et al., 2023). This relationship underscores the strategic importance of EO in fostering a competitive edge in international markets through innovation, risk-taking, proactiveness, competitive aggressiveness, and autonomy. Further, these findings support the assertion that firms in resource-constrained environments can benefit through VL to maintain EO in the firms (Bao et al., 2020; Desouza & Awazu, 2006).

The mediation effect of VL between EO and EP further enriches our understanding of how SMEs from emerging markets leverage external knowledge and experiences to sustain their export strategies. This finding is consistent with the theoretical underpinnings of social learning

theory (Bandura, 1977). It extends its application to the context of internationalising SMEs, highlighting the efficiency of learning from others' successes and failures to refine export strategies without incurring the direct costs of experimentation (Posen & Chen, 2013; Simon & Lieberman, 2010).

Moreover, our exploration into the moderating roles of PAC and RAC reveals distinct dynamics that condition the effectiveness of EO and VL in enhancing EP in SMEs. The significant moderated mediation effects indicate that the benefits of EO on EP through VL are contingent upon the levels of PAC and RAC within the firm. Additionally, according to our knowledge, this is the first investigation that identifies the moderation effect of PAC and RAC on the indirect relationship between EO and EP through VL. This finding suggests that firms with higher levels of PAC improve the identification and assimilation of external knowledge, which, in turn, enhances the efficacy of VL in improving EP. Similarly, firms with high RAC are better positioned to transform and exploit the vicariously learned knowledge, translating it into competitive advantages in foreign markets (Jansen et al., 2005; Zahra & George, 2002).

The conditional nature of these relationships—firms with higher levels of both PAC and RAC, or those with higher levels of RAC alone, are better positioned to translate EO into EP gains through VL mechanisms—highlights the critical role of AC in enabling firms to effectively leverage EO and VL for EP. This insight contributes to the broader academic discussions on the strategic management of knowledge and learning in international business, suggesting that firms must not only cultivate an entrepreneurial orientation but also develop robust mechanisms for absorbing and applying external knowledge to thrive in competitive global markets. This finding is consistent with previous studies which have claimed that both PAC and RAC are important for firms to achieve success (Jansen et al., 2005; Miroshnychenko et al., 2021; Patel et al., 2015; Todorova & Durisin, 2007; Volberda et al., 2010).

The theoretical contribution of this study is significant as it integrates social learning theory and the knowledge-based view to provide a comprehensive understanding of the EO–EP relationship in international SMEs. By demonstrating how VL and AC mediate and moderate this relationship, respectively, this study extends the application of SLT and KBV in the context of international business. Specifically, it highlights the importance of VL as a mechanism through which EO impacts EP and elucidates how PAC and RAC enhance this process. This nuanced understanding underscores the strategic value of fostering an entrepreneurial orientation and developing absorptive capacities to leverage external knowledge effectively.

Furthermore, the study's findings on the nonsignificant control variables suggest that the observed relationships between EO, VL, EP, PAC, and RAC are robust and not unduly influenced by factors such as firm size, exporting experience, or industry sector.

Our theoretical contributions are twofold: First, we extend SLT by applying it at the firm level, demonstrating how vicarious learning mediates the effects of EO in internationalising SMEs. Second, we contribute to KBV by showing that absorptive capacity—specifically, the differentiated roles of PAC and RAC—conditions the impact of externally acquired knowledge on EP. Together, these contributions deepen our understanding of how entrepreneurial firms in emerging markets leverage knowledge for competitive advantage.

While these findings reinforce the generalisability of the study's conclusions across different contexts within the key export industries examined, they also raise questions about the potential influences of unexamined factors, which could address the potential endogeneity issues present in this study. Further research could explore the integration of dynamic capabilities theory to examine how firms continuously adapt and reconfigure their business strategies to maintain competitive advantage in volatile international markets.

Finally, the significant role of AC in not only assimilating but also storing knowledge for future use is highlighted. Building on these insights, future research would be enriched by conducting a longitudinal study to explore how stored knowledge is activated and utilised over time. This approach could significantly deepen our understanding of how such processes impact long-term EP. Our findings have practical implications for SMEs in emerging markets, offering strategic guidance on leveraging VL and AC to overcome resource constraints and achieve competitive advantage in international markets. Furthermore, our study anticipates the evolving needs of SMEs in a globalised economy, aligning with the concept of foresight by addressing future challenges and opportunities in SME internationalisation.⁴

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Tables

Table 1

Demographic profiles of the respondents and firm

Characteristic	Frequency	%
Gender of the owner		
Male	340	93
Female	27	7
Owner's experience		
Less than or equal 5 Years of experience	24	7
Greater than 6 years but less than 20 years of experience	129	35
Greater than 20 years of experience	214	58
Export earliness of the firms		
Firms started exports within first 5 years or less from the year of establishment	233	63
Firms started exports after 5 years of establishment	134	37
Employees in the firm		
Small firms (employees 11-50)	189	51
Medium firms (employees 51-300)	178	49
Export Sector		
Apparel	85	23
Tea	75	20
Rubber and rubber-based products	40	11
Coconut and coconut-based products	36	10
Spices	74	20
Diamonds, gems, and jewellery	26	7
Seafood	31	8
Export Orientation		
Domestic oriented	103	28
Export oriented	264	72

Notes: VIF: Variance inflation factor. EL: Experiential Learning. EP: Export Performance. EO; Entrepreneurial Orientation. VL: Vicarious Learning. PAC; Potential Absorptive Capacity. RAC: Realised Absorptive Capacity.

Table 2

Lateral Collinearity- VIF values

EO → EP	EO→VL	PAC → VL	RAC → EP	VL → EP	PAC*EO → VL	RAC*EO → VL
2.564	1.121	1.344	1.041	2.461	1.376	1.038

Notes: VIF: Variance inflation factor. EL: Experiential Learning. EP: Export Performance. EO; Entrepreneurial Orientation. VL: Vicarious Learning. PAC; Potential Absorptive Capacity. RAC: Realised Absorptive Capacity.

Table 3*Measurement model statistics (Lower-order model)*

Construct	Dimension	Item	CA	rho_a	rho_c	AVE	Loading	VIFs					
EO	In	EO_In1 ← EO_In	0.834	0.844	0.889	0.666	0.799	2.946					
		EO_In2 ← EO_In					0.798						
		EO_In3 ← EO_In					0.856						
		EO_In4 ← EO_In					0.810						
	RT	EO_RT1 ← EO_RT	0.866	0.883	0.918	0.789	0.837	2.762					
		EO_RT2 ← EO_RT					0.895						
		EO_RT3 ← EO_RT					0.931						
	Pr	EO_Pr1 ← EO_Pr	0.876	0.876	0.915	0.73	0.831	2.221					
		EO_Pr2 ← EO_Pr					0.875						
		EO_Pr3 ← EO_Pr					0.899						
		EO_Pr4 ← EO_Pr					0.810						
	CA	EO_CA1 ← EO_CA	0.767	0.817	0.862	0.677	0.730	1.513					
		EO_CA2 ← EO_CA					0.879						
		EO_CA3 ← EO_CA					0.851						
	Au	EO_Au1 ← EO_Au	0.871	0.884	0.92	0.794	0.909	3.486					
		EO_Au2 ← EO_Au					0.892						
EO_Au4 ← EO_Au		0.871											
AC	PAC	AC1 ← acq	0.857	0.972	0.91	0.772	0.936	2.073					
		AC2 ← acq					0.849						
		AC3 ← acq					0.849						
		AC4 ← assim					0.852		0.924	0.894	0.68	0.694	2.933
		AC5 ← assim					0.877						
		AC6 ← assim					0.907						
		AC7 ← assim					0.806						
	AC	AC8 ← transf	0.871	0.879	0.911	0.72	0.83	2.512					
		AC9 ← transf					0.875						
		AC10 ← transf					0.879						
		AC11 ← transf					0.808						
		AC12 ← exploi					0.88		0.882	0.926	0.807	0.905	2.398
		AC13 ← exploi					0.88						
		AC14 ← exploi					0.91						
EP	EP1 ← EP	0.921	0.925	0.938	0.718	0.769							
	EP2 ← EP					0.787							
	EP3 ← EP					0.877							
	EP4 ← EP					0.872							
	EP5 ← EP					0.89							
	EP6 ← EP					0.882							
VL	VL1 ← VL	0.931	0.935	0.948	0.785	0.806	2.026						
	VL2 ← VL					0.902							
	VL3 ← VL					0.918							
	VL4 ← VL					0.887							
	VL5 ← VL					0.912							

Notes: CA: Cronbach's Alpha, AVE: Average Variance Extracted, VIF: Variance inflation factor, EL:

Experiential Learning, EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning, AC: Absorptive Capacity, In: Innovativeness, RT: Risk-taking, Pr: Proactiveness, CA: Competitive aggressiveness, Au: Autonomy, acq: acquisition, assim: assimilation, transf: transformation, exploit: exploitation.

Table 4

HTMT Results (Lower-order model)

	EO_Au	EO_CA	EO_In	EO_Pr	EO_RT	EP	VL	acq	assim	exploit	transf
EO_Au											
EO_CA	0.555										
EO_In	0.876	0.623									
EO_Pr	0.755	0.625	0.719								
EO_RT	0.870	0.466	0.828	0.651							
EP	0.652	0.564	0.616	0.777	0.577						
VL	0.713	0.446	0.698	0.639	0.67	0.765					
acq	0.104	0.095	0.201	0.093	0.155	0.175	0.104				
assim	0.149	0.11	0.232	0.199	0.197	0.277	0.109	0.837			
exploit	0.198	0.135	0.177	0.229	0.198	0.324	0.161	0.534	0.708		
transf	0.189	0.154	0.188	0.279	0.233	0.355	0.171	0.482	0.692	0.830	

Notes: EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning, In: Innovativeness, RT: Risk-taking, Pr: Proactiveness, CA: Competitive aggressiveness, Au: Autonomy, acq: acquisition, assim: assimilation, transf: transformation, exploit: exploitation, EL: Experiential Learning.

Table 5

Total and direct effects of EO and EP relationship

Effect	β	SD	<i>t</i> value	<i>p</i> value	95% CIBC		Mediation Type
					2.5%	97.5%	
Total effect	0.358	0.043	8.382	0.000	0.287	0.427	-
Direct effect	0.200	0.040	5.026	0.000	0.136	0.266	-
EO → VL → EP (Indirect effects)	0.157	0.031	5.084	0.000	0.107	0.208	Complementary (Mediation)

Notes: EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning

Table 6*PLS-PROCESS Results*

	Path Coefficient	SD	T statistics	P values
EO → EP	0.345	0.07	4.899	0.000
EO → VL	0.927	0.09	10.274	0.000
PAC → VL	-0.034	0.07	0.483	0.629
RAC → EP	-0.225	0.121	1.858	0.063
VL → EP	0.191	0.041	4.619	0.000
PAC * EO → VL	0.013	0.043	0.308	0.758
RAC * VL → EP	0.081	0.023	3.477	0.001
(VL → EP * PAC x EO → VL) + (EO → VL * RAC x EO → VL)	0.043	0.015	2.839	0.036

Notes: EO: Entrepreneurial Orientation, Export Performance, VL: Vicarious Learning, PAC: Potential Absorptive Capacity, RAC: Realised Absorptive Capacity.

Table 7*Moderated Indirect Effects*

Moderated indirect relationship	Direct effect	Indirect effect	Confidence Interval	P value
Entrepreneurial Orientation → Vicarious Learning → Export Performance	0.345 (t = 4.899)	0.177 (t = 4.372)	0.101-0.260	0.000
Probing moderated indirect relationships				
EO → VL → EP conditional on PAC at +1 SD and RAC at +1 SD		0.249	0.152-0.362	0.000
EO → VL → EP conditional on PAC at +1 SD and RAC at -1 SD		0.109	0.022-0.202	0.017
EO → VL → EP conditional on PAC at +1 SD and RAC at Mean		0.179	0.099-0.271	0.000
EO → VL → EP conditional on PAC at -1 SD and RAC at +1 SD		0.242	0.158-0.338	0.000
EO → VL → EP conditional on PAC at -1 SD and RAC at -1 SD		0.106	0.022-0.290	0.013
EO → VL → EP conditional on		0.174	0.102-0.253	0.000

PAC at -1 SD and RAC at Mean			
EO→VL → EP conditional on PAC at Mean and RAC at +1 SD	0.246	0.156-0.348	0.000
EO →VL→EP conditional on PAC at Mean and RAC at -1 SD	0.108	0.022-0.196	0.014
EO → VL → EP conditional on PAC at Mean and RAC at Mean	0.177	0.101-0.260	0.000

Notes: EO: Entrepreneurial Orientation, Export Performance, VL: Vicarious Learning, PAC: Potential Absorptive Capacity, RAC: Realised Absorptive Capacity.

