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Post-entry internationalization of born globals: The role of dynamic capabilities in accelerating growth

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ABSTRACT

Academics and policymakers worldwide recognize the importance of born globals (BGs) and actively promote rapid internationalization. Despite this, our knowledge of the post-entry behavior of BGs is limited. We address this problem by investigating the dynamic capabilities that accelerate the post-entry international growth of BGs. Drawing on in-depth interviews with Chinese BG managers, this study reveals the dynamic capabilities that substantiate three key dimensions of international growth: spread, diversification, and sales intensity. Furthermore, we disclose the managerial and organizational capabilities that underpin the sensing and seizing of international opportunities as well as the reconfiguration of the resource base. We contribute to the BG literature and the dynamic capabilities perspective.

1. Introduction

Born globals (BGs), startups that enter foreign markets rapidly and derive an important share of their turnover from international markets, represent one of the most important types of international entrepreneurial behavior (Patel et al., 2018; Pidduck et al., 2022; Zander et al., 2015). BGs have a high degree of international entrepreneurial orientation from their inception and are commonly championed by their managers (Cavusgil & Knight, 2015; Knight & Cavusgil, 2004). In recent decades, BGs have gained impressive recognition in the academic community as well as among policymakers worldwide. Increasingly, policymakers in many countries thus understand and promote the rapid internationalization of firms to enhance international trade and economic development (Ferguson et al., 2021; Moen et al., 2022).

Despite their recognition and the economic and social benefits (e.g., innovation, job creation, economic growth) that BGs can generate, current understanding is limited. Specifically, most BG studies thus far have focused on initial export activities. Therefore, much less is known about the post-entry behavior of BGs (Cavusgil & Knight, 2015; Jin et al., 2018; Øyna et al., 2018). For instance, questions related to how (and if) BGs can maintain a rapid speed when entering additional markets remain underexplored (Bembom & Schwens, 2018; Coviello, 2015). Given its importance for firm survival and performance, recent studies have called for further research into the growth path of BGs (Choquette

et al., 2017; Hsieh et al., 2019; Patel et al., 2018).

The literature suggests that dynamic capabilities support the accelerated internationalization of BGs (Weerawardena et al., 2007). Managerial and firm dynamic capabilities, their interaction, and their interwoven development can trigger sustainable international growth (Cavusgil & Knight, 2015; Khan & Lew, 2018; Weerawardena et al., 2019). However, our knowledge of this is limited. Accordingly, illuminating the dynamic capabilities necessary for BG growth can advance international entrepreneurship scholarship and provide policymakers with the much-needed knowledge for designing and implementing the appropriate support policies for these firms. Drawing on the arguments we have advanced hitherto, this study is motivated to enrich knowledge related to the post-entry behavior of BGs. An in-depth understanding of the dynamic capabilities that drive the growth of BGs is particularly important; it can enable academics, practitioners, and policymakers to better support these firms in their growth efforts. In this way, the economic and social benefits attributed to BGs could be enhanced.

Therefore, this study investigates the dynamic capabilities that accelerate the growth of BGs. To this end, we draw on the dynamic capabilities perspective (Pitelis, 2022; Pitelis & Teece, 2010; Teece, 2007; Teece et al., 1997). Similar to the BG literature, the dynamic capabilities perspective (1) emphasizes the role of individuals (entrepreneurs/managers) in capability development and achieving desired organizational outcomes (Helfat & Peteraf, 2015; King & Tucci, 2002)

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and (2) indicates that further research must disentangle the interaction between the individual and firm capabilities necessary to achieve firm goals (Helfat & Peteraf, 2015; Laaksonen & Peltoniemi, 2016; Schilke et al., 2018). Hence, this study addresses the following research question: *How do managerial and firm-level dynamic capabilities combine to accelerate the post-entry growth of BGs in terms of their speed of international spread, international market diversification, and international sales intensity?* By addressing this question, we aim to enhance the body of literature at the intersection of international entrepreneurship and dynamic capabilities, which has received limited research attention to date.

We situated our study in the Chinese context due to the increased proliferation of Chinese BGs and because emerging markets are particularly appropriate contexts for studying dynamic capabilities given their high level of environmental uncertainty and inherent limitations. While notable exceptions exist (e.g., Hull et al., 2020; Jin et al., 2018; Liu, 2017; Yan et al., 2020), studies on Chinese BGs, particularly those related to their growth, are scarce. A qualitative research design was deemed most suitable for gaining an in-depth understanding of this phenomenon (Eisenhardt et al., 2016; Welch et al., 2022). To achieve the purpose of this study, we collected and analyzed 40 in-depth research interviews with managers¹ of 33 Chinese BGs and supplemented our analysis with relevant secondary data sources.

This study makes three contributions. First, we contribute to the BG literature by identifying the unique sets of managerial and firm-level dynamic capabilities that accelerate different international growth dimensions. Thus, we address calls for research into the post-entry growth of BGs (Paul & Rosado-Serrano, 2019; Zander et al., 2015). Specifically, we reveal that the post-entry speed of international BG spread is enabled by capabilities related to managerial perceptions of international demand and competition, piggybacking state-owned enterprise (SOE) networks and government support, e-commerce platforms, and international customer network management. Moreover, post-entry international market diversification is propelled by capabilities involving cross-cultural awareness, online delivery and virtual team management, as well as the exploitation of transnational online communities. In addition, the post-entry international sales intensity of BGs is facilitated by the managerial capability to envisage global trends, technological capability, the capability to modify business models, and international collaborations capability. Second, our study adds to the dynamic capabilities perspective by disclosing the key role of managerial cognitive capabilities in achieving international firm outcomes (Helfat & Peteraf, 2015; Tasheva & Nielsen, 2020). We also illuminate the interaction between managerial and firm-level dynamic capabilities in the pursuit of organizational outcomes (Helfat & Peteraf, 2015; Schilke et al., 2018). Third, by investigating BGs from China, we advance the understanding of the internationalization of BGs from emerging markets (Paul & Rosado-Serrano, 2019).

The remainder of the study is organized as follows. The next section provides the theoretical background and discusses the literature reviewed for this study. Then, we explain the methodological approach adopted. Subsequently, our findings are presented and discussed. Finally, we provide concluding remarks, highlight our contribution to theory and practice, and generate future research directions.

2. Theoretical background and literature

2.1. Dynamic capabilities perspective

Dynamic capabilities represent the abilities to sense and seize

¹ The term manager is used throughout the study to refer to the key decision-maker (e.g., entrepreneur, founder, owner, and senior manager) in charge of key decisions in the BG. We selected this term given that we investigate post-entry growth behavior.

opportunities as well as reconfigure assets at the firm and managerial levels (Teece, 2007). They are hard to replicate (Al-Aali & Teece, 2014; Pitelis & Teece, 2015; Wang & Ahmed, 2007) and allow firms to achieve and maintain competitive advantage in a rapidly changing environment (Teece et al., 1997). According to Teece (2014a, p. 331), as opposed to ordinary capabilities, which “are about doing things right, dynamic capabilities are about doing the right things, at the right time, based on new product (and process) development, unique managerial orchestration processes, a strong and change-oriented organizational culture, and a prescient assessment of the business environment and technological opportunities.” Different from the ordinary capabilities that allow firms to operate effectively in their existing lines of business (Winter, 2003), dynamic capabilities enable them to develop new products/services and enter new markets (Pitelis & Teece, 2010; Schoemaker et al., 2018). Prior research has reported that dynamic capabilities can increase the speed and efficiency with which firms operate and address changes in their environments (Macher & Mowery, 2009; Tallon, 2008). Thus, dynamic capabilities contribute to firm performance (Fainshmidt et al., 2016; Malik & Kotabe, 2009) and are key for long-term sustainability, competitiveness, and prosperity.

Nevertheless, despite their importance, current knowledge regarding the underpinnings and microfoundations of sensing, seizing, and reconfiguration capabilities and the hierarchy of dynamic capabilities is limited. In particular, the managerial cognitive microfoundations of dynamic capabilities are still underexplored (De Silva et al., 2021; Feng et al., 2023; Helfat & Peteraf, 2015).

Teece (2007) proposed that the key microfoundations of dynamic capabilities are skills, processes, procedures, organizational structures, and strategic decisions; these undergird organizational-level sensing, seizing, and reconfiguration. Sensing is mainly undergirded by individual capacities and managerial cognitive elements. Seizing is closely related to organizational structures, procedures, business models, and value propositions. Reconfiguration is supported by cospecialization, knowledge management, decentralization, and governance in the network and ecosystem-wide contexts. Only a few studies have empirically examined these aspects of dynamic capabilities. For instance, De Silva et al. (2021) identified the individual-level microfoundation of sensing, the organizational-level microfoundation of seizing, and the ecosystem-level microfoundation of transformation, while Giudici et al. (2018) revealed the emotional and cognitive microfoundations of sensing.

Another salient challenge when studying dynamic capabilities is the interaction between individual and organizational dynamic capabilities (Helfat & Peteraf, 2015; Pitelis, 2022). In line with Helfat & Peteraf (2015), organizational dynamic capabilities are typically based on managerial decisions and input. However, dynamic managerial capabilities may also help create and shape organizational capabilities, which ultimately impact organizational performance. Hence, to advance the current understanding of dynamic capabilities, a deeper exploration of the interplay between managerial and organizational capabilities in relation to firm outputs is needed (Helfat & Peteraf, 2015; Schilke et al., 2018).