Table 8

Summary of Hypothesis

Hypothesis	Description	Supported?
H1	EO has a positive direct impact on EP	Yes
H2	VL mediates the relationship between EO and EP. The positive impact of EO on EP is strengthened when firms actively engage in learning from the experiences of others in the industry.	Yes
H3a	PAC moderates the relationship between EO and VL, such that the higher the PAC, the stronger the influence of EO on VL.	No
H3b	RAC moderates the relationship between EO and EP mediated by VL, such that the higher the RAC, the stronger the influence of VL on EP.	Yes
H3c	The positive indirect effect of EO on EP through VL is moderated by both PAC and RAC, such that it is stronger at higher levels of both PAC and RAC.	Yes

Notes: EO: Entrepreneurial Orientation, Export Performance, VL: Vicarious Learning, PAC: Potential Absorptive Capacity, RAC: Realised Absorptive Capacity.

8 Appendix 1

Table a

Fornell-Larker Criterion (Lower-Order model)

	EO_Au	EO_CA	EO_In	EO_Pr	EO_RT	EP	VL	acqu	assim	exploit	transf
EO_Au	0.891										
EO_CA	0.464	0.823									
EO_In	0.745	0.520	0.816								
EO_Pr	0.661	0.520	0.617	0.854							
EO_RT	0.763	0.404	0.706	0.569	0.888						
EP	0.591	0.489	0.553	0.700	0.520	0.847					
VL	0.651	0.407	0.630	0.580	0.608	0.716	0.886				
acqu	0.087	0.057	0.171	0.075	0.140	0.166	0.100	0.879			
assim	0.137	0.081	0.194	0.195	0.169	0.277	0.114	0.705	0.825		
exploit	0.170	0.109	0.152	0.200	0.169	0.288	0.147	0.475	0.628	0.898	
transf	0.168	0.132	0.171	0.251	0.203	0.319	0.159	0.428	0.644	0.729	0.849

Notes: EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning, AC: Absorptive Capacity, In: Innovativeness, RT: Risk-taking, Pr: Proactiveness, CA: Competitive aggressiveness, Au: Autonomy, acqu: acquisition, assim: assimilation, transf: transformation, exploit: exploitation.

Table b

Measurement Model Statistics (Higher-order Model)

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
EO	0.878	0.894	0.912	0.677
PAC	0.843	0.847	0.927	0.864
RAC	0.827	0.984	0.916	0.845

Notes: EO: Entrepreneurial Orientation, VL: Vicarious Learning, PAC: Potential Absorptive Capacity, RAC: Realised Absorptive Capacity

Table c*HTMT Results (Higher-order Model)*

	EO	EP	PAC	RAC	VL	PAC x EO	RAC x VL
EO							
EP	0.762						
PAC	0.261	0.375					
RAC	0.200	0.276	0.759				
VL	0.765	0.765	0.184	0.130			
PAC x EO	0.287	0.235	0.465	0.226	0.206		
RAC x VL	0.148	0.014	0.196	0.06	0.057	0.574	

Notes: EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning, PAC: Potential Absorptive Capacity, RAC: Realised Absorptive Capacity

Table d*Fornell-Larker Results (Higher-order Model)*

	EO	EP	PAC	RAC	VL
EO	0.823				
EP	0.692	0.847			
PAC	0.228	0.324	0.93		
RAC	0.181	0.252	0.657	0.919	
VL	0.701	0.719	0.166	0.118	0.886

Notes: EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning, PAC: Potential Absorptive Capacity, RAC: Realised Absorptive Capacity

Table e*f² and Q² Predict Values of the Model*

	<i>f²</i>		<i>Q² predict</i>
Domestic_Oriented → EP	0.007	EP	0.734
EL → EP	0.769	VL	0.488
EO → EP	0.081		
EO → VL	0.968		
Early_Internationalised → EP	0.001		
Medium_>50_emp → EP	0.000		
VL → EP	0.093		

Notes: EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning, Medium_>50_emp: Medium firms who have greater than 50 employees

Table f*Predictive Power of the Model*

	PLS loss	IA loss	Average loss difference	t value	p value
EP	1.247	2.692	-1.446	9.791	0.000
VL	1.84	2.928	-1.088	6.646	0.000
Overall	1.516	2.799	-1.283	9.005	0.000

Notes: EP: Export Performance, VL: Vicarious Learning

Table g:*Gaussian Copula Results*

	Original sample (O)	T statistics	P values
GC ¹ (EO) → VL	-0.16	1.603	0.109
GC ¹ (EO) → EP	0.132	1.822	0.069
GC ¹ (VL) → EP	0.109	1.41	0.159
GC ²¹ (EO) → EP	0.132	1.822	0.069
GC ²¹ (EO) → VL	-0.16	1.603	0.109
GC ²² (EO) → VL	-0.16	1.603	0.109
GC ²² (VL) → EP	0.109	1.41	0.159
GC ²³ (VL) → EP	0.08	1.007	0.314
GC ²³ (EO) → EP	0.11	1.45	0.147
GC ³ (EO) → EP	0.11	1.45	0.147
GC ³ (EO) → VL	-0.16	1.603	0.109
GC ³ (VL) → EP	0.08	1.007	0.314

Notes: GC¹: Single Gaussian Copula, GC²: Two Gaussian Copula Combinations, GC³: Three Gaussian Copula Combinations, EP: Export Performance, EO: Entrepreneurial Orientation, VL: Vicarious Learning.

Table h:*Fit Indices for the One to Four-Segment Solutions*

Criteria	No. of segments			
	1	2	3	4
AIC (Akaike's information criterion)	1310.418	1200.173	1156.868	1098.182
AIC3 (modified AIC with Factor 3)	1320.418	1221.173	1188.868	1141.182
CAIC (consistent AIC)	1330.418	1242.173	1220.868	1184.182
AIC4 (modified AIC with Factor 4)	1349.417	1282.071	1281.664	1265.877
BIC (Bayesian information criterion)	1359.417	1303.071	1313.664	1308.877
MDL5 (minimum description length with factor 5)	1585.413	1777.662	2036.851	2280.66
EN (normed entropy statistic)	0	0.53700	0.59000	0.56500

CHAPTER FIVE

Conclusion

5.1 Chapter Introduction

This chapter serves as a critical reflection on the key findings and contributions of this thesis, drawing together the theoretical and empirical work that has been conducted. Throughout the previous chapters, I explored the concept of EO, its dimensions, and its impact on EP of SMEs in an emerging market context. The central aim of this thesis has been to address the overarching question: How do SMEs in emerging markets leverage EO to enhance their EP under conditions of resource constraints? The first manuscript of this thesis—the book chapter included in the literature review chapter—laid the conceptual groundwork by examining the two major perspectives of definitions in the literature of EO as framed by Miller (1983) and Lumpkin and Dess (1996), while the subsequent two empirical studies in chapters three and four, investigated the pathways through which EO drives EP, mediated by learning and networking mechanisms and conditioned by AC. Together, these three manuscripts form a cohesive body of work that advances the understanding of EO in the internationalisation of SMEs in emerging markets.

The study demonstrates how EO dimensions—innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—contribute to EP, while deeply investigating how EL and VL, alongside FN and InfN, mediate the EO–EP relationship (Chapter 3). Chapter 3 highlights that FN significantly mediates the EO–EP path, whereas InfN does not, and shows how SMEs benefit from combining both EL and VL to overcome knowledge and resource constraints. Further, Chapter 4 stresses the importance of VL by examining how PAC and RAC condition the VL-mediated EO–EP relationship. VL is found to be a strong mediator, and both PAC and RAC significantly strengthens the path from VL to EP at higher levels of AC, revealing a conditional mediation effect that highlights the role of AC in SME EP.

Each manuscript however addresses distinctive research questions, and thus presents unique findings and contributions to the field. In this chapter, I will summarise the key insights derived from these analyses, offering a cohesive overview of how EO operates across different business contexts. In doing so, I underscore how this study offers both theoretical and empirical advancements to the understanding of EO in emerging markets, particularly in the context of Sri Lankan SMEs, a country that exemplifies the institutional and resource-based challenges facing internationalising SMEs.

5.2 Findings and Contributions to Research

Manuscript 1, together with literature review chapter, systematically evaluated the conceptual foundations and evolution of EO. The analysis highlighted two dominant theoretical perspectives: the unidimensional view proposed by Miller (1983) and subsequently operationalised by Covin & Slevin (1989), and the multidimensional approach advanced by Lumpkin and Dess (1996). The former conceptualises EO as a unified strategic posture consisting of innovativeness, risk-taking, and proactiveness that must covary, while the latter expands EO into five dimensions—adding competitive aggressiveness and autonomy—and posits that each dimension can vary independently depending on contextual factors.

This debate has led to divergent interpretations and operationalisations of EO in the entrepreneurship literature. While early studies often regarded EO as a universally applicable construct, more recent research—including this thesis—emphasises the importance of context, especially in emerging markets (Etemad, 2021; Lee & Peterson, 2000). One ongoing concern in EO scholarship is whether unidimensional or multidimensional measures offer greater conceptual clarity, predictive validity, and methodological robustness (Bergkvist & Rossiter, 2007; Wales et al., 2013).

My literature review synthesised both meta-analyses and milestone contributions, concluding that the choice between unidimensional and multidimensional EO constructs should be determined by the research objective. As Wales et al. (2013) argue, there is no universally superior approach; rather, the decision must be guided by what the researcher aims to uncover. If the goal is to test EO as a holistic orientation or compare across broad samples, a unidimensional approach may suffice. However, if the aim is to understand how different EO dimensions uniquely affect outcomes, especially within specific contexts like emerging markets, a multidimensional construct is more appropriate.

Given one of the central research questions of this study—"How does each dimension of EO individually and collectively impact the EP of SMEs in emerging markets?"—a multidimensional approach was not only justified but essential. Emerging markets present a complex and volatile institutional environment in which the effects of innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy are likely to vary. To address this, my study adopted the multidimensional model of EO (Lumpkin & Dess, 1996) and treated EO as a reflectively measured construct with five distinct yet interrelated dimensions.

This methodological choice allowed for several key contributions. First, it enabled the disaggregation of EO to examine the individual and combined impact of each dimension on EP. Second, it provided a nuanced understanding of EO's functioning in resource-constrained and institutionally volatile settings, which have traditionally been underrepresented in the EO literature. Third, it permitted the examination of potential mediators and moderators (e.g., learning, networking, absorptive capacity), shedding light on how and under what conditions EO drives export success in SMEs.

While unidimensional scales offer parsimony and are efficient in large-sample surveys (Drolet & Morrison, 2001), they risk oversimplifying complex constructs. In contrast,

multidimensional scales—though more resource-intensive—offer richer interpretive insights and theoretical precision (İpek et al., 2023). By employing a multidimensional EO framework, my study advances the literature by demonstrating the contextual relevance of each EO dimension and how their configurations contribute differently to firm-level performance in emerging markets.

Manuscript 2 addresses two critical research questions concerning SMEs in emerging markets: (1) how the individual and collective dimensions of entrepreneurial orientation (EO) influence EP, and (2) how SMEs simultaneously utilise different exploratory and exploitative types of learning (experiential and vicarious) and networking (formal and informal) to enhance EO and ultimately improve EP. Anchored in the RBV and ambidexterity theory, the study integrates both the strategic relevance of EO (why EO matters) and the operational mechanisms through which firms deploy capabilities (how EO is realised).

Empirical evidence from 365 Sri Lankan manufacturing SMEs confirms that EO significantly enhances EP; however, the contribution of EO dimensions is not uniform. Findings revealed that *proactiveness* is the most critical EO dimension for EP, while innovativeness and autonomy are less significant in the context of resource-constrained emerging markets. *Both* EL and VL significantly mediate the EO–EP link, underscoring the importance of balancing exploration and exploitation in learning types. Additionally, *only* formal networking plays a crucial mediating role, while InfN does not significantly influence EP in this context. These findings answer the call for deeper exploration of mediating mechanisms made by Hossain et al. (2023) and Kalinic and Brouters (2022).

The nuanced findings of this study, which emphasise the significance of proactiveness while underscoring the limited role of innovativeness and autonomy, and advising against a focus on informal networking, further challenge and refine the traditional resource bricolage theory.

Resource bricolage, typically focused on making the best out of limited resources through improvisation (Baker & Nelson, 2005), may not fully capture the strategic dimension of EO that requires forward-looking, proactive behaviours. Proactiveness, as highlighted, entails anticipating market trends and acting upon them before competitors do, necessitating a forward allocation of resources that might extend beyond mere recombining or repurposing as suggested by bricolage (e.g., George & Bock, 2011). Conversely, the lesser emphasis on innovativeness in resource-constrained settings challenges the bricolage assumption that innovation is primarily about creatively using available resources. Instead, this finding suggests that in certain contexts such as emerging market of Sri Lanka, the returns on resource-intensive innovation activities do not justify their costs (Harms et al., 2010). Additionally, the finding that InfN is less crucial aligns with a strategic view where formal networks offering more structured and reliable resources might be more valuable than the often ad hoc and unpredictable resources from InfN (Vissa, 2012). These insights suggest that the strategic application of EO, particularly in how resources are managed and prioritised according to the varying importance of its dimensions, offers a more nuanced approach to achieving entrepreneurial success than what might be captured by traditional resource bricolage theory alone (e.g., Sarason et al., 2006).

Theoretically, this study makes several important contributions. First, it extends the resource-based view by emphasizing that the value of firm-specific resources and capabilities is context-dependent. While RBV traditionally claims that firms achieve competitive advantage by leveraging unique and valuable resources, this study shows that the effectiveness of such resources—particularly EO dimensions and associated learning and networking capabilities—varies significantly across institutional and economic contexts such as those found in emerging markets. Second, the study extends the application of ambidexterity theory to the context of emerging markets and international entrepreneurship. It demonstrates that balancing

exploratory and exploitative learning and networking activities is critical for export performance in resource-constrained settings. Third, the study contributes theoretically by integrating ambidexterity theory with RBV, showing how the dynamic configuration and deployment of EO and related capabilities (i.e., learning and networking) serve as mechanisms for achieving optimal performance outcomes under uncertainty.

These nuanced insights also refine resource bricolage theory, which emphasizes improvisation and informal resource use. Our findings suggest that forward-looking, proactive strategies and strategically developed capabilities—rather than informal improvisation alone—are more instrumental for entrepreneurial success in emerging market SMEs.

In the third manuscript of this thesis, I investigated how EO influences EP in SMEs, with a focus on the mediating role of VL and the moderating effects of AC, particularly its PAC and RAC dimensions. The findings provide important theoretical and practical insights into the mechanisms through which resource-constrained firms in emerging markets leverage external knowledge to improve EP.

To empirically test this framework, I administered a structured survey involving 365 SMEs across key export industries. The data collected was analysed using partial least squares structural equation modelling (PLS-SEM) and PROCESS modelling techniques. These robust analytical methods allowed an in-depth assessment of the complex relationships between variables and enabled us to test both mediation and moderation effects simultaneously.

The results confirm that VL significantly mediates the EO–EP relationship. This supports SLT, demonstrating that SMEs can enhance EP by learning from the experiences of other firms, especially when direct learning is costly or impractical in emerging markets. This contribution underscores the importance of SMEs’ learning from the experiences and practices of other firms to enhance their own export outcomes. Additionally, the moderating effect of AC

emphasises that an SME's ability to recognise, assimilate, and apply external knowledge can strengthen the positive impact of EO on EP. While this thesis corroborates existing views on VL, it extends them by demonstrating VL's mediating role between EO and EP in Sri Lankan SMEs. While previous studies recognise VL as beneficial for SMEs by allowing them to learn from others without direct experience (e.g., Baum et al., 2000; Luo & Peng, 1999; Posen & Chen, 2013; Simon & Lieberman, 2010), our findings reveal that VL's effectiveness significantly hinges on the firm's AC. This nuanced understanding contributes to the broader discourse by emphasising the conditional effectiveness of VL, suggesting that mere exposure to external knowledge is insufficient unless paired with the capacity to assimilate and apply this knowledge effectively

These findings contribute to theory in three key ways. First, they extend SLT by demonstrating that VL at the firm level requires strong internal capabilities to generate performance benefits. Second, they refine AC theory by showing that PAC and RAC have distinct, complementary roles, with RAC being more instrumental in realising the value of VL. Third, they offer a contextualised understanding of learning-performance dynamics in emerging market SMEs, highlighting that EO alone is insufficient without the internal capabilities to absorb and apply external knowledge.

Overall, this research enriches our understanding of the learning, networking, and AC mechanisms through which EO influences EP in SMEs. It demonstrates that not only do entrepreneurial behaviours drive performance outcomes, but also that the learning and networking processes and knowledge absorption capabilities of the firm are equally vital.

Beyond the individual contributions outlined, the manuscripts collectively highlight several overarching themes and insights that advance the understanding of the relationship between EO and EP in SMEs, particularly within emerging market contexts. Collectively, the research

emphasises the importance of viewing EO as a multidimensional construct rather than a unidimensional one. By dissecting the individual dimensions of EO—innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness—the articles demonstrate how each facet uniquely contributes to EP. This multidimensional perspective provides a more nuanced understanding that challenges the assumption of EO's universal applicability, highlighting how contextual variations in emerging markets like Sri Lanka can influence the effectiveness of different EO dimensions.

The collective work of this thesis integrates and extends multiple theoretical perspectives—ambidexterity theory, RBV, SLT, and the KBV of the firm. This integration provides a robust framework for understanding the dynamic interplay between EO and EP in SMEs. Furthermore, this integration allows for a more comprehensive framework that explains not just that EO influences EP, but *how* and *why* it does so. The theoretical contributions of this study are significant and provide new insights into existing frameworks:

Ambidexterity theory: The research advances our understanding of ambidexterity in SMEs in emerging market contexts by empirically demonstrating how EO enables firms to engage in both explorative and exploitative learning types effectively and therefore, contribute to ambidexterity theory by illustrating that even resource-constrained firms can achieve strategic flexibility and enhance their competitive stance through balanced learning mechanisms. The research underscores the importance of SMEs' maintaining agility in learning processes to handle the complexities of international markets successfully.

RBV: From the RBV perspective, this thesis highlights EO as a strategic resource that underpins unique capabilities fostering international competitiveness. The study enriches the RBV by showing how internal resources such as EO can be effectively leveraged to forge sustainable

export pathways. This research's findings suggest a more nuanced view of resource utilisation in which internal capabilities are continuously aligned with external market demands.

SLT: By integrating SLT, the thesis enhances our understanding of how EO shapes export strategies and outcomes through VL. This study reveals that SMEs can expediently handle their efforts on export activities by observing and integrating lessons from the experiences of other firms, thus accelerating their learning curve and enhancing their adaptability in foreign markets.

KBV of the firm: Finally, this study deepens the knowledge-based view by exploring how SMEs' absorptive capacities—facilitated by EO—allow them to maximise the benefits derived from external knowledge. This research elucidates the mechanisms through which knowledge is not just acquired and assimilated but also transformed and exploited to improve EP, emphasising the critical role of knowledge management practices in EP.

By focusing on SMEs in Sri Lanka, the empirical papers in the thesis bring to light the importance of context-specific studies. The findings challenge the one-size-fits-all approach often assumed in EO research and emphasise that strategies effective in dominant Western contexts may not yield the same results in emerging markets such as Sri Lanka. This contextualisation contributes to a more global and inclusive understanding of entrepreneurial practices, acknowledging that cultural, economic, and institutional factors in emerging markets significantly impact the EO–EP dynamic.

The collective use of advanced analytical techniques like PLS-SEM and PROCESS modelling allow for the examination of complex relationships involving multiple mediators and moderators, providing robust empirical evidence to support the theoretical frameworks proposed. The methodological rigour enhances the credibility of the findings and sets a precedent for future research in the field.

5.3 Implications for Practice

This study provides several practical implications for SME managers and policymakers in emerging markets. The findings suggest that fostering an environment conducive to both vicarious and experiential learning, while strategically building absorptive capacity (AC), can significantly enhance the EO-EP relationship.

EO implementation:

Managers should adopt a multidimensional approach to EO, focusing on the distinct roles of innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness (Lumpkin & Dess, 1996). Importantly, findings suggest that proactiveness offers the most value in volatile and resource-constrained environments. Being proactive allows firms to anticipate customer needs and market trends, which is crucial for seizing international opportunities (Narver et al., 2004). Hence, investing in market intelligence tools is recommended. Conversely, heavily investing in innovativeness and autonomy may not yield expected returns in such contexts due to high costs and environmental uncertainty. Instead, incremental innovations, rather than radical or disruptive ones, may offer more sustainable results. Centralised strategic planning with decentralised tactical empowerment is advised to maintain coherence while enabling adaptability.

Learning and knowledge acquisition strategies:

This study underscores the value of both EL and VL in enhancing EP. Managers should foster a culture of continuous improvement and actively facilitate learning from other firms' successes and failures (Bandura, 1977; Posen & Chen, 2013; Simon & Lieberman, 2010). Fast follower strategies and benchmarking high-performing peers can significantly strengthen VL (Yang, 2023). For EL, firms should reflect on past experiences, apply lessons learned, and experiment with small-scale innovations or market entries (Huber, 1991; Nathan & Kovoov-Misra, 2002;

Barkema & Vermeulen, 1998). Managers should aim for a balance between both learning forms to maximise organisational knowledge development (Harrison & Leitch, 2005; Liu et al., 2002).

Networking and relationship management:

Given that only FN were found to mediate the EO–EP relationship, managers should strategically strengthen ties with suppliers, customers, universities, government agencies, and trade associations (Ali et al., 2020). These networks offer access to export financing, regulatory insights, and international opportunities. Although InfN—such as casual or personal relationships—can be helpful, they did not significantly mediate the EO–EP link in this study, which may be attributed to the emerging market characteristics and economic condition prevailed in the context during the study. Therefore, managers should aim to transform informal contacts into formal partnerships, leveraging structured collaborations for more consistent benefits (Stam & Elfring, 2008) in an emerging market exporting SME context.

Absorptive capacity enhancement:

The significant role of PAC and RAC highlights the need for SMEs to build capabilities in recognising, assimilating, and exploiting new knowledge (Cohen & Levinthal, 1990; Zahra & George, 2002). Firms can strengthen these capacities through employee training and development (Minbaeva, 2005), open communication and cross-functional collaboration (Todorova & Durisin, 2007), and engagement in research partnerships (Lane et al., 2006). Participation in industry associations helps SMEs access tacit and explicit knowledge from peers (Inkpen & Tsang, 2005), while effective knowledge management systems facilitate internalisation and application (Alavi & Leidner, 2001).

Technology and market intelligence tools:

Investing in marketing intelligence systems will help firms track trends, monitor competitors, and stay alert to international shifts. This aligns with the need for proactive strategic behaviour and efficient knowledge use. By implementing such systems, SMEs can better position themselves as agile, informed players in the global market.

5.4 Policy Implications

This study offers several actionable insights for policymakers aiming to support EP of SMEs in emerging markets. Given the prominence of proactiveness in driving export success, policy should prioritise building SMEs' forward-looking capabilities. This includes subsidised access to marketing intelligence tools, training in proactive strategy (e.g., competitor analysis), and tax incentives for market entry initiatives.

Strengthening FN infrastructure is essential. Governments should create platforms for SMEs to engage with buyers, trade associations, and research bodies, while also supporting participation in trade fairs and export clusters that foster collaboration and knowledge exchange.

Balanced learning support is also crucial. EL can be enhanced through pilot export projects, while VL can be supported via mentorship schemes and curated digital case repositories. These initiatives help SMEs gain critical insights without the direct costs of trial and error.

To deepen knowledge capabilities, policies should enhance absorptive capacity by subsidising training for knowledge assimilation (PAC) and offering R&D incentives to support knowledge application (RAC). Partnering with experienced exporters and trade associations can further promote peer learning and capability development.

Finally, improving SME access to finance, digital tools, and simplified export procedures will reduce barriers to internationalisation and amplify the benefits of EO. Export credit schemes and infrastructure investments can ease resource constraints, helping SMEs compete effectively in global markets.

5.5 Limitations and Further Research

While this study offers significant contributions, it is not free from some limitations. One notable constraint is that the unique economic circumstances in Sri Lanka during the research period may limit the generalisability of the findings. The specific conditions during this period, characterised by the aftermath of the COVID-19 pandemic, alongside economic and political instability exacerbated by issues of foreign debt insolvency, create a distinct context. These conditions, which are not necessarily representative of other emerging markets, may influence the applicability of the results beyond the local setting. These specific conditions could have influenced the observed economic patterns and policy responses in ways that might not be applicable to countries with different historical, political, or social contexts. As a result, policymakers and researchers should exercise caution when attempting to extrapolate these findings to other developing economies, recognising the need for tailored analyses that account for each country's unique economic landscape and challenges.

Another limitation of this study is the use of cross-sectional study designs in both studies. While cross-sectional approaches are valuable for identifying correlations between variables, they possess a significant shortcoming: the inability to establish causal relationships among the key factors being investigated (Bowen & Wiersema, 1999) i.e., EO, different learning types and networking types, and firm AC. This limitation is particularly problematic in the context of entrepreneurship studies, where the dynamic nature of business processes and the evolving characteristics of entrepreneurs and their ventures are of paramount importance. The static snapshot provided by cross-sectional designs fails to capture the nuanced interplay and

potential feedback loops between these variables as they unfold over time (Bowen & Wiersema, 1999).

Furthermore, while efforts were made to use validated scales, the measurement of complex constructs like EO, VL, and networking, and AC may still not capture all facets of these broad concepts. Future research could develop or use more comprehensive instruments or mixed methods to more effectively capture these constructs' multifaceted nature (Creswell & Creswell, 2017). The study's reliance on self-reported data may introduce bias as respondents could overestimate their firm's capabilities or performance (Rosenman et al., 2011). Utilising objective data or third-party assessments could help mitigate these issues.