In alignment with Teece (2014b, p. 25), we note that “the ‘born global’ phenomenon is consistent with dynamic capabilities.” Namely, new entrepreneurial ventures such as BGs are endowed with strong dynamic capabilities that enable them to “quickly create and (with local partners) cocreate new markets abroad.” The BG literature generally supports the tenets of dynamic capabilities, suggesting that BGs are driven by entrepreneurial behavior and have strong and innovative capabilities that allow them to thrive in new market conditions characterized by technological change (Cavusgil & Knight, 2015; Coviello, 2015; Madsen & Servais, 1997). Akin to the dynamic capabilities perspective, BG scholars recognize the utmost importance of entrepreneurs/managers for the proliferation of such firms (Karra et al., 2008; Pidduck et al., 2020; Weerawardena et al., 2007). Furthermore, the BG literature suggests that the interaction and reconfiguration of

managerial and firm capabilities pave the way for sustainable international growth (Cavusgil & Knight, 2015; Khan & Lew, 2018; Weerawardena et al., 2019).

Recent studies have emphasized that more attention should be given to the association between dynamic capabilities and global strategy development (Blesa & Ripollés, 2021; Schilke et al., 2018; Teece, 2014b).

Overall, the dynamic capabilities perspective is particularly appropriate to study the BG phenomenon since it highlights the role of entrepreneurship in international strategies, emphasizing the managerial orchestration of resources and cross-border market cocreation (Pitelis & Teece, 2010, 2019). The post-entry international growth phase is mainly concerned with questions such as when to enter the next destination, where to do so, and why such actions are needed; these are closely associated with the dynamic capabilities perspective and its focus on sustained competitive advantage (Teece, 2014b). Hence, by employing the dynamic capabilities perspective in the analysis of the post-entry internationalization of BGs, we are able to provide novel insights to both research streams.

2.2. Post-entry development of BGs

Despite their resource limitations, BGs, firms that are typically considered to internationalize within three years of their inception and have at least 25% international sales to total sales, are able to enter diverse foreign markets at or soon after startup thanks to their distinctive capabilities (Cavusgil & Knight, 2015; Knight & Cavusgil, 2004; Knight & Liesch, 2016; Weerawardena et al., 2007). Such capabilities allow BGs to overcome the inherent liabilities of smallness and newness and to achieve improved performance outcomes. Despite the increased momentum that BGs have gained in recent decades, current understanding is insufficient. Specifically, most BG studies have investigated their initial involvement in international activities. Comparatively, the post-entry international behavior of BGs is still underresearched (Jin et al., 2018; Li et al., 2015; Øyna et al., 2018). Studying the post-entry behavior of BGs is particularly important because it is likely to be a strategic outcome based on strategic decision-making rather than an opportunistic action (Sadeghi et al., 2018; Sleuwaegen & Onkelinx, 2014; Sui & Baum, 2014). Prior studies have acknowledged that both managerial and firm capabilities are relevant for post-entry development and performance of BGs in foreign markets (Cavusgil & Knight, 2015; Zhang & Tansuhaj, 2007).

In what follows, we present a brief overview of the most significant (dynamic) capabilities associated with the BG phenomenon.

2.2.1. Managerial cognitive capabilities

The BG literature underscores entrepreneurial cognition and individuals' ability to build and shape other capabilities. Prior research (Weerawardena et al., 2007) outlines that entrepreneurs' learning orientation, international mindset, and experience can create and cultivate firm capabilities such as networking capabilities. In turn, such networking capabilities allow BGs to position themselves in global niche markets and develop cutting-edge knowledge-intensive products, which accelerate internationalization and may enhance international performance. Furthermore, internationalization speed also depends on entrepreneurs' decisions to deploy human capabilities to international activities during a specific time frame (Chetty et al., 2014) and on their ability to transform operational capabilities and generate the dynamic capabilities needed to exploit opportunities and develop products for niche markets (Weerawardena et al., 2019).

2.2.2. Firm capabilities

A wide range of firm capabilities have been reported to underpin the BG phenomenon. While a systematic review of the literature on firm capabilities and BGs is beyond the purpose of this study, we provide a brief account of what we consider the most relevant BG capabilities that

could affect post-entry international behavior. Networking capabilities, either offline or virtual, can enable BGs to address international opportunities and alleviate resource constraints, for instance, by providing access to extra resources and knowledge from other domestic and international actors (Cahen & Borini, 2020; Freeman et al., 2006; Zahoor & Al-Tabbaa, 2021). However, network building may have different effects on distinct internationalization speed dimensions (Prashantham et al., 2019). Marketing capabilities such as capabilities linked to international market resource acquisition and reconfiguration in international markets have also been often employed to understand the international performance of small internationalizing firms (Jie et al., 2021). For instance, Weerawardena et al. (2007) suggested a positive association between the owner-manager's profile and the marketing capability of BGs, while Andersson et al. (2020) reported that entrepreneurs of BGs that continued to grow in their maturity phase embraced a mix of proactive and reactive market orientation to assist value creation and delivery to customers. To maintain growth, these firms invested in international marketing activities on a continuous basis. Technological capabilities have also been reported to influence the international performance of early internationalizing firms (Huang et al., 2021; McCormick & Somaya, 2020). In a similar vein, previous studies (Knight & Cavusgil, 2004; Cavusgil & Knight, 2015) also indicated that innovation-related capabilities enabled BGs to promote new product development and enter new markets. In addition, the international entrepreneurship literature studied a few other capabilities (e.g., learning capabilities, resource exploiting capabilities) in relation to the growth and performance of early internationalizing firms (Jie et al., 2021; Weerawardena et al., 2020). However, further research is required and scholars call for studies on how capabilities interact and what specific capability portfolios contribute to the international behavior of entrepreneurial firms (Jie et al., 2021).

2.2.3. Dynamic capabilities for BG international growth

A few prior studies suggested that dynamic capabilities could accelerate post-entry internationalization (Frasquet et al., 2013; Frasquet et al., 2018; Prashantham & Young, 2011). For example, Andersson et al. (2020) observed that international entrepreneurial and customer-focused culture, a focus on differentiated niche products, and a proactive market orientation increased the international growth of mature BGs. Moreover, they reported that revenue reinvestment into international sales and in on-going enhancement of the core product increased the capabilities to identify, create, and deliver customer value of mature BGs, hence leading to international sales growth. Similarly, Khan and Lew (2018) underlined the importance of entrepreneurial orientation, networking capabilities, and a focus on specialized products/ niche markets coupled with capabilities of transforming for the post-entry development of international new ventures. In addition, BG entrepreneurs displayed the perceptions and capabilities required to exploit learning advantages from operating in international markets, thus accelerating internationalization speed and enabling international success (Sleuwaegen & Onkelinx, 2014).

In this study, we consider three main growth dimensions that are frequently acknowledged by the BG literature: post-entry speed of international spread, post-entry international market diversification, and post-entry international sales intensity.

Post-entry speed of international spread can affect both financial (e.g., sales, profitability, and market share) and nonfinancial (e.g., survival, reputation, and strategic positioning) performance (Freixanet & Renart, 2020; Sadeghi et al., 2018). Prior studies highlighted that post-entry internationalization speed could decrease during BG maturity (Chetty et al., 2014; De Mello et al., 2019). Deciding the pace of international involvement entails challenging decisions for international strategy, since entrepreneurs should carefully balance scarce resources in the pursuit of international opportunities (Chetty et al., 2014; Jin et al., 2018; Sadeghi et al., 2018). Post-entry international market diversification provides opportunities to expand the business to different types of markets (e.g.,

geographically, culturally, politically, and economically different), thus reducing dependency on a small number of markets and their potential downturns. Rapid international spread (geographical dispersion) was reported to increase commitment to international markets (Kuivalainen et al., 2007). Previous research also found that intraregional diversification reduced the likelihood of failure (Patel et al., 2018) and that geographic scope influenced the performance of international new ventures (Cerrato & Fernhaber, 2018). Similarly, prior research acknowledged the importance of achieving/maintaining increasing international sales intensity for BGs (Andersson et al., 2020; Coviello, 2015). At the same time, however, prior studies noted that BGs may not necessarily maintain a high level of international sales intensity over time and that (dynamic) capabilities are key for maintaining high international sales (Andersson et al., 2020; Hagen & Zucchella, 2014).

Overall, while existing research recognizes, on the one hand, the significance of post-entry international behavior for BG sustainability and proliferation and, on the other hand, the relevance of dynamic capabilities for accelerating post-entry internationalization, we currently have insufficient understanding of how managerial and firm-level dynamic capabilities combine to drive different dimensions of post-entry international growth in the BG setting. In addition, we know little about the sensing, seizing, and reconfiguration capabilities which enable such growth.

3. Methodology

3.1. Research approach

Given that the phenomenon investigated (the post-entry behavior of BGs) is underresearched and that limited empirical research has been conducted on the microfoundations of dynamic capabilities, this study has an exploratory nature. A qualitative research design was deemed appropriate for this research since it is particularly well suited to understanding new or underexplored phenomena. This aligns well with an increasing tendency to use qualitative research in the field of international entrepreneurship (e.g., Fraccastoro et al., 2021; Kriz & Welch, 2018; Rumyantseva & Welch, 2023). It also responds to recent calls for future research to adopt qualitative methods for further investigation of dynamic capabilities (Pitelis, 2022) and to evaluate international business in emerging market contexts (Plakoyiannaki et al., 2017).

To answer our research question, we selected an abductive approach (Plakoyiannaki and Budhwar, 2021). This approach enabled us to connect the understanding of the empirical evidence to existing theory and allowed us to further develop theoretical insights (Gehman et al., 2018). We started with a preliminary understanding of the phenomenon. Then, we collected empirical data and connected them to prior theoretical concepts to develop a richer understanding of underresearched issues, aligning with the logic of the abductive approach (Gehman et al., 2018; Yagi & Kleinberg, 2011).

Since in this study we propose a research question for which there is limited empirical evidence, we aim for theory building (Eisenhardt, 1989; 2021). To this purpose, we generate propositions grounded in our empirical evidence that link the post-entry international growth dimensions of BGs with the dynamic capabilities that promote them.

3.2. The Chinese context

In 1978, China began to reform its economy. Since then, the Chinese economy has undergone major structural transformations (Del Giudice et al., 2019; Luo & Tan, 1997; Sun & Liu, 2010). Gradually, the private economy has started to emerge and grow. Over time, the importance of private firms, in general and small and medium-sized enterprises (SMEs) in particular, has increased significantly. In 2021, the number of SMEs reached 48 million, accounting for 98% of all registered enterprises and contributing to more than 60% of China's gross domestic product and over 50% of the country's tax income (MIIT, 2022; NBS, 2021;

Chinatorch, 2022). Before 1978, Chinese firms were not permitted to engage in outward foreign direct investment activities. Initially, only SOEs were allowed to do so. However, in 2001, private firms finally obtained export rights, and, since 2003, they have been encouraged to expand overseas (Gao et al., 2010; UNCTAD, 2008). Yet, despite their key contribution to Chinese economic development, Chinese SMEs have relatively limited access to resources and face institutional barriers (Huang, 2008, 2011; Zhu et al., 2012). By entering international markets, Chinese SMEs can reduce their dependency on the domestic market and pursue alternative growth opportunities.

At the same time, China has become the largest digital market globally by user numbers. Between 2008 and 2015, e-commerce sales had an approximate growth rate of 30% and reached about RMB 4.8 trillion in 2015; additionally, such sales accounted for approximately half of the total global e-commerce retail sales and exceeded the combined sales of Europe and the USA (ITA, 2021; Statista, 2022). One interwoven outcome is that this increased digitalization directly influences the internationalization of Chinese SMEs (Del Giudice et al., 2019; Zeng & Glaister, 2016).

In sum, considering the economic and institutional transformations of their home market, Chinese firms have likely been exposed to more rapid and unprecedented changes in their domestic environment than companies established in developed markets. Therefore, the existing findings from developed economies may not be able to explain the international behavior of Chinese SMEs (Du & Zhou, 2019; Yan et al., 2018; Zhang et al., 2016). To survive and prosper despite the salient challenges in their home market environment, Chinese SMEs are likely to develop dynamic capabilities that would allow them to quickly internationalize and grow in foreign markets. We argue that such capabilities are likely to be the source of the increased importance SMEs have gained in their domestic and international markets (Deng, 2012; Deng & Zhang, 2018; Yan et al., 2018). However, while studies have progressively attested to the proliferation of Chinese BGs (e.g., Hull et al., 2020; Li et al., 2015; Lin et al., 2016; Lin & Si, 2018), we know little regarding the dynamic capabilities developed by Chinese BGs to rapidly grow in international markets.

3.3. Sample selection

To select participants, our study employed purposive sampling. We opted to collect interview data, which are the most appropriate for enabling the voices of participants to be heard (Eisenhardt et al., 2016; Garg & Eisenhardt, 2017). Semistructured, in-depth interviews were conducted with 40 managers of 33 BGs. Several criteria were used to select relevant firms for our study. First, following Knight (1996) and Gerschewski et al. (2018), the selected SMEs² must have been internationalized within no more than three years after startup and generate international sales at a minimum of 25% of total sales. Second, these SMEs must have entered foreign markets on at least two continents. Third, these firms must have had a minimum of two years of international experience, as this study focuses on the post-entry behavior of BGs. Moreover, since the BG phenomenon can occur in a wide range of sectors, we collected data from diverse sectors. Firms were selected from a multi-industry background, as the perceived importance of capabilities may differ across industries. While certain data limitations may exist due to the heterogeneity of the sample, we aimed to capitalize on the diverse nature of our data by highlighting the differences identified between BGs in high- versus low-tech sectors (as well as firms that target individual versus corporate customers).

Finally, the sample was collected from different regions in China

² In this study, we followed the SME definition provided by the Chinese Ministry of Industry and Information Technology, the National Bureau of Statistics, the National Development and Reform Commission, and the Ministry of Treasury, 2011.

(Beijing, Hangzhou, Shanghai, Shenzhen, Wuhan, and Yunnan) to avoid biasing the data toward a specific region.

3.4. Data collection

Companies were initially identified by searching in several databases (the Kompass China trade directory, the Small and Micro Enterprises Index, and TianYanCha), relevant industry forums/trade fairs, and personal networks. Then, company websites were browsed to ensure that the firms met the sampling criteria and to identify relevant contact details. Top managers were then contacted via telephone and email. Follow-up phone calls were made, if needed, to confirm that the managers were interested in participating in this research project. Each company provided 1–2 interviewees who were founders/top managers with knowledge of the internationalization strategy of the company. This resulted in a total of 40 interviews. Each interview lasted approximately one hour. Note-taking and audio recording were also used with the permission of the participants.

The interview protocol was developed based on the literature and was adapted to the Chinese context. Three different indicators were used to assess the post-entry behavior of BGs. Specifically, the post-entry speed of international spread was measured as the average number of markets that a firm entered per year from the initial entry until the date on which firm managers were interviewed (Hsieh et al., 2019). The diversification dimension referred to the number of geographical regions, as suggested by Sadeghi et al. (2018). The intensity dimension was reflected by the ratio of foreign sales to total sales (Ibeh et al., 2018; Sadeghi et al., 2018). The methodological approach adopted enabled new concepts to emerge since interview questions allowed for a certain degree of flexibility (Gehman et al., 2018).

The interviews were structured as follows. First, generic questions regarding the firms and their main business activities were asked. This allowed us to obtain a clear understanding of the characteristics and context of the firms. Each interview then continued with questions related to the initial involvement in international activities of the SME. In this way, we ensured that the firms aligned with the BG definition adopted in this study and therefore qualified to be included in the final sample. Subsequently, open-ended questions regarding the international growth of the BGs were discussed with the interviewees. Managers were asked to indicate which dimension(s) of post-entry expansion were particularly important in their context. These questions were related to both managerial and firm capabilities and their importance for post-entry behavior. Throughout the duration of the interviews, the participants were asked to explain the meaning of their answers in their specific context and were encouraged to provide real-life examples and explanations in support of their arguments. We remained in contact with the interviewees to ask any further questions that arose during the data analysis stage. The profiles of the BGs included in our sample are presented in Table 1.

3.5. Additional sources

The interview data were triangulated (Denzin, 2012; Welch & Piekkari, 2017) with materials provided by the interviewees (booklets, business proposals, and reports) and online information (websites, blogs, and news). Various archival documents were combined with web sources to enhance the validity of the findings and avoid retrospective bias. The web sources included company home pages, social media profiles (i.e., Facebook, Instagram, Twitter), e-commerce platform profiles (i.e., Amazon, eBay, Wish, Ali Express), and media news. We kept checking the internet outlets of the BGs for news regarding their international activities. We also kept track of follow-up emails, text messages, and personal conversations with the interviewees, which were instrumental in increasing our understanding of the issues being studied. The sources of the triangulation material are shown in Table 2.

3.6. Data analysis

The data were analyzed following well-recognized guidelines (e.g., Eisenhardt et al., 2016; Gehman et al., 2018; Langley & Abdallah, 2011). The analysis process entailed iteration between the empirical data and theory, making it possible to adjust and enrich our understanding (Isabella, 1990; Welch et al., 2011). NVivo 12 was used in the data coding, as this software is helpful in performing systematic searches and categorization. Our abductive process started from inductive open coding (Gioia et al., 2013), where we identified key initial concepts from the interview transcripts that were highlighted by managers across different interviews. We read through the transcripts several times to obtain an overview of the managerial interpretation of the capabilities that were significant for firm internationalization. Consequently, 22 first-order codes were derived from the empirical evidence. In line with the abductive approach adopted, during the second and third steps, we deductively employed existing concepts from the dynamic capabilities and BG literature to summarize some of the codes. At the same time, we allowed new constructs to develop based on the perceptions of the managers interviewed. In doing so, our coding structure included both existing constructs identified in the literature and new dimensions that emerged from the empirical evidence. In the second step, we aggregated the first-order concepts into higher-order themes (11 themes in total). We kept reading the transcripts and checking across the codes to ensure an in-depth understanding of the meanings given by the interviewees and to avoid overlaps or contradictions between codes. Third, we identified three key sets of overarching dynamic capabilities. These are capabilities for *the post-entry speed of international spread*, capabilities for *post-entry international market diversification*, and capabilities for *post-entry international sales intensity*. We continued refining the codes to ensure that the aggregation of the concepts, themes, and dimensions remained stable. The data structure is presented in Fig. 1, and representative quotations are included in Table 3.

4. Discussion of findings

Our findings indicate that the BGs investigated tended to prioritize specific post-entry international growth dimensions and that there are differences among the capabilities that drive these dimensions. While some overlaps and exceptions exist, the BGs investigated can be classified in three different groups. Specifically, BGs in low-tech industries, which provided standardized products (Group 1), generally emphasized their post-entry speed of international spread. Given that they had to avoid competition in existing markets, these BGs chose to spread rapidly to new international markets with untapped demand. In contrast, BGs in high-tech and knowledge-intensive service industries typically pursued other post-entry international growth dimensions. That is, high-tech firms that focused on individual customers (Group 2) aspired to diversify their international markets in the post-entry phase but usually faced barriers due to cultural/economic/geographic distance. Conversely, high-tech firms that focused on corporate customers (Group 3), especially those that provided new technologies, prioritized international sales intensity. Since these BGs often struggled with the commercialization of their technologies in their domestic market, they were particularly interested in generating substantial international sales. While these three post-entry international growth dimensions are unquestionably related, for the purpose of theorization, we identified the distinct combinations of individual and firm capabilities that underpin the sensing and seizing of international opportunities and the reconfiguration of the resource base. We present and discuss our empirical findings in the following sections.

4.1. Capabilities for post-entry speed of international spread

Managers in this group relied on their *capability to perceive demand and competition in the international markets* to sense international

Table 1
BG profiles.