Given the complex interrelations between EO, learning styles, and networking types, future research should explore potential sequential mediations. These would involve examining whether and how the effects of one mediator (e.g., VL) on EP are contingent upon another mediator (e.g., FN), thereby revealing deeper layers of influence mechanisms. Additionally, the significant role of AC in not only assimilating but also storing knowledge for future use is highlighted. Building on these insights, future research would be enriched by conducting a longitudinal study to explore how stored knowledge is activated and utilised over time. This approach could significantly deepen our understanding of how such processes impact long-term EP. Further research could explore the integration of dynamic capabilities theory to examine how firms continuously adapt and reconfigure their business strategies to maintain competitive advantage in volatile international markets. Longitudinal research could significantly enrich the field by allowing for the observation of how shifts in EO and learning types impact firm performance over time, offering a dynamic perspective on the causality and evolution of these strategies. Further exploration into the interdependencies between different

types of learning and networking could provide a more detailed understanding of how these elements interact to drive EP, offering valuable insights for both theory and practice.

5.6 Chapter Conclusion

This thesis investigates how SMEs in emerging markets can leverage EO to enhance EP. By examining the multidimensional nature of EO—including innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy—the research provides insights into each dimension's impact in resource-constrained environments. Integrating theories like the RBV, SLT, KBV and ambidexterity theory has enabled a comprehensive understanding of how EO influences EP.

The findings emphasise the critical importance of proactiveness as the most important EO dimension in driving EP, while noting that innovativeness and autonomy may be less influential in certain contexts. Both EL and VL are identified as key mediators in the EO–EP relationship. Furthermore, the EO–EP relationship is mediated by VL with absorptive capacities significantly moderating this link. Moreover, FN mediates the EO–EP link while InfN is not mediating that link. These results highlight the value of strategic resource allocation over traditional theories like resource bricolage.

Practically, the research advises SME managers and policymakers to focus on specific EO dimensions, invest in learning mechanisms, enhance absorptive capacities, and prioritise FN to improve export outcomes. Acknowledging limitations such as the unique economic conditions of Sri Lanka and the use of cross-sectional designs, the study sets the stage for future research in diverse contexts.

In summary, this thesis advances the understanding of EO's role in EP for SMEs in emerging markets. It offers both theoretical and practical insights into how entrepreneurial behaviours can lead to international success in dynamic and resource-constrained environments.

References

Note: The final reference list includes only the sources cited in sections that are not part of the included manuscripts i.e., chapters 1, 2 (excluding book chapter) and 5.

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Appendices

Appendix 1: Ethical Application Decision Letter

WAIKATO MANAGEMENT SCHOOL
TE RAUPAPA



THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

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Shanika Perera
By email: shanika@sjp.ac.lk

30 November 2021

Dear Shanika

*Ethical Application WMS 21/124
Entrepreneurial Orientation, Ambidextrous Learning, and Networking in Emerging Market
SMEs: The Moderating Role of Exporters' Absorptive Capacity.*

The above research project, as outlined in your submitted application, has been granted Ethics Approval for Research by the Waikato Management School Human Research Ethics Committee.

Please note: should you make changes to the project outlined in the approved ethics application, you may need to reapply for ethics approval.

Best wishes for your research.

Kind regards,

Amanda Sircombe

Amanda Sircombe
WMS Research and Postgraduate Manager

Appendix 2: Application for Ethical Approval

Application for Ethical Approval Outline of Research Project

Waikato Management School

Te Raupapa



THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

Template:

Use clear and simple language. Avoid technical terms wherever possible.

Please allow at least two weeks for your application to be reviewed by the WMS Ethics Committee

You must gain ethics approval prior to the commencement of data collection for your research project

See How to fill out the form for guidance.

1. IDENTIFY THE PROJECT.

1.1 Title of Project:

Entrepreneurial Orientation, Ambidextrous Learning, and Networking in Emerging Market SMEs:
The Moderating Role of Exporters' Absorptive Capacity.

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1.2 Supervisor's name and contact information (if relevant)

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Phone: +64 27 8449013

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School of Marketing and Management

University of Waikato

1.3 Anticipated date to begin data collection

2021 November (Full data collection)

2. DESCRIBE THE RESEARCH.

2.1 Briefly outline what the project is about including your research goals and anticipated benefits. Include links with a research program, if relevant.

This study focuses on the link between *Entrepreneurial Orientation (EO)* and the export performance of SMEs. EO is an entrepreneurial process that encompasses the strategies used, the activities carried on, the managerial practices, and the decision-making approaches that help the firm act entrepreneurially (Lumpkin & Dess, 1996). Entrepreneurial behaviour is a crucial determinant in the success of an organisation, irrespective of its size and structure (Lumpkin & Dess, 1996; Miller, 1983). EO is an essential component of corporate entrepreneurial strategy as a strategic orientation. It captures how entrepreneurship can manifest as a generally stable organisational characteristic by reinforcing patterns of management style, organisational structure, and new entry initiatives. Besides, EO in the international context has gained momentum in the last decade due to the rapid expansion of international markets. Hence, EO in that context can be defined as “discovery, enactment, evaluation, and exploitation of opportunities across national borders to create and capture value” (Karami & Tang, 2019). Accordingly, entering into a foreign market also can be regarded as an opportunity development (Jones et al., 2001) and entrepreneurial act (Knight & Cavusgil, 2004) for the reason that it requires an entirely different mindset with a substantial amount of knowledge about both home and host country market. With the competition prevailing in the current business environment, it is a mandate for firms to be entrepreneurial to avoid failure and stagnation, especially in an international environment. Therefore, being an ambidextrous organisation that balances competing interests simultaneously is a must in achieving success. Thus, this study starts from the assumption that EO represents a crucial strategic behaviour at the firm level, which in turn can cause an improvement in export performance. While the literature suggests that this is largely true in western, developed, contexts; some studies in large firms have ended up finding negative relationships as well as no relationships between EO and the firm performance. Hence, this study specifically tries to determine the causal relationship of EO with the performance of exporting manufacturing SMEs in the emerging context, Sri Lanka. Accordingly, the study this study intends to find what sort of behavioral characteristics such as innovativeness, risk-taking, and proactiveness would lead to higher performance of SMEs? The activities that an SME should focus more on being an ambidextrous firm. Accordingly, the overarching research question has been composed as ‘How does the Entrepreneurial Orientation explain the export performance of the Sri Lankan manufacturing exporting SMEs?’

The study anticipates that *organisational learning* —both experiential and vicarious— may lead to improved performance. Indeed, there is a broad consensus about EO's interdependence and learning (Brettel & Rottenberger, 2013). However, the empirical support for the exact interplay of the constructs and their impact on performance is somewhat contradictory (Wilson & Perepelkin, 2020). For instance, multiple studies have shown that the EO and performance relationship mediated organisational learning because strategic learning capabilities are developed due to the EO approach (Fernández-Mesa & Alegre, 2015; Hakala, 2013). Studies with contradictory results showed that EO mediated the learning and performance relationship due to the reason that firms that are open to learning are more likely to seek entrepreneurial opportunities, indicating that learning at the company level is a precedent for EO (Altinay et al., 2016; Wolff et al., 2015). Therefore, there is a lack of consensus about the interplay among the concepts —EO, learning, and performance.

Furthermore, many empirical studies support the notion that experiential learning positively impacts firm performance (Karami & Tang, 2019); nonetheless, experiential learning can also harm performance. Levitt and March (1988); Leonard-Barton (1990) argued that 'competency traps' that arise through continued expertise with familiar and comfort zones make it difficult for firms to adjust to emerging technologies. Like experiential learning, vicarious learning has also drawn the business world's interest due to the perception that it improves businesses' competitive advantage and operational productivity (Ali et al., 2020). Vicarious learning is also essential for firms when more information is available, and multiple areas are needed to consult to get first-hand experience. Therefore, it is essential to understand which learning type should be more focused on and how much resources should be spent on improving firm performance. As an ambidextrous firm, an SME should have a good understanding on these two competing learning types as the resources are limited. To our knowledge, this issue has not been addressed yet in the entrepreneurial domain. So, this leads us to develop a research question "What is the impact of experiential learning, vicarious learning, formal networking, and informal networking on the export performance of the Sri Lankan manufacturing exporting SMEs?"

Growing attention on the role of networks in the internationalisation of SMEs has been received over the last few years (Boehe, 2013; Hånell & Ghauri, 2016; Zhang et al., 2012). It can be seen that, even though SMEs play critical roles in their domestic economies, their internationalisation is hampered by weak domestic institutions and a lack of experience in conducting profitable business in global markets (Srivastava & Tyll, 2020). As a result, the significance of network relations for the effective international expansion of SMEs has been the subject of a large body of research in International Entrepreneurship (Chetty & Holm, 2000; McDougall & Oviatt, 2000; Young et al., 2003). Accordingly, this study identifies the importance of Networking types —formal and informal— to strengthen the EO-performance relationship. The advantages of using networks in the international expansion of SMEs range from obtaining industry awareness to gaining access to quality suppliers, knowing the business environment, gaining access to a broad array of opportunities, and coping with a wide variety of environmental uncertainties in the foreign markets (Håkansson & Snehota, 1995). One of the key advantages of the network is that it fosters trust among partners while also reducing opportunistic actions. Due to various exposed risks and novel opportunities, such as external resources or lowering transaction costs, SMEs rely heavily on networking across their overseas operations (Srivastava & Tyll, 2020). Hence the research question 'What is the impact of formal networking and informal networking on the export performance of the Sri Lankan manufacturing exporting SMEs?' was formed.

Finally, this research takes the stance that SMEs need to have the capacity to bear the information gathered exploring outside and to exploit the explored things. Again, two competing efforts need to be balanced. Therefore, the study expects to scrutinise the role of absorptive capacity as a moderating effect. Accordingly, the research question 'What is the moderating role of absorptive capacity in the relationship of EO and export performance of the Sri Lankan manufacturing exporting SMEs?' was formed.

Anticipated benefits of the study

- The proposed research study aims to advance the knowledge about the entrepreneurial behavior and the performance of exporting SMEs while analysing the moderating effect of absorptive capacity. It also examines the impact of learning and networking types on the performance of exporting SMEs in the Sri Lankan context. To the best of our understanding, the proposed research would be a one-of-a-kind study of entrepreneurship behavior in an emerging context that includes all two forms of learning (experiential learning and vicarious learning) and networking (formal and informal) in the same study.
- Through the proposed study, the theoretical underpinnings of EO and understanding of applicability will be developed and enriched in terms of contextual differences as the proposed study particularly applies in an emerging context. Further, the current research will enrich the understanding of the appropriate blend of EO factors on the export performance of SMEs operating specifically in an emerging context.
- Ambidexterity Theory offers insight that has not yet been exhaustively integrated into the research of EO, learning, networking, and export performance in an emerging context in relation to SMEs. These findings will help export SMEs in the Sri Lankan context decide which type of learning and networking they should focus on to achieve success. Furthermore, owners or owner-managers of SMEs will be able to gain a fine-grained understanding of how to adapt their actions to ensure their growth and sustainability in this competitive climate.
- The study's results will assist policymakers in Sri Lanka and other similar economies in developing effective policies (especially in finance, education, legal, and infrastructure) to promote the internationalisation of SMEs and the stakeholders who are constantly looking for ways to promote the advancement of SMEs.
- The concentration of export structure in terms of product and market and the high amount of balance of payment is a severe problem Sri Lanka faces. Therefore, in fulfilling their national contribution, SMEs can use empirical evidence to fine-tune their competencies. Further, the government can aid the study's findings in designing the national policies. Indeed, if wisely referred to, this study could have a far-reaching effect on the country's trade balance and aforesaid problems in the exports sector.

2.2 Briefly outline your method

The study follows a quantitative approach. A casual approach is taken in the proposed research as the study intends to investigate the causal relationship between EO (Innovativeness, Proactiveness, and Risk-Taking) and SMEs' export performance. Further, the mediating effects of networking (formal networking, informal networking) and learning (experiential learning and vicarious learning) on the EO-performance relationship are also considered while assessing the moderating effect. The proposed study relies on a survey design to collect quantitative data. Survey design gathers primary data based on communication with a representative sample of people (Zikmund, 2003). The survey method

approach is the most suitable method for the proposed study since this study requires gathering data that cannot be obtained from other secondary sources.

The current study's contact approach will be a formal questionnaire. Before administering the questionnaire, respondents' willingness to participate in the survey will be ascertained. The researcher will approach participants to fill out questionnaires after they have given their permission. The research would employ a cross-sectional approach because data collection in this context necessitates personal communication with targeted SME owners/owner-managers/responsible personnel in the selected SME, which would take a significant amount of time. The current research builds on the model by incorporating several constructs. As a result, the PLS-SEM will be a suitable method for analysing quantitative data.