BGs	Sector	Size	Age	Year of first market entry	Tech intensity	Position of interviewee/s	Foreign markets entered	Spread ^a	Diversification ^b	Sales intensity ^c
BG 1	Manufacture	Medium	15	1st year	Low-tech	Senior manager	Netherlands, Germany (2002); UK (2004); France, Italy (2005); Japan (2008); USA (2010); Turkey (2014); India (2015)	0.6	5	80%
BG 2	Information technology	Micro	4	3rd year	High-tech	Founder, co-founder	USA, Poland (2016); Australia (2018)	1.5	3	70%
BG 3	Consulting service	Small	3	2nd year	Knowledge-intensive service	Senior manager	UK, USA, France (2017)	1.5	2	25%
BG 4	Manufacture	Medium	15	2nd year	Low-tech	Founder	USA (2003); Germany (2004); UK (2005); Australia (2009); New Zealand (2010); India (2016); Vietnam (2017)	0.5	5	80%
BG 5	Online education service	Medium	13	1st year	Knowledge-intensive service	Senior manager	USA (2004); Canada (2004); UK (2005); Australia (2005); South Africa (2014)	0.4	4	25%
BG 6	Retail	Small	3	1st year	Low-tech	Founder	USA (2015); UK, Germany, France, Spain (2016); Japan (2017)	2	3	Almost 100%
BG 7	Manufacture	Medium	11	3rd year	Low-tech	Senior manager	Ethiopia (2010), Malaysia (2011); Pakistan (2012); Laos, Saudi Arabia (2015); Vietnam (2017)	0.7	4	50%
BG 8	Wholesale	Micro	3	1st year	Low-tech	Founder	India, Ukraine, Italy, Poland, USA, UK (2016); United Arab Emirates, Saudi Arabia (2017); Turkey (2018)	3	5	Almost 100%
BG 9	Information technology	Small	3	2nd year	High-tech	Founder, co-founder	USA, UK (2018); Singapore (2019)	1.5	3	35%
BG 10	Manufacture	Medium	5	2nd year	High-tech	Founder	Belgium, USA (2015)	0.5	2	25%
BG 11	Manufacture	Medium	5	3rd year	High-tech	Senior manager	Norway (2016); India, Turkey, USA (2017); Korea (2018)	1.7	5	50%
BG 12	Manufacture	Medium	10	1st year	High-tech	Founder, senior manager	Mexico (2007); USA (2008); Spain (2011); Peru (2013); Singapore (2014); UK (2016); India (2016)	0.7	6	70%
BG 13	Manufacture	Medium	7	1st year	Low-tech	Senior manager	UK, France (2010); USA (2011); Australia (2012); Russia (2013); United Arab Emirates, Saudi Arabia (2015)	1	5	80%
BG 14	Manufacture	Medium	7	1st year	High-tech	Senior manager	USA, Korea (2011)	0.3	2	80%
BG 15	Retail	Small	3	1st year	Low-tech	Founder	USA, UK, Germany (2015); France, Italy, Spain (2016)	2	2	80%
BG 16	Retail and wholesale	Medium	15	1st year	Low-tech	Founder, senior manager	USA (2003); UK (2005); Germany (2008); France (2011)	0.3	2	80%
BG 17	Retail and wholesale	Medium	3	1st year	Low-tech	Senior manager	Germany, Italy, UK, USA (2015); Greece, Japan, Korea (2016)	2.3	4	80%
BG 18	Headhunting service	Small	5	1st year	Knowledge-intensive service	Senior manager	USA, UK, Canada (2012); Australia (2013); Germany, Switzerland, Ireland (2014)	1.4	3	25%
BG 19	Retail	Micro	3	1st year	Low-tech	Founder	USA, Canada, Mexico (2018); Brazil (2019)	1.3	2	Almost 100%
BG 20	Information technology	Small	3	1st year	High-tech	Senior manager	USA (2017); Singapore (2018)	0.7	2	25%
BG 21	Marketing service	Medium	10	3rd year	Knowledge-intensive service	Senior manager	Australia (2011); USA (2012); New Zealand (2014); UK (2015); Portugal, Greece (2016)	0.8	3	25%
BG 22	Retail	Medium	15	1st year	Low-tech	Senior manager	Thailand (2003); USA, Netherlands (2004); UK (2005); Germany (2006); Australia (2008); Mexico (2010)	0.5	5	25%
BG 23	Manufacture and retail	Medium	3	1st year	Low-tech	Senior manager	USA (2016); Canada (2017); UK (2018); Singapore (2018)	1.3	3	50%
BG 24	Information technology	Medium	6	3rd year	High-tech	Senior manager	Singapore (2017); USA (2018)	0.5	2	30%
BG 25	Information technology	Medium	3	1st year	High-tech	Founder	Thailand, Poland (2016)	0.7	2	25%
BG 26	Information technology	Medium	4	1st year	High-tech	Senior manager	Singapore (2014); USA, Germany (2018)	0.8	3	25%
BG 27	Information technology	Small	4	3rd year	High-tech	Founder, senior manager	USA (2018); UK (2018); Thailand (2019)	1.5	3	30%
BG 28	Human resource service	Medium	10	1st year	Knowledge-intensive service	Senior manager	USA, Canada (2008); UK, Australia (2010); Ireland (2011); New Zealand (2012); India (2013); Germany, France (2014); Netherlands (2015)	1	4	80%

(continued on next page)

Table 1 (continued)

BGs	Sector	Size	Age	Year of first market entry	Tech intensity	Position of interviewee/s	Foreign markets entered	Spread ^a	Diversification ^b	Sales intensity ^c
BG 29	Marketing service	Small	3	2nd year	Knowledge-intensive service	Founder, senior manager	UK, France (2018); Korea (2019)	1.5	2	25%
BG 30	Marketing service	Small	7	3rd year	Knowledge-intensive service	Founder, senior manager	Germany (2015); Switzerland (2016); USA (2017)	0.6	2	25%
BG 31	Manufacture and retail	Medium	21	1st year	Low-tech	Senior manager	UK, USA (1997); Russia (1999); Germany (2000); France (2001); Australia (2003); Vietnam (2008); Thailand (2011)	0.4	5	90%
BG 32	Wholesale and retail	Medium	3	1st year	Low-tech	Senior manager	UK, Germany, France, Spain, Italy (2015); USA, Canada, Thailand, Japan, Australia (2016)	3.3	5	80%
BG 33	Manufacture	Medium	6	3rd year	Low-tech	Senior manager	Russia (2015); India (2017); Vietnam (2018)	0.8	3	50%

^a The speed of spread is calculated as the number of countries that BGs entered divided by the number of years since their first foreign market entry until the time this study was conducted.

^b Diversification is represented by the number of geographic regions that BGs entered. There are 12 regions according to the World Bank classification: Southeast Asia, Middle East and North Africa, China, Japan, India, the rest of Asia, the Pacific, Latin America and the Caribbean, the European Union, the rest of Europe, North America (United States and Canada), and others.

^c Intensity is measured by the percentage of foreign sales to total sales.

opportunities and potential threats. The *e-commerce platform capability* and/or the *capability to piggyback SOE networks and government support* enabled these managers to seize international opportunities. To reconfigure their resource base, BGs in this group drew on their *capability to manage international customer networks*. This dimension of post-entry international growth was commonly pursued by firms that provided standardized products, such as manufacturers in traditional or low-tech industries, retailers, or wholesalers (Group 1). Such BGs typically prioritized rapidly spreading into more international markets to achieve benefits of scale and offset the risk of increased competition.

Our empirical evidence suggests that the managerial *capability to perceive demand and competition in the international market* was key for sensing opportunities for managers in this group:

“Chinese cross-border e-commerce retailers boomed in approximately 2016. It has reached a mature stage now. The competition also increased and it became difficult for new sellers to enter. Therefore, we not only need to enter popular countries but also to quickly expand to more markets to ensure sales.” (Senior manager, BG 13)

Our findings therefore align with the international entrepreneurship literature (Knight & Cavusgil, 2004; Messina & Hewitt-Dundas, 2023) by underlining the importance of managerial recognition of the specific international competition and demand characteristics in their industry. Thus, we underscore that managers must remain alert to the potential changes that may occur in international competition and demand over time since sensing such changes is likely to affect the subsequent international growth of the firm.

To seize international opportunities, BGs in this group relied on their capabilities related to e-commerce platforms and/or piggybacking SOE networks and government support. Such capabilities were key for overcoming barriers related to geographic distance and reducing advertising costs.

Our findings show that the Chinese BGs investigated skillfully utilized e-commerce platforms (Coviello et al., 2017; Deng et al., 2022) to increase awareness of their products/services among international customers as well as to make transactions. Hence, we underline the importance of *e-commerce platform capabilities*, such as online marketing and transactional online capabilities (Katsikeas et al., 2019; Mathews et al., 2016), for the international growth of BGs:

“We sell to international customers because the Amazon platform is international, and we can quickly expand to multiple countries. ... We understand the functions of the platform very well, and we know how to play the game. ... We pay for advertising services, and we also know how to access and analyze the background data.” (Founder, BG 15)

The e-commerce platform capability can be substituted with the capability to piggyback SOE networks and government support; the former capability was typical among firms that produced consumer goods, while the latter was more common among BGs that produced industrial products.

The *capability to piggyback SOE networks and government support* demonstrates that BGs can benefit from government support (Deng, 2012; Wang et al., 2012; Yan et al., 2020) if they have the appropriate networking capabilities. Such networking capabilities are generally developed as a result of a few types of relationships which prevail between Chinese SMEs and SOEs: (1) subcontracting - SMEs acting as subcontractors of SOEs in foreign markets; (2) buyer-supplier relationships - SMEs acting as suppliers of equipment/materials or service providers for SOEs in foreign markets; (3) partnerships - SMEs and SOEs forming partnerships to jointly secure and manage projects overseas; and (4) partial ownership - some BGs can be spin-offs of SOEs and SOEs maintain ownership in these SMEs (there are two such cases in our data with SOE ownership being less than 20%). Unlike the bulk of the literature, which shows a positive relation between large Chinese enterprises

Table 2
Triangulation material.

BG	Triangulation material
BG 1	Company homepage, Alibaba.com, Ali Express, eBay, Amazon, company booklet
BG 2	Company homepage, LinkedIn, game platforms, social media (Twitter, Pinterest), news articles
BG 3	Company homepage, social media (LinkedIn, Weibo), news articles, video, company booklet
BG 4	Company homepage, Alibaba.com, Ali Express
BG 5	Company homepage, social media (LinkedIn, Facebook, Weibo), news articles
BG 6	Company homepage, Amazon
BG 7	Company homepage, Alibaba.com, Ali Express, company booklet, product brochure
BG 8	Company homepage, Amazon, Ebay, Alibaba.com, Ali Express, Redjuice, Giztop, media news
BG 9	Company homepage, Twitter, LinkedIn, Facebook, Reddit, cryptocurrency exchanges, WeChat public account, Weibo, news articles, video, company booklet
BG 10	Company homepage, Reddit, YouTube, media news, news articles, video, company booklet, product brochure, prototype, business proposal
BG 11	Company homepage, social media (YouTube, ExportHub, Twitter), news articles, prototype
BG 12	Company homepage, Alibaba.com, news articles, company booklet, product brochure
BG 13	Company homepage, Alibaba.com, Ali Express, Amazon
BG 14	Company homepage, company booklet, video
BG 15	Company homepage, Amazon, WeChat public account, conference material, news articles, company booklet
BG 16	Company homepage, GlobalSources, Alibaba.com, LinkedIn, news articles
BG 17	Company homepage, Amazon, Apple store, Google Play, Jingdong, Tmall, Kaola
BG 18	Company homepage, Twitter, LinkedIn, Facebook, WeChat public account, YouTube, Instagram, news articles
BG 19	Company homepage, Amazon, Ali Express
BG 20	Company homepage, GitHub, Weibo, LinkedIn, media news, news articles
BG 21	Company homepage, social media (LinkedIn, YouTube, Twitter), news articles
BG 22	Company homepage, LinkedIn, news articles, company booklet
BG 23	Company homepage, social media (Instagram, Twitter, Facebook, LinkedIn), Amazon, Tmall, news articles, company booklet, product brochure, prototype
BG 24	Company homepage, social media (LinkedIn, Weibo, Facebook, Twitter), news articles, company booklet
BG 25	Company homepage, Facebook, news articles, company booklet
BG 26	Company homepage, LinkedIn, Weibo, news articles
BG 27	Company homepage, news articles, company booklet
BG 28	Company homepage, social media (LinkedIn, Facebook, YouTube, Pinterest, Twitter), Tracxn, Webcontactus, Indeed, news articles, company booklet
BG 29	Company homepage, social media (TikTok, Weibo), company booklet, business proposal
BG 30	Company homepage, LinkedIn, Tracxn, Pitchbook, news articles
BG 31	Company homepage, Amazon, Ali Express, Wish, DHgate, social media (Facebook, LinkedIn, Instagram), news articles
BG 32	Company homepage, Tmall, Jingdong, Kaola, Yunji
BG 33	Company homepage, news articles, company booklet

and government support in response to national priorities for international development (e.g., [Chen et al., 2021](#); [Deng, 2012](#); [Dong et al., 2022](#)), our study provides a fresh perspective that suits the BG context. Namely, the Chinese BGs interviewed frequently “piggybacked” the government support for internationalization received by their large counterparts, for example, by acting as their subcontractors on international projects:

“We are one of the equipment suppliers for SOEs such as the National Grid. ... Because of the Belt and Road initiative, many SOEs went abroad to build large projects. SOEs usually require engineering, procurement, and construction services. Then, they can invite us for bids so we can sell our products abroad.” (Senior Manager, BG 7)

This is an interesting finding given that most of the literature argues

that private firms may choose to internationalize to escape a disadvantageous situation in the domestic market where SOEs are prioritized and supported by the state internationally ([Deng et al., 2020](#); [Wu & Deng, 2020](#)). Our findings highlight that some BGs can develop dynamic capabilities that allow them to exploit the resources provided by the government to support the international efforts of SOEs. These BGs were able to overcome the difficulties associated with the liabilities of foreignness and psychic distance ([Johanson & Vahlne, 1977; 2009](#)). Consequently, these SMEs internationalized in a broad range of foreign markets at/soon after inception, including in psychically distant markets (such as the USA or Europe). Our findings show that a few of the BGs investigated preferred to follow the support received by their larger domestic peers to choose which international markets to enter and when. However, the learning curve resulting from international subcontracting is limited; thus, the sustainability of the international operations of such BGs may be precarious.

The BGs in this group drew on their *capability to manage international customer networks* to reconfigure their resource base. Hence, the findings derived from the Chinese BGs analyzed in this study align with those in the Western BG literature regarding the importance of emphasizing foreign customers ([Freeman & Cavusgil, 2007](#); [Knight et al., 2004](#)):

“Maintaining customers also helps us to advance our expertise because they can always identify new problems and they can help us to develop a better understanding of the local standards and criteria, so that we can get more orders.” (Senior Manager, BG 7)

By maintaining close contact with international customers, BGs can adjust rapidly, and this can influence the current and future international customer base. Managing relationships with customers can facilitate knowledge transfer and integration and help firms reconfigure their resources to better meet the local standards and preferences.

Drawing on our empirical analysis presented thus far, we advance the following proposition:

Proposition 1. *The post-entry speed of international spread is accelerated by a set of dynamic capabilities including (a) the capability to perceive demand and competition in the international market, (b) the capability to piggyback SOE networks and government support, (c) e-commerce platform capability, and (d) the capability to manage international customer networks.*

4.2. Capabilities for post-entry international market diversification

Based on our findings, *cross-cultural awareness* enabled the sensing of international opportunities by recognizing the needs and preferences of customers in culturally distant markets. *Online delivery and virtual team management capability* allowed BGs to overcome geographic distance and seize international opportunities. Their resource base was reconfigured via the *capability to exploit transnational online communities*. This promoted knowledge sharing and the codevelopment of products/services with members of these international communities. BGs that targeted individual customers and niche markets in high-tech and knowledge-intensive sectors typically pursued rapid post-entry market diversification (Group 2). For instance, BG 2, an independent game developer, was facing limited demand in its domestic market, which was dominated by large game developers. Aware that its game design was more attractive to international customers than domestic customers, the manager of BG 2 decided to expand into diverse foreign markets. The company relied on digital channels to sell and deliver its products. To further improve the user experience and gauge market reaction, this BG exploited foreign online communities to pretest its products and receive feedback.

Cross-cultural awareness is anchored in the managerial cognitive capabilities derived from the prior international experience of the manager. As previously outlined by the BG literature, managers often draw on their prior international experience and knowledge ([Cannone & Ughetto, 2014](#); [De Cock et al., 2021](#); [Freeman & Cavusgil, 2007](#)) to steer post-entry international diversification. However, as the BGs in this

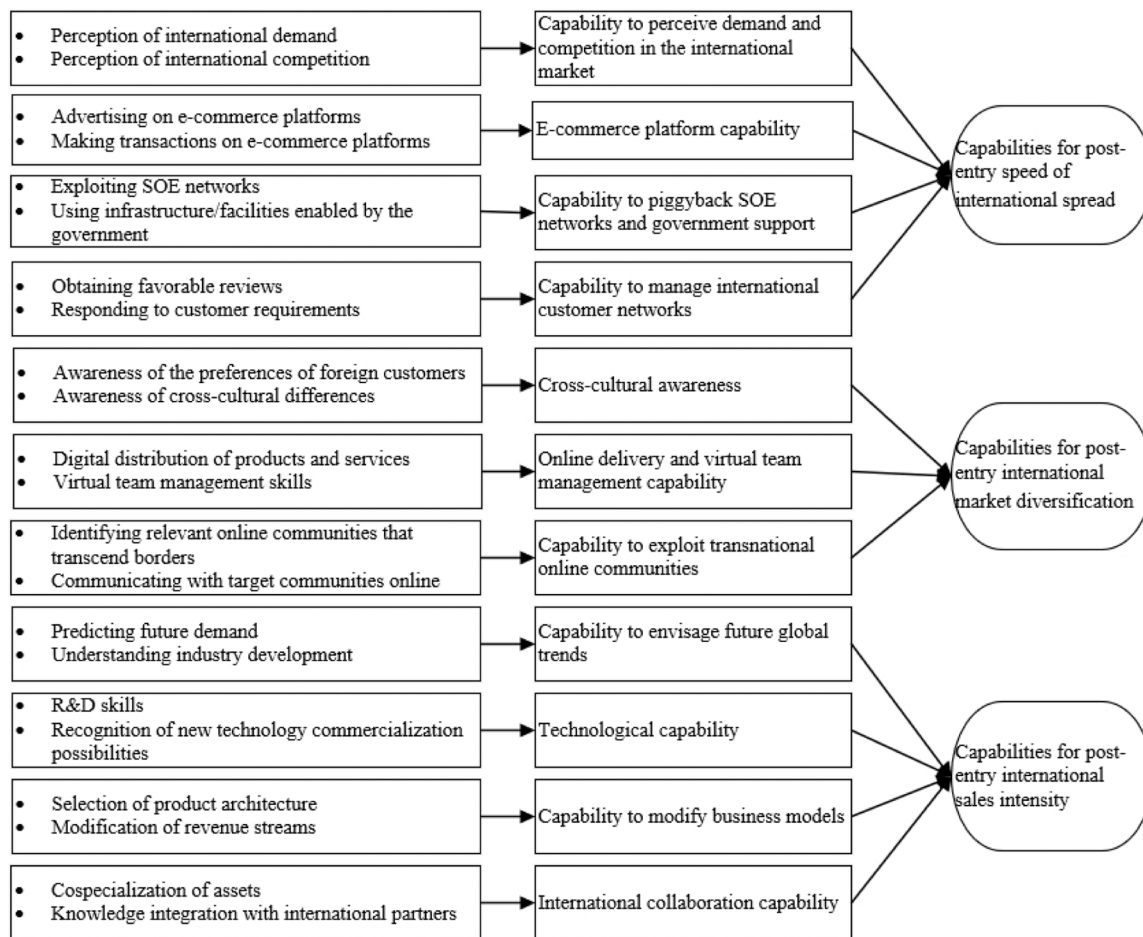


Fig. 1. Data structure.