2.3 Describe plans to give participants information about the research goals.

The study objectives and other relevant information will be completely disclosed in the Participant Information Sheet for data collection. Furthermore, the researcher will notify participants orally about the study's intent and persuade them to collect the data for academic research purposes. The Participant Information Sheet and the Consent form will be provided to respondents two weeks before data collection by the Export Development Board (EDB), at their monthly meetings for their members (SME owners), and by email. The researcher would then receive the finalised list of participants (who expressed their agreement to participate in the survey) from the EDB, along with the signed consent forms, and contact them for the survey. Randomly selected participants from the list who meet all of the requirements will be given a self-administered questionnaire.

2.4 Identify the expected outputs of this research (e.g., reports, publications, presentations), including who is likely to see or hear the reports or presentations on this research

- The doctoral thesis submitted to the University of Waikato in New Zealand will be the primary output. Furthermore, a few journals and conferences are being targeted as publishing paths.
- The targeted research journals are the Global Strategy Journal, Journal of Small Business Management, Journal of Business Venturing Insights, International Business Review, Journal of Knowledge Management, Journal of Business Research, Entrepreneurship Theory and Practice, Journal of International Business Studies
- Targeted research conferences are the Australia and New Zealand Academy of Management (ANZAM) Conference, Academy of Management Conference, Annual Waikato Management School Student Research Conference, and International Conference on Business Management organised by the University of Sri Jayewardenepura, Sri Lanka.
- This research's likely target audience will be scholars, teachers, doctoral candidates, SME owners, and policymakers. Students, academic professionals, and journal subscribers can have easy access to published academic journal papers.

2.5 Identify the physical location(s) for the research, the group or community to which your potential participants belong, and any private data or documents you will seek to access. Describe how you have access to the site, participants, and data/documents. Identify how you obtain(ed) permission from relevant authorities/gatekeepers if appropriate and any conditions associated with access.

- The initial presentation of the study was carried out via zoom meeting being in Sri Lanka, and the data location and target participants are in Sri Lanka. The criteria mentioned in section 3.1 will be the basis for participant selection.
- The survey is not targeted to collect private data. Instead, the data related to research questions will be collected. The questions about entrepreneurial behavior at the firm level and its practices (EO-innovativeness, risk-taking, and proactiveness) data about how do they learn (vicariously and experiencing) and share the knowledge (via formal networks and informal networks) with outside parties, how they explore and exploit information (absorptive capacity) and performance of the firm (including financial and non-financial measures) will be examined throughout the survey. If any of the responses probe private data, the researcher holds liable to ensure the respondent's privacy and safety. Further, the researcher ensures to protect the participant's anonymity in publishing research outcomes (journal papers, conferences, proceedings, and Ph.D. thesis). Furthermore, the researcher gives the respondent the option of withdrawing the questionnaire within one month of data collection if they are not interested in responding.
- The researcher will obtain the consent of participants to participate in the survey via EDB. The researcher herself will be involved in collecting data.

3. OBTAIN PARTICIPANTS' INFORMED CONSENT, WITHOUT COERCION.

3.1 Describe how you will select participants (e.g., special criteria or characteristics) and how many will be involved.

Prospective participants (exporting SMEs from Sri Lanka) will be contacted and ask about their willingness to participate in the survey via EDB.

The study participants will be chosen by considering the following criteria.

- The firm must meet the criteria of SME according to the definition given by the National Policy Framework for Small and Medium Enterprise Development (Ministry of Industries and Commerce, 2015). Accordingly, the SMEs' annual turnover must be between 16 Mn. to 750 Mn, and the number of employees should be between 11 to 300.
- The firm must be a manufacturing SME.
- The firm must be an exporting SME.
- The firm must be registered at EDB.

It is expected to collect data from a minimum of 288 exporting manufacturing SMEs via EDB due to the quantitative design of the study. The minimum sample size was calculated under a 5% significance level with a 0.8 statistical power (G*Power). The researcher used the "10 times" rule as the most

commonly used rule for the minimum sample size estimation method in PLS-SEM when determining sample size (Hair et al., 2011) to ensure that the selected sample size meets the minimum requirement.

3.2 Describe how you will invite them to participate.

For the proposed study, participants will be contacted via the EDB rather than approached directly by the researcher to encourage their willingness to participate in the survey. In Sri Lanka, there are no legal limits on contacting ventures directly. This move, however, is taken to gain credibility and trust.

The Consent Form for Participants (Annex 1) and the Participant Information Sheet (Annex 2) will be distributed to the participants at the monthly meetings of the EDB. Later, the list of participants who have willingly agreed to participate in the survey and signed consent forms will be obtained from them. Randomly selected participants from the list who meet all of the requirements will be given a self-administered questionnaire.

3.3 Show how you provide prospective participants with all information relevant to their decision to participate. Attach your information sheet, cover letter, or introduction script. See document on informed consent for recommended content. Information should include, but is not limited to:

- **what you will ask them to do;**
- **how to refuse to answer any particular question, or withdraw any information they have provided at any time before completion of data collection;**
- **how and when to ask any further questions about the study or get more information.**
- **the form in which the findings will be disseminated and how participants can access a summary of the findings from the study when it is concluded.**

Participants will be notified about the goals of this study, as stated in section 3.2, and will be asked to sign a Consent Form following their voluntary acceptance to participate in the survey. Participants will also be given a Participant Information Sheet with basic information about the sample. Participants will be informed on the Participant Information Sheet that they are not necessarily obliged to answer all questions.

The Participant Information Sheet will show that participants will opt out of the study without giving any reason within one month of data collection. Within one month of data collection, the decision of withdrawal can be informed to the researcher via email or phone. Contact details of the researcher will also be provided to the participants in the information sheet.

Each participant will be assigned a unique number that will be used to recognise them in future communications. Participants may contact the researcher using the contact information provided for any clarification by specifying the unique number after data collection or if they have any questions about the study's findings. However, the study's results cannot be communicated to each respondent individually, and if anyone is interested in knowing the findings, they will be revealed after the thesis is completed. The study's results will be presented in the form of a thesis and publications. The Participant Information Sheet will provide information about participants' right to request a description of the results

once the thesis is completed. All collected data will be destroyed three years after thesis submission, as mentioned in the information sheet.

3.4 Describe how you get their consent. (Attach a consent form if you use one.)

The participants will be given the consent form via the EDB. This organisation will collect signed consent forms and a list of participants who have willingly agreed to participate in the survey. The researcher will then contact the survey participants who have been chosen.

3.5 Explain incentives and/or compulsion for participants to be involved in this study, including monetary payment, prizes, goods, services, or favors, either directly or indirectly.

To encourage respondents to participate in the survey and reward the effort and time spent filling the survey, the researcher plans to hold a raffle in which participants are offered a chance to win something of value in return for their participation.

The gifts were arranged through sponsorships and at the cost of the researcher. The categories have been listed down in categories according to the value of the prizes.

- **Category 1-** 10 vouchers for 10 participants valued LKR 7500.00 from Ceylon Entrepreneurs' Club to participate in paid business development support workshops.
- **Category 2-** 10 custom branded wall clocks worth LKR 2000.00 for 10 Participants. (The name of the participant's organisation will print on the face of the clock)
- **Category 3-** 10 Ceylon Tea and Herbal Tea Gift boxes for 10 Participants valued LKR 1500.00 from SSR Tea Trading Company.

Respondents have a chance to opt out of being a part of the raffle.

Ex: Last part of the questionnaire is:

Would you like to enter the raffle to win a prize?

- Yes
- No

If the respondent selects 'Yes', he/ she has to enter his/her name, email, and contact number and otherwise end the survey.

Only one pool is there. Thus, there are no second chance drawings. The draw will hold by the researcher, and the procedure is as follows.

1. Participants who choose to enter the raffle will be separately pooled and granted a unique number upon completion of the questionnaire.
2. Thirty random numbers will be generated using an online random number generator. The online random number generator to be utilised is given in the following link.
<https://www.randomdraws.com/random-number-generator/?count=10&lower=1&upper=300&unique=true&group=false&sort=0&dir=1>
3. In the generated number list,

- a. The first ten numbers will be eligible to win the prizes in Category 1.
- b. The second ten numbers will be eligible to win the prizes in Category 2.
- c. The third ten numbers will be eligible to win the prizes in Category 3.

The raffle will take place on 28th February 2022. The winners will be informed on the date itself, and the arrangements will be made to send the gifts to the winning respondents via courier.

Besides the gifts received from the raffle, motivation for participants may be the advantage obtained from engaging in research that has policy implications for SMEs in Sri Lanka.

4. MINIMISE DECEPTION.

4.1 If your research involves deception – this includes incomplete information to participants - explain the rationale. Describe how and when you will provide full information or reveal the complete truth about the research including reasons for the deception.

This research does not involve deception.

5. RESPECT PRIVACY AND CONFIDENTIALITY.

5.1 Explain how any publications and/or reports will have the participants' consent.

The thesis, conference publications, and journal publications will be the primary outputs of the research, as stated in section 2.4. The Participant Information Sheet is comprehensive, with a section mentioning the participant's permission to report the study outputs in the aforementioned formats. Before giving their consent, participants must read the information sheet.

5.2 Explain how you will protect participants' identities (or why you will not).

Questionnaires in the sample will be labelled with numbers such as "Q1, Q2, Q3..., Qn." Furthermore, all subsequent data presentations in all types of publications (thesis, journal papers, and conference proceedings) will adhere to the assigned numbers. The questionnaire data will be stored on the researcher's personal password-protected device in order to avoid data loss due to a virus. The hard copies would also be locked in a cabinet at the researcher's cabin. The researcher would be the only one who has access to the cabinet.

5.3 Describe who will have access to the information/data collected from participants. Explain how you will protect or secure confidential information.

The researcher and her two supervisors will have access to the data gathered.

6. MINIMISE RISK TO PARTICIPANTS.

'Risk' includes physical injury, economic injury (i.e. insurability, credibility), social risk (i.e. working relationships), psychological risk, pain, stress, emotional distress, fatigue, embarrassment, and cultural dissonance and exploitation.

6.1 Where participants risk change from participating in this research compared to their daily lives, identify that risk and explain how your procedures minimise the consequences.

First, psychological obstacles will be reduced by explaining the study's goals and ensuring that the data will only be used for academic research purposes. However, if any of the responses ask for private information, the researcher is responsible for ensuring the respondent's psychological and emotional wellbeing.

Further, utilisation of time for filling questionnaires is a significant concern in the data collection process. The questionnaire will be distributed based on their time availability and the convenience of the participants. As a result, the disruption of people's daily lives will be reduced. Participants will, however, spend about 15-20 minutes filling out a questionnaire. As a result, there will be no significant disruption to the participant's regular schedule.

6.2 Describe any way you are associated with participants that might influence the ethical appropriateness of you conducting this research – either favorably (e.g., same language or culture) or unfavourably (e.g., dependent relationships such as employer/employee, supervisor/worker, lecturer/student). As appropriate, describe the steps you will take to protect the participants.

Cultural differences, language barriers, or any other kind of inappropriate behaviour are not to be anticipated during data collection. The language of communication will be in Sinhalese, as one of them is the first language of the majority of Sri Lankans. Therefore, all the communications will be done in a convenient language for the participant.

Further, the questionnaire will be translated into Sinhala and proofread by subject and language experts. Since the researcher speaks Sinhala fluently, any language barriers between the participant and the researcher are removed. As a result, the researcher anticipates hiring enumerators who are fluent in Sinhala and will be qualified to be culturally sensitive.

The researcher is not acquainted with any of the respondents. As a consequence, any possible biases arising from the personal relationship are therefore removed. Furthermore, the participants in the study are SME owners, while the researcher is an outsider and a student.

6.3 Describe any possible conflicts of interest and explain how you will protect participants' interests and maintain your objectivity.

There will be no disagreement between the researcher and the study participant. A written explanation of the study's purpose (Participant Information Sheet) can help to mitigate any conflicts of interest. Furthermore, the thesis is an autonomous scholarly endeavour, and no outside party would impact the interpretation of results. Participation is entirely voluntary, and participants have the option to withdraw from the study within one month of data collection. The researcher will maintain a professional demeanour at all times.

7. EXERCISE SOCIAL AND CULTURAL SENSITIVITY.

7.1 Identify any areas in your research that are potentially sensitive, especially from participants' perspectives. Explain what you do to ensure your research procedures are sensitive (unlikely to be insensitive). Demonstrate familiarity with the culture as appropriate.

As mentioned in 3.2, the researcher will explain the intent of the research project to the participants and distribute the Participant Information Sheet to them. A self-administered questionnaire may not contain any sensitive or embarrassing questions, as it may distress the participants.

As mentioned in 6.2, the researcher was born and raised in Sri Lanka and is well-versed in the local culture. The researcher will invite SME owners and interact with them in the participants' preferred language (Sinhalese or English), removing cultural and linguistic discomforts.

7.2 If the participants as a group differ from the researcher in ways relevant to the research, describe your procedures to ensure the research is culturally safe and non-offensive for the participants.

The study will be carried out in the researcher's home country, Sri Lanka, where the researcher is well-versed in the local community. Furthermore, entrepreneurial scholars from both languages (English and Sinhala) will design and proofread the questionnaires. The only distinction between a study participant and a researcher is that of occupation. The former is about company structure, while the latter is about academic structure. However, since the researcher has been involved in entrepreneurship-related activities (teaching, research, and practicing entrepreneurship in business contexts), the anticipated void will be filled.