group entered their post-entry phase, managers appeared to have started sharing this capability with key staff members:

“We provide language learning services for children worldwide. We understand that there are big differences in the concepts of education. Chinese parents are more likely to focus on hard skills, such as vocabulary and grammar, and are very exam oriented, whereas Western parents also emphasize the training of soft skills, such as cultural knowledge, critical thinking, and creativity. Our tutors design the curriculum accounting for different learning styles.” (Senior Manager, BG 5)

One trend that the BGs followed, when possible, was to provide digitized versions of their products, such as *delivering online* classes and training:

“A good way to deliver our services to different regions is through the internet. We have developed a mobile application to aggregate our services.” (Senior Manager, BG 3)

Virtual team management, although scarcely investigated in relation to firm internationalization, is key for global enterprises, given their ability to “bridge space over time” (Hung et al., 2021, p. 599). This is well-illustrated in our sample:

“We keep our technical team in China but our marketing teams overseas due to costs and regional advantages; our teams often communicate virtually across borders.” (Senior Manager, BG 3)

While the advantages provided by the ability to deliver products and services online have long been acknowledged in the international entrepreneurship literature, our research illuminates underresearched

concepts, such as the role of virtual team management skills.

The *capability to exploit transnational online communities* was critical for rapid international diversification. The BG managers investigated used their cognitive skills and knowledge to identify online international communities that were interested in their products/services. Such transnational community members were not only (potential) foreign customers but also helped to further diversify the market portfolios of these BGs by acting as free digital marketing tools:

“Community members act on our behalf like little marketing volunteers. In addition, because we are making video games, the people in the video game community can test our products for us, which is important for small companies like us. ... It reduces our dependence on publishers since we can directly interact with the audience.” (Founder, BG 2)

Using specific online communities that transcend national borders to diversify the portfolio of markets entered went beyond simply utilizing different digital platforms. It involved specific knowledge and cognitive skills (De Cock et al., 2021; Jafari-Sadeghi et al., 2021; Maitland & Sammartino, 2015; Yan et al., 2020), which allowed managers and key staff members to identify and engage with international online communities interested in their products/services. Consequently, BGs were able to overcome barriers related to cultural differences and engaged in knowledge sharing and the codevelopment of products/services. In turn, this underpinned the reconfiguration process. Thus, BGs could rapidly enter (and increase their involvement in) diverse markets (such as markets that are dissimilar to their home market, geographically distant, and/or developed or emerging).

Based on the arguments presented in this section, we propose:

Table 3
Representative quotations for the coding strategy.

Capability	Representative quotation
Perception of international demand	<p>“Different markets have different advantages, some products are particularly sellable in Western countries, such as small electronics and cables. ... We often need to observe which markets can create more sales for our products first.” (Founder, BG 16)</p> <p>“We focus on [sales from] foreign markets instead of the domestic market ... because I worked for a cross-border retailer before, and I know which products are particularly sellable in certain countries. For example, many small electronic products such as cables and phone cases are actually easier to sell abroad than domestically considering the level of demand and competition.” (Founder, BG 6)</p>
Perception of international competition	<p>“The key is to maintain the growth and sales. ... We keep entering new markets to avoid competition and find new opportunities if the market is highly competitive.” (Founder, BG 8)</p> <p>“We sell standardized products, in particular small consumer goods, such as phone cases, brushes, and cat feeders. We understand that it’s easy to face severe competition because there are so many companies out there selling similar stuff. ... We need to quickly expand to more markets to lower the risks caused by competition and maintain our sales.” (Founder BG 15)</p>
Advertising on e-commerce platforms	<p>“We have several ways to advertise our products on e-commerce platforms. This is currently the most effective way to attract international customers from different countries.” (Founder, BG 8)</p> <p>“Sometimes we pay the platform for premium services, such as the homepage recommendation and higher rank in the search results, it’s like paying for a platform to advertise for us.” (Founder, BG 19)</p>
Making transactions on e-commerce platforms	<p>“Often, we can just wait for customers worldwide to come to us. ... We list our products on Ali Express and people make orders through the platform. ... It makes it easy for potential customers to find us and contact us. If there is a good deal, we will export to the countries where the customers are located.” (Founder, BG 8)</p> <p>“There are different types of e-commerce platforms, some of them can make transactions and others don’t, you need to choose the right platforms based on your product type. For example, you can make transactions on Amazon, eBay, Ali Express, etc., but platforms like Alibaba.com only show the seller and the product information without generating online orders, it’s more like a networking platform. As a retailer of consumer products, we use the platforms on which we can make transactions.” (Founder, BG 19)</p>
Exploiting SOE networks	<p>“We have two strategies for quickly expanding in overseas markets. One is to follow the large state-owned companies which are part of the Belt and Road program in order to export, they are the general contractors. The other is to directly participate in the procurement activities of local large enterprises.” (Senior Manager, BG 33)</p> <p>“We follow the directions of SOEs to export and invest abroad because they reflect the recent policy and initiatives of the government, and it’s always the right choice</p>

Table 3 (continued)

Capability	Representative quotation
Using infrastructure and facilities enabled by the government	<p>for us to follow the policies.” (Senior Manager, BG 32)</p> <p>“The Belt and Road initiative provided a lot of support for export, for example, the railway systems especially in Southeast Asia and Europe which enabled SMEs, in inland cities, to export and stimulated their international expansion. ... Especially industrial products, the railway can shorten by half the time needed for shipping to Europe.” (Senior Manager, BG 17)</p> <p>“The government encourages companies like us to go overseas, we can enjoy some benefits like tax reduction and facilities. ... There is something called export tax rebates that give us a refund of value-added tax and consumption taxes, and we can store our goods in the bonded area for a long time with low cost and tax-free. ... It definitely makes export more convenient and helps us to expand quickly.” (Senior Manager, BG 32)</p>
Obtaining favorable reviews	<p>“Customers’ comments can significantly affect small vendors like us on Amazon, especially by attracting new buyers who choose among several sellers. Therefore, we pay great attention to customer review management. ... We normally give customers incentives (such as coupons, samples, and gifts) to encourage them to make positive comments, and sometimes even review our products outside the Amazon platform, for example by reviewing videos on YouTube.” (Founder, BG 15)</p> <p>“Some companies hire professional reviewers to write positive reviews on the platform, but it’s quite risky because the platform can detect these abnormal accounts. ... We prefer organic reviews which are made by actual users; we often encourage them to make short and nice reviews a while after they receive the products.” (Founder, BG 19)</p>
Responding to customer requirements	<p>“Every customer has their standards and requirements and period of usage. ... Maintaining customers also helps us to advance our expertise because they can always identify new problems and they can help us to develop a better understanding of the local standards and criteria, so that we can get more orders.” (Senior Manager, BG 7)</p> <p>“In this industry, word-of-mouth is very important. Unlike selling consumer goods with relatively low unit prices, our projects are bigger and often with relatively long periods. Therefore, we need to try our best to meet the customers’ particular requirements.” (Senior Manager, BG 33)</p>
Awareness of the preferences of foreign	<p>“In the game industry, you commonly are making something that depends on the model of service provision (the users continuously paying for premium service or function upgrading) which is typical in China. Instead, we are building more into the clusters premium type of game product, it’s just like you pay once upfront and there’s no model of service provision or making money all the time. This is more suitable for foreign users.” (Founder, BG 2)</p> <p>“We provide consulting services for foreigners who want to find jobs or settle in China, and we realize it’s important to highlight our service packages according to the different preferences of people from different areas. ... Westerners are more likely to care about how to build their social life in China so we recommend local socializing activities and circles for them, and sometimes</p>

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Table 3 (continued)

Capability	Representative quotation
Awareness of cross-cultural differences	<p>we need to provide information on local vegan restaurants and halal places for our clients who have particular religious beliefs and lifestyles.” (Senior Manager, BG 18)</p> <p>“We help foreign candidates to find jobs in Chinese companies, and often we need to explain to both sides about the cultural differences. For example, in China, candidates need to put their personal information such as age, gender, and profile pictures on their CVs, but it’s considered not acceptable by Western candidates and sometimes they could be offended. ... We also need to pay extra attention to how to advertise and reach foreign candidates to avoid looking like a fraud or personal data violation.” (Senior Manager, BG 28)</p> <p>“Because we provide services and need to constantly interact with people, it’s important for us to understand the cultural differences. For example, the differences in clients’ perceptions of personal space can determine which communication channels we use, when, and the frequency with which to reach them” (Senior Manager, BG 3)</p>
Digital distribution of products and services	<p>“A good way to deliver our services to different regions is through the internet. We have developed a mobile application to aggregate our services. Therefore, it’s easy for users to access. We also have social media accounts to show clients our services and allow them to make inquiries.” (Senior Manager, BG 3)</p> <p>“Because our clients are from different regions, it’s impossible to meet everyone face-to-face, we usually deliver our services via our website and emails because most of the materials can be shared electronically.” (Senior Manager, BG 28)</p>
Virtual team management skills	<p>“Because we provide online classes, the tutors submit applications to our websites. We then select the CVs and interview them. Of course, we also conduct background checks and demo classes.... Most of the time we can manage our team virtually.” (Senior Manager, BG 5)</p> <p>“We have representatives in some markets, and many of them don’t even have an office. Because most of the jobs can be done online, such as marketing campaigns and customer relationship management ... most of the time, they work in virtual teams.” (Senior Manager, BG 28)</p>
Identifying relevant online communities that transcend borders	<p>“As we target people who are interested in settling in China, we can identify them on social media by using hashtags on Twitter and joining groups on Facebook. ... Information can be passed on effectively inside these communities, and the interaction with them helps us to gain their trust and learn their cultures better.” (Senior Manager, BG 18)</p> <p>“Our target community can be identified in various regions but with a small number of them in each one, it’s still a niche market and their needs are specific ... Once our service is recognized by them, it’s very helpful for us to build our intellectual property and penetrate to different regions.” (Senior Manager, BG 3)</p>
Communicating with target communities online	<p>“We often communicate with the community members online, sometimes we ask for their feedback when we’re planning to add some new features to our products, and sometimes they can test our products for us before releasing so we can better understand our advantages and problems. ... Sometimes they</p>