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Appendix 3: Participant Information Sheet

Participant Information Sheet

Waikato Management School

Te Raupapa



THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

Entrepreneurial Orientation, Ambidextrous Learning, and Networking in Emerging Market SMEs: The Moderating Role of Exporters' Absorptive Capacity.

Overview

My name is Mahamarakkala Patabendige Shanika Rangani Perera, and I am a PhD candidate in Management and Sustainability at the University of Waikato, New Zealand. This study involves mainly *Entrepreneurial Orientation (EO)* and export performance of SMEs. Further, it examines the mediating effect of learning and networking and the moderating effect of absorptive capacity on the EO-performance relationship. The study is based on Sri Lankan manufacturing exporting SMEs.

What will you have to do and how long will it take?

You are invited to participate because I believe that you are someone who can provide the information for the research project titled "*Entrepreneurial Orientation, Ambidextrous Learning, and Networking in Emerging Market SMEs: The Moderating Role of Exporters' Absorptive Capacity.*" Before providing your information, please read and understand the "Participant Information Sheet" and the "Consent Form for Participants" attached herewith. If you are willing to participate in the survey, you have to fill out the self-administered questionnaire, which will take 15-20 minutes of your time.

You have the right to refuse to answer any questions in the questionnaire, and you can terminate the survey at any point if you wish. Further, you have the right to withdraw the given information within one month of the survey. However, please inform the researcher of your withdrawal decision through any of the contacts given below.

What will happen to the information collected?

I will be the only person involved in collecting the data. The collected information will only be available to the two supervisors and me. The Participants' identity will keep confidential throughout the process. Participants will not be named, and I assign the number for each only for analysis purposes. Therefore, your real names will not appear in the research reports or any publications.

The collected information will be used only for study purposes such as my PhD thesis, journal publications, and academic conferences. Further, one copy of the data will be securely held with the supervisors. After completing the study, all the hard copies of questionnaires and other relevant documents will be destroyed as per the University of Waikato guidelines. Furthermore, I will keep all the digital data in a protected hard drive with a securely stored password for three years after the completion of the study.

Declaration to participants

Hereby I declare the survey data will be used only for academic purposes, and the data will be held confidentially while ensuring the participant's anonymity. If you have any questions or concerns about the project, please contact either:

Researcher:

Mrs. M.P.S.R Perera
Ph.D. Candidate
Waikato Management School
The University of Waikato, New Zealand
E-mail: sp301@students.waikato.ac.nz
Mobile: +94 772 555598

Chief Supervisor:

Associate Professor Paresha Sinha
Email: psinha@waikato.ac.nz
Phone: +64 27 8449013
School of Marketing and Management,
University of Waikato
Private Bag 3105
Hamilton 3240
The University of Waikato, New Zealand

Supervisor:

Dr. Antoine Gilbert-Saad
Email: antoine.gilbert-saad@waikato.ac.nz
Phone: +64 7 837 9677
School of Marketing and Management,
University of Waikato
Private Bag 3105
Hamilton 3240
The University of Waikato, New Zealand

In addition, this research project has been viewed by and received ethics approval from the University of Waikato's Human Research Committee. If you have any questions or concerns relating to ethics, please contact:

Research & Postgraduate Research Manager - Waikato Management School

Ms. Amanda Sircombe
Email: amandas@waikato.ac.nz
Phone: +64 7 838 4376
Waikato Management School
Private Bag 3105
Hamilton 3240
The University of Waikato, New Zealand

Appendix 4: Consent Form for Participants

Consent Form for Participants

Waikato Management School

Te Raupapa



THE UNIVERSITY OF

WAIKATO

Te Whare Wānanga o Waikato

Entrepreneurial Orientation, Ambidextrous Learning, and Networking in Emerging Market SMEs: The Moderating Role of Exporters' Absorptive Capacity

Consent Form for Participants

I have read the **Information Sheet for Participants** for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I also understand that I am free to withdraw from the study within one month of data collection or to decline to answer any particular questions in the study. I agree to provide information to the researchers under the conditions of confidentiality set out on the **Information Sheet**.

I agree to participate in this study under the conditions set out in the **Information Sheet** form.

Signed: _____

Name: _____

Date: _____

Researcher's Name and contact information:

Mrs. M.P.S.R Perera
Ph.D. Candidate
Waikato Management School
The University of Waikato, New Zealand
E-mail: sp301.students.waikato.ac.nz
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Supervisor's Name and contact information:

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Appendix 5: Questionnaire

Questionnaire (English Version)

Section I

1. What year was your company established? _____
2. Does your company export products or services? _____
3. In which year did your company start exporting? _____
4. What is the current percentage of international sales in your company's total sales?

Less than 25% 25%-50% 50%-75% More than 75%

5. Gender of the business owner: Male Female
6. Age of the business owner: _____ years
7. Highest level of education of the business owner (mark with an 'x')

<input type="checkbox"/>	Did not attend school	<input type="checkbox"/>	Bachelor's degree
<input type="checkbox"/>	Primary education only	<input type="checkbox"/>	Postgraduate level
<input type="checkbox"/>	GCE (Ordinary level)	<input type="checkbox"/>	Vocational courses
<input type="checkbox"/>	GCE (Advanced level)	<input type="checkbox"/>	Other (please specify)
<input type="checkbox"/>	Certificate/Diploma level		

8. How many years of experience does the business owner have? _____ years
9. 10. How many employees work in the firm? _____
10. In which province is your organisation located? (Please mark with an 'x')

<input type="checkbox"/>	Western Province	<input type="checkbox"/>	Uva Province	<input type="checkbox"/>	North Central Province
<input type="checkbox"/>	Central Province	<input type="checkbox"/>	Sabaragamuwa Province	<input type="checkbox"/>	Northern Province
<input type="checkbox"/>	Southern Province	<input type="checkbox"/>	Northwestern Province	<input type="checkbox"/>	Eastern Province

11. Annual turnover of the organisation (sales revenue) (Please mark with an 'x')

<input type="checkbox"/>	Less than 16 million	<input type="checkbox"/>	Between 251-750 million
<input type="checkbox"/>	Between 16-250 million	<input type="checkbox"/>	More than 750 million

12. Growth rate of your industry sector (Please mark with an 'x')

<input type="checkbox"/>	Very slow
<input type="checkbox"/>	Slow
<input type="checkbox"/>	Normal

<input type="checkbox"/>	Rapid
<input type="checkbox"/>	Very Rapid

13. Export sectors involved with your company (Please mark all the relevant sectors your firm is involved in using an 'x')

<input type="checkbox"/>	Apparel	<input type="checkbox"/>	Spices and concentrates	<input type="checkbox"/>	Other export crops
<input type="checkbox"/>	Tea	<input type="checkbox"/>	Diamonds, gems and jewellery	<input type="checkbox"/>	Flowers and plants
<input type="checkbox"/>	Rubber-based products	<input type="checkbox"/>	Seafood	<input type="checkbox"/>	Boat building
<input type="checkbox"/>	Coconut-related products	<input type="checkbox"/>	Ornamental fish	<input type="checkbox"/>	Mineral oil products
<input type="checkbox"/>	Electrical and electronic devices	<input type="checkbox"/>	Vegetables	<input type="checkbox"/>	Other (please specify)
<input type="checkbox"/>	Food and beverages	<input type="checkbox"/>	Fruits		

14. Regions to which your company exports (Please mark all applicable countries with an 'x')

<input type="checkbox"/>	European Union	<input type="checkbox"/>	African countries
<input type="checkbox"/>	North America	<input type="checkbox"/>	Oceania countries (Australia, New Zealand, Fiji, Papua New Guinea, etc.)
<input type="checkbox"/>	South America	<input type="checkbox"/>	Asia
<input type="checkbox"/>	Commonwealth of Independent States (CIS)	<input type="checkbox"/>	Other (please specify)

15. How much was the initial investment in your organisation?

<input type="checkbox"/>	Less than Rs. 1,000,000
<input type="checkbox"/>	Between Rs. 1,100,000 and Rs. 5,000,000
<input type="checkbox"/>	Between Rs. 5,100,000 and Rs. 10,000,000
<input type="checkbox"/>	More than Rs. 10,000,000

Section II

Innovativeness

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
1.	In general, top managers of my firm place a strong emphasis on research and development, technological leadership, and innovations.							
2.	Many new product or service lines were marketed by the firm in the past five years.							
3.	Changes in product or service lines have usually been quite dramatic.							
4.	Our top management continuously searches for new export markets.							

Risk-taking

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
5.	In general, top managers of my firm have a strong proclivity towards high-risk projects (with chances of very high return).							
6.	In general, top managers of my firm believe that owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives.							
7.	When confronted with decision-making situations involving uncertainty, my firm typically adopts a bold aggressive posture in order to maximise the probability of exploring potential opportunities.							

Proactiveness

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
8.	In dealing with its competitors, my firm typically initiates actions to which competitors then respond.							
9.	In dealing with its competitors, my firm is very often the first business to introduce new products/services, administrative techniques, operating technologies etc.							
10.	My firm has a strong tendency to be ahead of other competitors in introducing new products or ideas.							
11.	Our top management regularly monitors the trend of the market.							

Competitive Aggressiveness

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
12.	In general, top managers of my firm have typically adopted a very competitive 'undo-the-competitors' posture.							
13.	My firm is very aggressive and intensely competitive.							
14.	We often sacrifice profitability to gain the market share.							
15.	We often prioritise market share position at the expense of cash flow and profitability.							

Autonomy

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
16.	My firm supports the efforts of individuals and/or teams that work autonomously.							
17.	The top managers of my firm believe that individuals and/or teams are most effective if their goals and performance targets are set by themselves.							
18.	In my firm, individuals and/or teams pursuing business opportunities make decisions on their own without constantly referring to their supervisors.							
19.	In my firm, employee initiatives and input play a major role in identifying and selecting the entrepreneurial opportunities my firm pursues.							

Export Performance

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
20.	Our export activities have been very profitable.							
21.	Our export activities have achieved rapid sales growth.							
22.	The return on investment (ROI) generated from exports is satisfactory.							
23.	Our export activities have been very successful							
24.	Our export activities have improved our global competitiveness.							
25.	Our export activities have strengthened our strategic position.							

Experiential Learning

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
26.	Our firm's previous foreign market entry experience has been useful for the firm's experience in doing business in foreign markets.							
27.	We reflected on and learned how to serve our market based on prior experience.							
28.	Our firm has a good experience in doing business with new international customers.							
29.	Our firm has a good familiarity with foreign markets.							

Vicarious Learning

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
30.	Other firms often share their prior experiences, expertise, or knowledge with us to help in our learning.							
31.	Our firm can draw meaningful lessons from the experiences and information that other firms share.							
32.	We learned various skills relating to the market, product, and processes (such as manufacturing/channel of distribution) from the experience of other companies through cooperation with, for example, suppliers, competitors, consultants.							
33.	We gained different knowledge sets about market demand, competition, and input sources from our partners.							
34.	We learned cooperatively from other companies about approaches of market expansion and promotion.							

Formal Networking

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
35.	Our firm collaborates with suppliers based on formal contracts or agreements.							
36.	Our firm is collaborating with competitors based on formal contracts or agreements.							
37.	Our firm collaborates with customers based on formal contracts or agreements.							
38.	Our firm collaborates with universities and research institutes based on formal contracts or agreements.							
39.	We analyse what we would like to achieve with collaborators.							
40.	We judge in advance which possible partners to talk to about building up relationships.							
41.	We appoint coordinators who are responsible for the relationships with our collaborators.							
42.	We discuss regularly with collaborators how to support each other to achieve success.							

Informal Networking

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
43.	Informal networks provide access to information about developments in our business.							
44.	Informal networks provide access to new contacts and suppliers.							
45.	Informal networks provide access to the provision of financial support for our business.							
46.	Our firm relies on close individual relationships to secure personnel resources.							
47.	The firm has communications and contacts with suppliers/ customers/ competitors via informal methods.							
48.	The firm participates in related associations, clubs, and leisure activities.							

Absorptive Capacity

		Strongly disagree	Somewhat disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Somewhat agree	Strongly agree
49.	Our company uses external resources (e.g., consultants, seminars, internet, database, academic professional journals etc.) to obtain information.							
50.	The search for relevant information concerning exports in our industry is an everyday business in our company.							
51.	Our management motivates the employees to use information sources within our industry.							
52.	Our management expects that the employees deal with information beyond our industry.							
53.	In our company ideas and concepts are communicated cross-departmental.							
54.	Our management emphasises cross-departmental support to solve problems.							
55.	In our company there is a quick information flow, e.g., if a business unit obtains important information, it communicates this information promptly to all other business units or departments.							
56.	Our management demands periodical cross-departmental meetings to interchange new developments, problems, and achievements.							
57.	Our employees have the ability to structure and to use collected knowledge.							
58.	Our employees are used to absorb new knowledge as well as to prepare it for further purposes and to make it available.							
59.	Our employees successfully link existing knowledge with new insights.							
60.	Our employees are able to apply new knowledge in their practical work.							
61.	Our management supports the development of prototypes.							
62.	Our company regularly reconsiders technologies and adapts to them according to the new knowledge.							
63.	Our company has the ability to work more effective by adopting new technologies.							