Table 3 (continued)

Capability	Representative quotation
Predicting future demand	<p>can even share their knowledge of some technical problems with us because some of them are in the same industry.” (Founder, BG 2)</p> <p>“We use different social media channels to communicate with our relevant communities. Sometimes we start a discussion and encourage people to make conversations, and sometimes it’s the other way around, we find posts on social media, and we leave comments and suggestions. ... Through this, we can accumulate information about what people need and what are the common problems that they are facing.” (Senior Manager, BG 3)</p> <p>“The vision of our founder is to expand the boundaries of artificial intelligence. We are exploring the application of artificial intelligence in different industries and where we can launch new technology. ... Artificial intelligence will be the future trend; we need to prepare for this in advance. ... Thus, we have been open to global opportunities and partners; now we have subsidiaries and business partners overseas.” (Senior Manager, BG 24)</p> <p>“We saw the emerging trend of 3D printing at the beginning and predicted the potential of this sector. Within five years there will be more and more people who are interested in 3D printing worldwide. ... Therefore, we developed international strategic alliances to build our advantage and prepare for this coming trend.” (Senior Manager, BG 11)</p>
Understanding industry development	<p>“What we are doing with blockchain is to define the value of data. In the current environment, people pay significant attention to this question, but there is no single corporation or platform that can provide a data value definition yet. The general public and firms don’t know how to trade data and price the data. With blockchain technology, we are providing a platform that allows the public to recognize and agree on the value of data. ... There are two paths now within the industry: one is to provide solutions for corporations and the government, and the other is to serve the general public and build communities.” (Founder, BG 9)</p> <p>“Our unique skills in automated operation and maintenance, Application Programming Interface services, and automated logistics hardware perfectly match the current industry development.” (Founder, BG 27)</p>
R&D skills	<p>“Our major investment is in R&D. ... We can provide a good quality project with real functional and technological value, instead of making an opportunistic project. ... Our global strategic alliances are mainly for R&D purposes and coinnovation.” (Founder, BG 9)</p> <p>“Our technology is endorsed by a renowned tech company, and we need to constantly join international tech conferences, forums, and contests to show our R&D ability, which helps us to gain legitimacy in the global market and attract customers.” (Founder, BG 27)</p>
Recognition of new technology commercialization possibilities	<p>“We have an in-depth understanding of the prospect and commercial value behind our blockchain technology and its application in the industry. ... We only collaborate with like-minded organizations internationally to promote this together, so we have a relatively high percentage of international sales compared to our peers.” (Founder, BG 9)</p>

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Table 3 (continued)

Capability	Representative quotation
	“We understand the industry and where our advantage is, we can be very competitive. ... We know how to maximize our profit internationally. The best way is to export our advantageous products to the foreign customers that are downstream, not to compete with them at making the same type of product.” (Founder, BG 12)
Selection of product architecture	“We used to be only a supplier for industrial materials like polyacid plastic which didn't bring us many sales. ... Now we are more than just a material supplier and we have even set up a new department, particularly for this project. ... We now provide series of products including models and finished products.” (Senior Manager, BG 11) “We provide both software and hardware, even though we specialize in system and algorithm development rather than making devices, you need to combine both when selling in the market. Some organizations are buying a package of things because they are used to pay for something that is tangible rather than something completely virtual.” (Senior Manager, BG 24)
Modification of revenue streams	“Speaking of revenue, we don't actually produce many 'sales' in the regular sense because the blockchain technology to some extent remains a concept; our capital is mainly from investors like venture capitals although we do provide solutions to organizations with our technology.” (Founder, BG 9) “Our technology can be applied in various sectors. Thus, apart from making money from the client organizations in the commercial world, our revenue also comes from helping the public sectors solve security problems.” (Senior Manager, BG 24)
Cospecialization of assets	“Although we are in the same industry, we provide different products. In our strategic alliances, our partners specialize in manufacturing 3D printers which we are currently not able to produce, and we specialize in producing the materials for the printers. ... Also, we have the production capacity and market demand which they need.” (Senior Manager, BG 11) “One of the hardest technical problems in artificial intelligence is semantic understanding, it not only requires complex algorithms but also a large amount of data and hardware. ... The current technologies are not intelligent enough, and the user experience is not that great, we need to collaborate with international partners to resolve this problem together. ... For example, we provide data and hardware, and they provide software development or the other way around.” (Senior Manager, BG 26)
Knowledge integration with international partners	“We set up labs in the US because we need to stay updated with the recent technological developments in the industry, and so that we can stay close to our partner company and learn from them. For some research projects, we need to have frequent communication and combine our expertise so that we're on the same track.” (Senior Manager, BG 24) “Our partner has the know-how of underlying technology development like algorithms, but we have expertise in hardware manufacturing, thus we combine our advantages through collaboration.” (Senior Manager, BG 20)

Proposition 2. *Post-entry international market diversification is accelerated by a set of dynamic capabilities including (a) cross-cultural awareness, (b) online delivery and virtual team management capability, and (c) the capability to exploit transnational online communities.*

4.3. Capabilities for post-entry international sales intensity

Our findings also revealed that the sensing of international opportunities was based on the *capability to envisage future global trends*. BGs then seized international opportunities by capitalizing on their *technological capability* and their *capability to modify business models*. Their reconfiguration process was underpinned by their *international collaboration capability*. High-tech BGs, which focused on corporate customers and commonly promoted new technologies, were particularly keen to pursue rapid international sales growth and displayed the aforementioned capabilities (Group 3). They sought global opportunities to generate sales, since their products/technologies were global in nature and, in some cases, they provided technologies that were not "ready to be sold" (Kriz & Welch, 2018, p. 496). The post-entry expansion of BGs in Group 3 involved not only surviving in existing markets but also creating the markets and ecosystems needed for the sustainability of their future operations.

Managerial cognition and hands-on experience underpinned the *capability to envisage future global trends*. Managers in this group displayed a high level of imagination to effectively recognize global trends and sense international opportunities (and threats), especially when their current market showed low levels of profitability and maturity:

“Commercializing our technology is certainly a challenge. ... Our market is the global market; we focus on countries with advanced blockchain technologies and enter these markets in the pursuit of knowledge acquisition, commercialization, and R&D collaborations. ... We only collaborate with like-minded organizations internationally to promote this together, so we have a relatively high percentage of international sales compared to our peers. ... We know it's the future trend, so we are patient in building the market and even creating market needs.” (Founder, BG 9)

Their *technological capability* enabled the BGs in this group to seize international opportunities such as securing key partnerships:

“As a company in the artificial intelligence industry with strong R&D, we recently joined two global technological contests hosted by the National Institute of Standards and Technology, and we were ranked first worldwide in both contests. This is important for us because it enabled us to secure global suppliers and partners who require our expertise and share knowledge with us.” (Senior Manager, BG 24)

Thus, we corroborate previous findings in the international entrepreneurship literature that underline the importance of technological capabilities for developing products that appeal to niche markets globally (Cavusgil & Knight, 2015; Freeman et al., 2006; Knight & Cavusgil, 2004).

Moreover, BGs in this group often drew on their *capability to modify business models* to seize international opportunities:

“We used to be only a supplier of industrial materials like poly acid plastic, which didn't bring us many sales ... one day we received an inquiry from a foreign company in the 3D printing industry. ... We realized that there is growing demand for this material in the 3D printing industry and that this industry has great potential. We then decided to enter this industry and collaborate with foreign partners. They have the technologies and knowledge, and we have the materials and the production capacity. ... Now we are more than just a material supplier and we have even set up a new department, particularly for this project.” (Senior Manager, BG 11)

As illustrated by the aforementioned quotation, our analysis showed

that BGs in this group were likely to enter new industries and make key modifications to their business model (Buccieri et al., 2021; Cavusgil & Knight, 2015) to address promising international opportunities.

Finally, the *international collaboration capability* drove the reconfiguration process. Similar to previous findings in the BG literature (e.g., Freeman et al., 2006), international partnerships, such as alliances with foreign firms and joint venture partnerships, allowed these firms to achieve international growth. The BGs in this study placed particular importance on maintaining and developing these partnerships, which were deemed particularly useful for knowledge transfer and new technological developments:

“Our partners and we learn from each other; we organize trips to each other’s headquarters every year to share technological development and experiences. It’s very important for our partnership.” (Founder, BG 27)

Accordingly, we extend the literature by disclosing that BG managers who aimed to intensify their post-entry international sales were cognizant of the significance of strategic international partnerships for firm internationalization and deliberately cultivated and enhanced such collaborations.

Based on the findings discussed in this section, we generate the following proposition:

Proposition 3. *Post-entry international sales intensity is accelerated by a set of dynamic capabilities including (a) the capability to envisage future global trends, (b) technological capability, (c) the capability to modify business models, and (d) international collaboration capability.*

4.4. Capabilities for post-entry accelerated growth

Our findings revealed the distinct combinations of managerial and firm capabilities that drive the post-entry international growth of BGs. Thus, we address calls for research to further investigate BG post-entry behavior (Bembom & Schwens, 2018; Choquette et al., 2017; Coviello, 2015). We distinguished the capabilities that promote each of the three post-entry dimensions considered (speed of spread, diversification, and sales intensity) and showed that each of these is supported by different sets of sensing, seizing, and reconfiguration capabilities. While, in practice, synergies exist between the three post-entry dimensions investigated and the capabilities that promote them, we aimed to disentangle these capabilities for theorizing purposes.