Questionnaire (Sinhala Version)

කොටස I

1. ඔබගේ සමාගම ආරම්භ කළේ කුමන වර්ෂයේද? _____
2. ඔබගේ සමාගම නිෂ්පාදන හෝ සේවා අපනයනය කරන්නේද? ඔව් නැත
3. ඔබගේ සමාගම අපනයනය ආරම්භ කළේ කුමන වර්ෂයේ ද? _____
4. ඔබගේ සමාගමේ මුළු විකුණුම් වලින් ජාත්‍යන්තර විකුණුම්වල වර්තමාන ප්‍රතිශතය කොපමණද?
 25% ට අඩු 25%-50% 50%-75% 75% ට වැඩි
5. ව්‍යාපාර හිමියාගේ ස්ත්‍රී පුරුෂභාවය: පුරුෂ ස්ත්‍රී
6. ව්‍යාපාර හිමියාගේ වයස අවුරුදු _____
7. ව්‍යාපාර අයිතිකරුගේ ඉහළම අධ්‍යාපන මට්ටම (X ලකුණ යොදන්න)

<input type="checkbox"/> පාසල් ගොස්නැත	<input type="checkbox"/> ප්‍රථම උපාධිය
<input type="checkbox"/> ප්‍රාථමික අධ්‍යාපනය පමණි	<input type="checkbox"/> පශ්චාත් උපාධි මට්ටම
<input type="checkbox"/> සාමාන්‍ය පෙළ	<input type="checkbox"/> වෘත්තීය පාඨමාලා
<input type="checkbox"/> උසස්පෙළ	<input type="checkbox"/> වෙනත් (කරුණාකර සඳහන් කරන්න)
<input type="checkbox"/> සහතිකපත්‍ර / ඩිප්ලෝමා මට්ටම	
8. මෙම ව්‍යාපාරයට අදාළව අයිතිකරුගේ පළපුරුද්ද කොපමණද? අවුරුදු _____
9. ආයතනයේ සේවය කරන සේවකයින් සංඛ්‍යාව කොපමණද? _____
10. ඔබගේ ආයතනය අයත් වන්නේ කුමන පළාතටද? (X ලකුණ යොදන්න)

<input type="checkbox"/> බස්නාහිර පළාත	<input type="checkbox"/> උතුරු පළාත	<input type="checkbox"/> උතුරු මැද පළාත
<input type="checkbox"/> මධ්‍යම පළාත	<input type="checkbox"/> සබරගමුව පළාත	<input type="checkbox"/> උතුරු පළාත
<input type="checkbox"/> දකුණු පළාත	<input type="checkbox"/> වයඹ පළාත	<input type="checkbox"/> නැගෙනහිර පළාත
11. ආයතනයේ වාර්ෂික පිරිවැටුම (විකුණුම් අදායම) (X ලකුණ යොදන්න)

<input type="checkbox"/> මිලියන 16 ට අඩුයි	<input type="checkbox"/> මිලියන 251-750 අතර
<input type="checkbox"/> මිලියන 16-250 අතර	<input type="checkbox"/> මිලියන 750 ට වැඩි

12. ඔබගේ ආයතනය සම්බන්ධ කර්මාන්තයේ වර්ධන වේගය(x ලකුණ යොදන්න)

ඉතා සෙමෙන් සිදු වේ
සෙමෙන් සිදු වේ
සාමාන්‍යයි

සිග්‍රයෙන් සිදු වේ
ඉතා සිග්‍රයෙන් සිදු වේ

13. ඔබගේ සමාගම සම්බන්ධ අපනයන අංශය(න්): (ක්ෂේත්‍ර කිහිපයක් නිරත නම් අදාළ ක්ෂේත්‍ර සලකුණු කරන්න)

ඇඟලුම්
තේ
රබර් පදනම් කරගත් නිෂ්පාදන
පොල් ආශ්‍රිත නිෂ්පාදන
විදුලි හා ඉලෙක්ට්‍රොනික
උපාංග
ආහාර හා බීම වර්ග

කුළු බඩු සහ සාන්ද්‍රණය
දියමන්ති, මැණික් හා
ස්වර්ණාභරණ
මුහුදු ආහාර
විසිතුරු මාළු
එළවළු
පළතුරු

වෙනත් අපනයන හෝග
මල් සහ පත්‍ර
බෝට්ටු තැනීම
බනිජ තෙල් නිෂ්පාදන
වෙනත්
(කරුණාකර සඳහන් කරන්න)

14. ඔබේ සමාගම අපනයනය කරන කලාපය(න්): (රටවල් කිහිපයක් අදාළ වේනම් එම රටවල් සියල්ල ලකුණු කරන්න)

යුරෝපනු සංගමය
උතුරු ඇමරිකාව
දකුණු ඇමරිකාව
පොදුරාජ්‍ය මණ්ඩලයීය ස්වාධීන
රාජ්‍යයන් - සී අයි එස් (CIS) රටවල්

අප්‍රිකානු රටවල්
ඕෂනියා රටවල් (ඔස්ට්‍රේලියාව, නවසීලන්තය, ෆිජී,
පැපුවා නිව්ගිනියා ආදී රටවල්)
ආසියාව
වෙනත් (කරුණාකර සඳහන් කරන්න)

15. ඔබගේ ආයතනයේ ආයෝජිත මූලික ප්‍රාග්ධනය කොපමණද?

ලක්ෂ 10ට අඩු
ලක්ෂ 11- ලක්ෂ 50 අතර
ලක්ෂ 51- ලක්ෂ 100 අතර
ලක්ෂ 100ට වැඩි

කොටස II

• නව්‍යීකරණය (Innovativeness)

(X ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
1.	පොදුවේ ගත් කල, මාගේ ආයතනයේ ඉහළ කළමනාකරුවන් පර්යේෂණ සහ සංවර්ධනය (R&D), තාක්ෂණික නායකත්වය සහ නව්‍යීකරණ කෙරෙහි දැඩි අවධානයක් යොමු කරයි							
2.	පසුගිය වසර පහ තුළ බොහෝ නව නිෂ්පාදන හෝ සේවාවන් ඔබගේ ආයතනය විසින් අලෙවි කර ඇත.							
3.	අප ආයතනයේ නිෂ්පාදන හෝ සේවාවල වෙනස්කම් සාමාන්‍යයෙන් තරමක් කැපීපෙනෙන ඒවා විය.							
4.	අපගේ ඉහළ කළමනාකාරීත්වය නව අපනයන වෙළෙඳපොළයන් අඛණ්ඩව සොයනු ලබයි.							

• අවදානම් ගැනීම (Risk-Taking)

(X ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
5.	පොදුවේ ගත් කල, මාගේ ආයතනයේ ඉහළ කළමනාකරුවන්ට ඉහළ අවදානම් සහිත ව්‍යාපෘති සඳහා වැඩි නැඹුරුවක් ඇත (ඉතා ඉහළ ප්‍රතිලාභ ලැබීමේ අවස්ථා සහිත).							
6.	පොදුවේ ගත් කල, මාගේ ආයතනයේ ඉහළ කළමනාකරුවන් විශ්වාස කරන කරුණක් වන්නේ ව්‍යාපාර පරිසරයේ ස්වභාවය නිසා සමාගමේ අරමුණු සාක්ෂාත් කර ගැනීම සඳහා නිර්භීත පුළුල් පරාසයක ක්‍රියාවන් අවශ්‍ය බවයි.							
7.	ඉදිරියේ දී ඇතිවිය හැකි ව්‍යාපාරික අවස්ථාවන් සොයා ගැනීම සඳහා අවිනිශ්චිත තත්වයන් යටතේ තීරණ ගැනීමට සිදු වන විට අප ආයතනය නිර්භීත ආක්‍රමණශීලී තීරණ ගනු ලබයි.							

• පුර්ව ක්‍රියාකාරී බව (Proactiveness)

(x ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
8.	තරඟකරුවන් හා කටයුතු කිරීමේදී දේවල් සඳහා අප මුලින් මුලපුරන අතර එම ක්‍රියාවන් සඳහා තරඟකරුවන් පසුව ප්‍රතිචාර දක්වයි.							
9.	තරඟකරුවන් හා කටයුතු කිරීමේදී නව නිෂ්පාදන/ සේවා, පරිපාලන ක්‍රම සහ මෙහෙයුම් තාක්ෂණයන් ප්‍රථමයෙන් හඳුන්වාදෙනු ලබන්නේ අප ආයතනය විසිනි.							
10.	නව නිෂ්පාදන හෝ අදහස් හඳුන්වාදීමේදී අනෙකුත් තරඟකරුවන්ට වඩා ඉදිරියෙන් සිටීමට මගේ සමාගමට දැඩි නැඹුරුවක් ඇත.							
11.	අපගේ ඉහළ කළමනාකාරිත්වය නිරන්තරයෙන් වෙළඳපලයන්හි ප්‍රවණතාවයන් නිරීක්ෂණය කරයි.							

• තරඟකාරී ආක්‍රමණශීලී බව (Competitive Aggressiveness)

(x ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
12.	මාගේ සමාගමේ ඉහළ කළමනාකරුවන් සාමාන්‍යයෙන් අනුගමනය කරනු ලබන්නේ ඉතා තරඟකාරී සහ තරඟකරුවන් වෙළඳපලයින් ඉවත්කර දමන ඉරියව්වකි.							
13.	මගේ සමාගම ඉතා ආක්‍රමණශීලී මෙන්ම දැඩි තරඟකාරීබවින් යුක්තය.							
14.	වෙළඳපල කොටස වැඩිකර ගැනීම සඳහා අප බොහෝ විට ලාභය කැප කරමු.							
15.	අප බොහෝ විට වෙළඳපල කොටස වැඩිකර ගැනීම සඳහා අඩු මිල ගණන් නියම කරනු ලැබේ.							

• ස්වාධීනත්වය/ ස්වායක්තතාවය (Autonomy)

(X ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
16.	ස්වාධීනව ක්‍රියා කරන පුද්ගලයන්ගේ හෝ පුද්ගල කණ්ඩායම්වල උත්සාහයන්ට මාගේ සමාගම සහාය දක්වයි.							
17.	මාගේ ආයතනයේ ඉහළ කළමනාකරුවන් විශ්වාස කරන්නේ සේවකයින් වඩා ඵලදායී වීමට නම් ලභාකර ගතයුතු අරමුණු සහ කාර්යසාධන ඉලක්ක (performance targets) ඔවුන් විසින්ම සකසාගත යුතු බවයි.							
18.	මගේ ආයතනය තුළ, ව්‍යාපාරික අවස්ථා හඹා යන පුද්ගලයන් හෝ කණ්ඩායම් නිරන්තරයෙන් තම අධීක්ෂකවරුන් වෙත යොමු නොවී තනිවම තීරණ ගනී.							
19.	ව්‍යාපාරික අවස්ථා හඳුනා ගැනීමේදී සේවකයන්ගේ අදහස් සහ දායකත්වයන් මාගේ ව්‍යාපාරය තුළ ප්‍රධාන කාර්යභාරයක් ඉටු කරයි.							

• අපනයන කාර්ය සාධනය (Export Performance)

(X ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
20.	අප ආයතනයේ අපනයන කටයුතු ඉතා ලාභදායී වී ඇත.							
21.	අපගේ අපනයන ක්‍රියාකාරකම් ඉහළ විකුණුම් ප්‍රමාණයක් උත්පාදනය කර ඇත.							
22.	අපනයන ව්‍යාපාරය සඳහා යෙදවූ ආයෝජනය මත උපයාඇති ප්‍රතිලාභය සතුටුදායක මට්ටමක පවතී.							
23.	අපේ අපනයන කටයුතු ඉතා සාර්ථකයි.							
24.	අපගේ අපනයන ක්‍රියාකාරකම් අපගේ ගෝලීය තරඟකාරිත්වය වැඩිදියුණු කර ඇත.							
25.	අපගේ අපනයන ක්‍රියාකාරකම් අපගේ උපායමාර්ගික තත්ත්වය ශක්තිමත් කර ඇත.							

• අත්දැකීම් සහිත ඉගෙනීම (Experiential Learning)

(X ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
26.	අප ආයතනය මින් පෙර විදේශ වෙළඳපලට ඇතුළුවීම මගින් ලබාගත් අත්දැකීම් පසුකාලීනව එම වෙළඳපලයන් සඳහා නිෂ්පාදන සංවර්ධනය කිරීමේදී ප්‍රයෝජනවත් විය.							
27.	අපගේ විදේශ වෙළඳපල අත්දැකීම් නැවත සිහිපත් කර එමගින් ඉගෙන ගන්නෙමු.							
28.	අපගේ සමාගමට නව ජාත්‍යන්තර ගනුදෙනුකරුවන් සමඟ ව්‍යාපාර කිරීමේ හොඳ අත්දැකීමක් ඇත.							
29.	අපගේ සමාගමට විදේශීය වෙළඳපල සමඟ හොඳ හුරුපුරුදු කමක් ඇත.							