Sensing, across all three post-entry dimensions, drew on key managerial-level cognitive capabilities (Teece, 2007). In alignment with Helfat and Peteraf (2015), perceptions and attention-related capabilities are considered managerial-level capabilities. The cognitive *capability to perceive demand and competition in the international market* allowed managers to make timely decisions regarding growth strategies. Their *capability to envisage future global trends* drew on their entrepreneurial imagination (Pitelis & Teece, 2019) and enabled managers to predict market evolution and promote a long-term orientation. Similar to these capabilities, *cross-cultural awareness* originated at the managerial level. However, managers appeared to involve key employees, sharing this responsibility with them (e.g., employees took part in personalizing goods and services for foreign markets, enhancing customer loyalty, and identifying new potential customers). From a dynamic capabilities perspective, while two key capabilities for sensing opportunities and threats were situated at the managerial level, managers shared the third sensing capability with key employees, reducing firm vulnerability (Teece, 2007). Conversely, from an international entrepreneurship perspective, managerial-level capabilities continued to be relevant during the growth phase (Weerawardena et al., 2007), as employees began mastering the capabilities that could ensure the sustainable growth of their BG (Kuivalainen et al., 2007).

Seizing was underpinned by a distinctive mix of managerial and firm capabilities. Our analysis revealed that after sensing an opportunity, BGs

frequently needed to modify their business models to seize it. Business model design, according to Helfat and Peteraf (2015), involves managerial cognitive capabilities regarding problem solving and reasoning. While the *capability to modify business models* resided with the managers, our analysis disclosed that the other seizing capabilities were shared with staff members. The *capability to piggyback SOE networks and government support* and *e-commerce platform capability* allowed the BGs to spread into more foreign markets. The e-commerce platform capability generally enabled the BG managers and employees to connect with international customers by means of transactions and advertisements. Performing a similar role as the platform, networks with SOEs worked as a bridge between BGs and international customers and helped legitimize international activities. These organizational-level relationships, developed by BGs and SOEs, shaped and orchestrated a form of business ecosystem that allowed these organizations to exploit complementarities, address international opportunities, avoid threats, and create value in a sustained manner (Pitelis, 2022; Pitelis & Teece, 2018). Our findings also revealed the importance of firm-level *technological capability* and *online delivery and virtual team management capability* for increasing international sales and reaching a diverse range of foreign markets. Thus, we confirmed the role of technology-related dynamic capabilities (Pitelis & Teece, 2018; Teece, 2007) in seizing international growth opportunities in the BG context. Concerning the international entrepreneurship literature, similar to Cavusgil and Knight (2015), we noted that the Chinese BGs investigated achieved international growth using a combination of entrepreneurial prowess, dynamic networking, and a technological edge.

To respond to internal and external changes, the BGs investigated reconfigured their resource base typically by creating and integrating new knowledge in interactions with key international stakeholders. Similar to sensing and seizing, the dynamic capabilities that facilitated the reconfiguration process were situated at both the managerial and firm levels. The *international collaboration capability* resided mainly with managers. In line with Helfat and Peteraf (2015), asset reconfiguration was likely to depend on managerial communication and persuasion skills. These abilities allowed BG managers and their international partners to galvanize knowledge transfer, integration, and new knowledge creation and enabled resource sharing and specialization. Such processes were particularly relevant for high-tech firms, which provided new technologies to the world (Kriz & Welch, 2018), and they were generally initiated for R&D, technology commercialization, and market cocreation purposes.

Conversely, while the *capability to exploit transnational online communities* and *to manage international customer networks* generally also originated with the managers, they involved several BG employees who were key promoters of the reconfiguration process. The interactions between firms and online communities helped BGs adjust and develop new product features while saving costs. Similarly, international customer network management created a word-of-mouth effect and activated knowledge transfer between firms and international customers, assisting BGs in their future international growth endeavors. Hence, our study adds to the literature on BG growth (Andersson et al., 2020; Hagen & Zucchella, 2014) by underscoring the role that cognitive and sustained networking capabilities play in the growth of BGs.

Based on the arguments presented in this section, we propose:

Proposition 4. *Post-entry international growth is accelerated by a set of interrelated managerial and firm capabilities that underpin (a) the sensing of international opportunities (cross-border awareness, the capability to perceive demand and competition in the international market, and the capability to envisage future global trends), (b) the seizing of international opportunities (the capability to piggyback SOE networks and government support, e-commerce platform capability, online delivery and virtual team management capability, technological capability, and the capability to modify business models), and (c) the reconfiguration process (the capability to exploit transnational online communities, the capability to manage*

international customer networks, and international collaboration capability).

5. Contribution to theory and practice

Overall, our study demonstrates that the managers interviewed drew on their cognitive capabilities to navigate and predict the international environment. Chinese BGs developed dynamic capabilities that enabled them to capitalize on resources in their domestic and international environments. Skillfully using networks, technology, and e-commerce platforms, Chinese BGs constantly recombined managerial cognitive and firm capabilities and were therefore able to reconfigure their resource base while ensuring the sustainable growth of their international operations.

This study makes three important contributions. First, we add to the BG literature. We do so by analyzing the capabilities that influence post-entry international growth, therefore responding to calls for research to further investigate BG post-entry internationalization (Choquette et al., 2017; Patel et al., 2018; Hsieh et al., 2019). We reveal that post-entry international growth dimensions are driven by different managerial and firm capabilities. Furthermore, drawing on our analysis, we identify a couple of unique capabilities, which, to our knowledge, have not been identified in the post-entry BG literature (namely, the capability to piggyback SOE networks and government support and virtual team management capability). Hence, we contribute to the BG literature by disclosing the most relevant capabilities for post-entry international growth in general as well as for each specific growth dimension considered.

Second, we contribute to the dynamic capabilities perspective. Specifically, we enrich the body of literature on the role of managerial cognitive capabilities in (international) firm outcomes (Helfat & Peteraf, 2015; Maitland & Sammartino, 2015) by showing their importance for the post-entry international behavior of BGs. We also respond to Helfat and Peteraf's (2015) call for research by disentangling the interplay between managerial and firm dynamic capabilities in the pursuit of organizational outcomes. In doing so, we empirically investigated the microfoundations for the sensing, seizing, and reconfiguration of dynamic capabilities.

Third, we extend research on the internationalization of BGs from emerging markets (Paul & Rosado-Serrano, 2019). Our findings reveal a mix of dynamic capabilities that may be encountered only in the Chinese context (e.g., the capability to piggyback SOE networks and government support) and capabilities that have previously been identified in the Western-based literature (e.g., cross-border awareness, technological capability), which support the post-entry growth strategies pursued by the Chinese BG considered in this study. Therefore, based on our findings, we argue that the post-entry growth of Chinese BGs appears to be driven by a wide range of managerial cognitive and organizational capabilities, which combine unique bundles of Chinese-specific and non-Chinese-specific capabilities to influence different international growth dimensions.

Our findings have practical value for BG managers, particularly in the current rapidly changing international context. BG managers are advised to further develop their cognitive capabilities while bearing in mind that post-entry international growth is shaped by the interplay between individual-level capabilities and firm-level capabilities. Therefore, firm-level capabilities need to be developed, and networks with key international players in their industry as well as with local SOEs should be carefully created, cultivated, and integrated into decision-making and internationalization strategies. In this way, BG managers can effectively address potential changes in international demand and global value chains. Furthermore, managers should develop their own new capabilities to enhance the resilience and sustainable growth of their operations in today's uncertain global environment. BG managers should be aware that in the current increasingly digitalized and interconnected world, foreign markets should not only be considered in terms of geographic and institutional characteristics.

Managers are encouraged to engage and cocreate with international online communities interested in their products/services since this can be beneficial for their international activities in the short and long term. Thus, they should proactively identify and communicate with such communities. Moreover, BG managers must be prepared to reconfigure their capabilities in a timely and efficient manner to effectively adopt and engage with new technologies that allow their firms to attain sustainable international growth.

Policy initiatives could consider organizing training sessions into utilizing different digital platforms while highlighting their potential role in reaching international audiences. In this way, managers can be equipped with the necessary knowledge and skills to accelerate the international growth of their BGs. Other policy initiatives could aim to cultivate relationships between SOEs and SMEs. This would enable more SMEs to benefit from the institutional internationalization support provided to SOEs and establish the basis for developing competent business ecosystems capable of addressing future international opportunities.

6. Limitations and future research

As with any research, this study has limitations. First, due to its cross-sectional design, it is difficult to take a process view of BG growth and assess changes that may affect their post-entry internationalization. Thus, future research involving longitudinal studies is encouraged. This study is focused on Chinese BGs, and its results may not be suitable beyond the context of this research. Scholars could investigate similar issues in different market contexts to uncover potential differences and enrich knowledge of this phenomenon. In this study, we focused on BGs from a wide range of sectors, including both high- and low-tech firms. We encourage scholars to conduct sector-specific studies to further illuminate the capabilities that facilitate different BG behaviors. Akin to most studies on BGs, our sample consisted of top managers. Our findings, however, show that these managers often share key organizational capabilities with some of their employees. Therefore, future studies could consider the voices of both managers and employees and juxtapose their understandings of the dynamic capabilities relevant for BG growth. Such an approach could provide a fresh perspective to the BG literature. Given the qualitative approach adopted in this study, its generalization potential is limited. We recommend that future research conduct quantitative inquiries into the role of dynamic capabilities in the post-entry international growth of BGs to generalize our findings to wider populations. Moreover, scholars could conduct comparative studies to underline the dynamic capabilities needed by BGs in their preentry and post-entry internationalization phases. In addition, we know little regarding the capabilities that support less mainstream BGs such as born-again globals. Scholars are recommended to pursue this research direction.

Data Availability

The data that has been used is confidential.

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