• පර්වතකෘත ඉගෙනීම (Vicarious Learning)

(X ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
30.	අප ආයතනයට ඉගෙනීමට උදව් කිරීම සඳහා අනෙකුත් සමාගම් බොහෝ විට තම පෙර අත්දැකීම්, ප්‍රවීණතාවයන් හෝ දැනුම අප සමඟ බෙදා ගනී.							
31.	අනෙකුත් සමාගම් බෙදා ගන්නා අත්දැකීම් හා තොරතුරු වලින් අපේ ආයතනයට අර්ථවත් පාඩම් උකහා ගත හැකිය.							
32.	අනෙකුත් සමාගම් (උදා: සැපයුම්කරුවන්, තරඟකරුවන්, උපදේශකයින්) සමඟ සහයෝගයෙන් ක්‍රියාකිරීම තුළින් වෙළඳපොළේ, නිෂ්පාදන වල සහ ක්‍රියාවලීන්හි (නිපැයුම්/ බෙදා හැරීමේ නාලිකා වැනි) විවිධ කුසලතා අප ආයතනයට ඉගෙනගැනීමට හැකිවිණි.							
33.	වෙළඳපල ඉල්ලුම, තරඟකාරිත්වය සහ යෙදවුම් ප්‍රභවයන් පිළිබඳව අපි හවුල්කරුවන්ගෙන් විවිධ දැනුම ලබා ගන්නෙමු.							
34.	වෙනත් සමාගම් සමඟ සහයෝගිතාවයෙන් මගින් අප ආයතනය වෙළෙඳපොළ ප්‍රසාරණය (expansion) සහ ප්‍රවර්ධනය (promotion) සඳහා වූ විවිධ මාර්ග ඉගෙන ගන්නෙමු.							

• විධිමත් ජාලකරණය (Formal Networking)

(x ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
35.	අපගේ සමාගම විධිමත් ගිවිසුම් හෝ එකඟතාවයන් මත පදනම්ව සැපයුම්කරුවන් සමඟ සහයෝගයෙන් කටයුතු කරයි.							
36.	අපගේ සමාගම විධිමත් ගිවිසුම් හෝ එකඟතාවයන් මත පදනම්ව තරඟකරුවන් සමඟ සහයෝගයෙන් කටයුතු කරයි.							
37.	අපගේ සමාගම විධිමත් ගිවිසුම් හෝ එකඟතාවයන් මත පදනම්ව පාරිභෝගිකයන් සමඟ සහයෝගයෙන් කටයුතු කරයි.							
38.	අපගේ සමාගම විධිමත් ගිවිසුම් හෝ එකඟතාවයන් මත පදනම්ව විශ්වවිද්‍යාල හෝ පර්යේෂණ ආයතන සමඟ සහයෝගයෙන් කටයුතු කරයි.							
39.	කුමන හවුල්කරුවන් සමඟ එක්ව අප ආයතනය කුමක් ලෙස කරගත යුතුද යන්න අපි විශ්ලේෂණය කරන්නෙමු.							
40.	සබඳතා ගොඩනඟා ගැනීම ගැන කතා කළ හැකි හවුල්කරුවන් ගැන අපි කල්තියා විනිශ්චය කරමු.							
41.	අපගේ හවුල්කරුවන් සමඟ සබඳතා සඳහා වගකිව යුතු සම්බන්ධීකාරකවරු (Coordinators) අප ආයතනය තුළ පත් කරන්නෙමු.							
42.	සාර්ථකත්වය ළඟා කර ගැනීම සඳහා එකිනෙකාට සහය වන්නේ කෙසේද යන්න අපි සහයෝගීතාකරුවන් සමඟ නීතිපතා සාකච්ඡා කරමු.							

• අවිධිමත් ජාලකරණය (Informal Networking)

(x ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
43.	අවිධිමත්/ පුද්ගලික සම්බන්ධතා මඟින් අපගේ ව්‍යාපාරයේ වර්ධනය සඳහා තොරතුරු ලබාගත හැක.							
44.	අවිධිමත් ජාල / පුද්ගලික සම්බන්ධතා මඟින් මඟින් නව සැපයුම්කරුවන් සමඟ සම්බන්ධ විය හැක.							
45.	අවිධිමත් ජාල / පුද්ගලික සම්බන්ධතා මඟින් අපගේ ව්‍යාපාර සඳහා මූල්‍ය පහසුකම් ලබාගැනීමට හැක.							
46.	සේවකයන් සොයාගැනීම සඳහා අපගේ සමාගම සමීප පුද්ගල සබඳතා මත විශ්වාසය තබයි.							

47.	සමාගමට ගිවිසුම් හා එකඟතා නොමැතිව සැපයුම්කරුවන් සමඟ සන්නිවේදනයන් හා සම්බන්ධතා ඇත.							
48.	ව්‍යාපාර ක්ෂේත්‍රයට අදාළ සංගම්, සමාජ සංවිධාන සහ විවේක කටයුතු සඳහා ආයතනයේ සහභාගිත්වයක් ඇත.							

• අවශෝෂණ ධාරිතාව (Absorptive Capacity)

(X ලකුණ යොදන්න)

		දැඩි ලෙස එකඟ නොවෙමි	යම් තරමකට එකඟ නොවෙමි	සුළු එකඟ නොවීමක් ඇත	එකඟ වන්නේ හෝ නොවන්නේ නැත	සුළු එකඟ වීමක් ඇත	යම් තරමකට එකඟ වෙමි	දැඩි ලෙස එකඟ වෙමි
49.	තොරතුරු ලබා ගැනීම සඳහා අප සමගම බොහෝ දුරට බාහිර සම්පත් භාවිතා කරයි. (උදා: පුද්ගලික සම්බන්ධතා, උපදේශකවරුන්, සම්මන්ත්‍රණ, අන්තර්ජාලය, දත්ත පද්ධති, වෘත්තීය සභරා, ශාස්ත්‍රීය ප්‍රකාශන, වෙළඳපල පර්යේෂණ, රෙගුලාසි සහ පරිසරය/ තාක්ෂණය/ සෞඛ්‍ය/ ආරක්ෂාව සම්බන්ධ නීති)							
50.	කර්මාන්තය තුළ අපනයන කටයුතු සම්බන්ධයෙන් අදාළ තොරතුරු සෙවීම අපගේ ආයතනයේ එදිනෙදා සිදුකරන කාර්යයකි.							
51.	අපගේ කර්මාන්තයෙන් පිටත පවතින තොරතුරු මූලාශ්‍ර භාවිතා කිරීමට අපගේ කළමනාකරණය විසින් සේවකයින් උනන්දු කරවයි.							
52.	අපගේ කර්මාන්තයෙන් පිටත පවතින බාහිර තොරතුරු සමඟ සේවකයින් කටයුතු කිරීම අපගේ කළමනාකරණය අපේක්ෂා කරයි.							
53.	අපගේ සමාගම තුළ පවතින එකිනෙක අංශ හරහා අදහස් හා සංකල්ප සන්නිවේදනය කෙරේ.							
54.	ගැටළු විසඳීම සඳහා ආයතනය තුළ ඇති අනෙකුත් අංශවල සහාය ලබාගැනීම අපගේ කළමනාකාරිත්වය අවධාරණය කරයි.							
55.	අපගේ සමාගම තුළ තොරතුරු ක්ෂණිකව සන්නිවේදනය කරයි. (උදා: ව්‍යාපාරික ඒකකයක් වැදගත් තොරතුරු ලබා ගන්නේ නම්, එය අනෙකුත් සියලුම අංශ වෙත ක්ෂණිකව සන්නිවේදනය කරයි.)							
56.	නව සංවර්ධනයන්, ගැටලු සහ ජයග්‍රහණ ආයතනයේ අංශ අතර හුවමාරු කර ගැනීම සඳහා අපගේ කළමනාකරණය විසින් වරින් වර ආයතනයේ සියළුම අංශ සහභාගිත්වයෙන් රැස්වීම් පවත්වයි.							
57.	අපගේ සේවකයින්ට එකතු කරන ලද දැනුම අවශ්‍ය පරිදි සකස්කර භාවිතයට ගැනීමට හැකියාව ඇත.							

58.	අලුතින් ලබා ගන්නා දැණුම දැනට ආයතනය තුළ පවතින දැනුම සමඟ සාර්ථකව සම්බන්ධ කිරීමට අපගේ සේවකයන් හට මනා හැකියාවක් ඇත.							
59.	අපගේ සේවකයින් දැනට ආයතනය සතුව පවතින දැනුම, නව දැනුම හා අවබෝධයන් සමඟ සාර්ථකව සම්බන්ධ කරයි.							
60.	අපගේ සේවකයින්ට නව දැනුම තම ප්‍රායෝගික වැඩ වලදී භාවිතා කළ හැකිය.							
61.	නව නිෂ්පාදනයක හෝ සේවාවක මූලික ආකෘති (prototype) සකස්කිරීම සඳහා අප ආයතනයේ කළමනාකරණය සහාය වේ.							
62.	අපගේ සමාගම නව තාක්ෂණයන් පිළිබඳව නිතරම පාහේ සොයා බලන අතර, නව දැනුමට අනුකූල වෙමින් එම තාක්ෂණයන් සඳහා සුදුසු පරිදි වෙනස්වේ.							
63.	නව තාක්ෂණයන් සඳහා සුදුසු පරිදි වෙනස්වීම මඟින් අපගේ ආයතනයට වඩාත් කාර්යක්ෂමව වැඩ කළ හැකිය.							

Appendix 6: Co-Authorship Forms



THE UNIVERSITY OF
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Co-Authorship Form

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This form is to accompany the submission of any PhD that contains research reported in published or unpublished co-authored work. **Please include one copy of this form for each co-authored work.** Completed forms should be included in your appendices for all the copies of your thesis submitted for examination and library deposit (including digital deposit).

Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

A section of the chapter 2 of the thesis: (Manuscript 1): Entrepreneurial Orientation

Perera, S. R., Sinha, P., & Gilbert-Saad, A. (2024). Entrepreneurial Orientation. International Encyclopedia of Business Management. Elsevier. doi.org/10.1016/B978-0-443-13701-3.00064-5

Nature of contribution by PhD candidate

Lead author

Extent of contribution by PhD candidate (%)

80%

CO-AUTHORS

Name	Nature of Contribution
Paresha Sinha	Edited the chapter, provided guidance on theoretical aspects, and offered feedback on the structure
Antoine Gilbert-Saad	Edited the chapter, provided guidance on theoretical aspects, advised on structure and language, and proofread the document.

Certification by Co-Authors

The undersigned hereby certify that:

- ❖ the above statement correctly reflects the nature and extent of the PhD candidate's contribution to this work, and the nature of the contribution of each of the co-authors; and
- ❖ that the candidate wrote all or the majority of the text.

Name	Signature	Date
Paresha Sinha		1/11/2024
Antoine Gilbert-Saad		29/10/2024

July 2015



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Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

Chapter 3 of the thesis (Manuscript 2): This article is currently under review under the title "Strategic Pathways to Enhanced Export Performance: Leveraging Entrepreneurial Orientation, Learning, and Networking in Emerging Market SMEs"

Nature of contribution by PhD candidate	Lead author
Extent of contribution by PhD candidate (%)	80%

CO-AUTHORS

Name	Nature of Contribution
Paresha Sinha	Helped articulate the research problem, guided the development of the theoretical framework, guided and provided feedback on writing and structure, and checked the analysis for rigor and accuracy. Guided with research design.
Antoine Gilbert-Saad	Helped to position paper by articulating research questions, contributing to conceptual development, assisting with writing style, language, and structure, and providing editing and proofreading support.

Certification by Co-Authors

The undersigned hereby certify that:

- ❖ the above statement correctly reflects the nature and extent of the PhD candidate's contribution to this work, and the nature of the contribution of each of the co-authors; and
- ❖ that the candidate wrote all or the majority of the text.

Name	Signature	Date
Paresha Sinha		1/11/2024
Antoine Gilbert-Saad		29/10/2024

July 2015



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Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

Chapter 4 of the thesis (Manuscript 3): This article is currently under review under the title "From Entrepreneurial Orientation to Export Performance: A Pathway Through Vicarious Learning and Absorptive Capacity in International SMEs"

Nature of contribution by PhD candidate	Lead author
Extent of contribution by PhD candidate (%)	80%

CO-AUTHORS

Name	Nature of Contribution
Paresha Sinha	Helped articulate the research problem, guided the development of the theoretical framework, guided and provided feedback on writing and structure, and checked the analysis for rigor and accuracy. Guided with research design.
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Name	Signature	Date
Paresha Sinha		1/11/2024
Antoine Gilbert-Saad		29/10/2024

July 2015