Internationalization and Entrepreneurial Orientation.  
A Network perspective: Four Cases of Puerto Rican SMEs

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Abstract

This paper examines the dynamic that is generated between the main traits of Entrepreneurial Orientation (EO) – autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness – and network relationships for the international expansion of a business. The current study uses a qualitative case studies approach. The main form of data collection was personal interviews with predominantly managing directors, chief executive officers, export managers, and marketing managers. Our findings suggest that some components of the EO construct reflected by all of the cases are tools to exploit, maintain, and reach foreign markets. The network relationships become a vital component of the entrepreneurial traits reflected by each case.

Keywords:
SME; network relationships; entrepreneurial orientation; internationalization; International Business Administration.

JEL Classification:
M16, L25, L26

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Resumen

Este artículo examina la dinámica que se desarrolla entre las principales características del constructo Orientación Empresarial (OE) –autonomía, innovación, propensión al riesgo y agresividad competitiva– y las relaciones de redes en el proceso de expansión internacional de un negocio. Este estudio emplea el enfoque cualitativo de estudio de casos como metodología. La principal fuente de recopilación de datos fue la entrevista personal con gerentes, directores, gerentes de mercadeo y de exportaciones. Nuestros hallazgos sugieren que algunos componentes del constructo OE reflejados por todos los casos constituyen herramientas para desarrollar, mantener y alcanzar mercados foráneos. Las relaciones de redes se convierten en un componente vital de las características emprendedoras reflejadas por cada caso.

Palabras claves:

Pyme; relaciones de redes; orientación empresarial; internacionalización; administración de empresas internacionales.

Clasificación JEL:

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Introduction

Successful international expansion is based on a firm’s ability to exploit local advantages in foreign markets. However, for Small and Medium Enterprises (SMEs) a lack of strategic resources and the uncertainty and complexity of the process make international expansion a difficult goal (Fernández & Nieto, 2005).

For SMEs, network relationships are a powerful tool for pursuing international opportunities (Coviello, 2006; Zahra, 2005). Zain, Mohamed, and Imm Ng (2006) state that network relationships influence firms’ internationalization pace and pattern. Network relationships, particularly alliances with partners in the foreign market, constitute an effective strategy to overcome deficiencies, such as a lack of resources or foreign market knowledge, upon entering into international markets (Lu and Beamish, 2001). Zain et al. (2006) found that network relationships act as a strategic tool for overcoming the negative perceptions held by foreign investors regarding the SMEs country-of-origin, commonly referred to as the liability of foreignness. McDougall and Oviatt (2005) state that “Networks help entrepreneurs identify international opportunities, establish credibility, and often lead to strategic alliances and other cooperative strategies”. Long-term and stable alliances with customers or vendors in the domestic market provide information about business opportunities, foreign market characteristics, obstacles, and problems involved in the process, resulting in decreased risk (Barney & Hansen, 1994; Gulati, 1999; Iyer, 2002).
Many factors affect the interaction between network relationships and internationalization, including the entrepreneurial traits of a firm's owners (Asundi, Hamilton & Orengo, 2008). As its business capabilities, a firm's EO allows an SME to follow strategic directions for business growth (Covin & Slevin, 1991). In this context, the objective of the current study is to illustrate, through case studies, the interaction between network relationships and the internationalization of SMEs. How does a firm’s EO influence the development of network relationships for international expansion? The research does not attempt to measure or predict but rather aims to show the dynamics of the phenomenon under study.

This paper contributes to the existing empirical literature on the internationalization of SMEs in two different ways. First, the research includes the construct of the EO and its dimensions as factors, which enables the construction of network relationships as a potential managerial strategy for foreign expansion. Second, the results strengthen previous studies on entrepreneurial marketing that have examined the linkages between pursuing an EO strategy and a firm’s performance (Lumpkin & Dess, 1996; Covin, et al., 1991; Matsuno, Mentzer & Özsomer, 2002). Most prior research on the internationalization of SMEs has looked at network relationships as an independent element that executes strategic value for the firm in pursuing particular business goals. This approach is a commonly used marketing tool to reach market agents of the value chain (e.g., distributors, suppliers, customers, public organizations, etc.). Nevertheless, network relationships must be considered as a dependent factor attached to personal managerial skills and traits. This paper examines the dynamic that is generated between the main traits of EO (autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness) and the development of network relationships for the international expansion of a business.

The rest of the paper is organized as follows. The next section presents the main theoretical approaches about the subject under analysis. The third section describes the methodology and presents the research model of this study. The fourth section approaches the case analyses. The final section discusses the findings and offers some concluding remarks.

**Literature Review**

Network relationships involve developing associations, so-called business networks (Johansson & Mattson, 1988), with economic stakeholders, such as foreign intermediaries, customers, competitors, governments, and business associations (Chetty & Campbell-Hunt, 2003). Gauhri, Lutz, and Tesform (2003) argue that business networks or cooperative relationships allow SMEs to solve export-marketing problems and to initiate foreign market activities. Companies often use these networks as a mechanism to gain access to foreign markets (Besser and Miller, 2005; Coviello and Munro, 1995; Ellis and Pecotich, 2001; Zain, et al., 2006). Through network relationships, useful knowledge about foreign markets and opportunities become available (Jaw &
Cheng, 2006), and SMEs are able to operate at an international level by sharing the risk associated with the exploration of new markets and by reducing the isolation associated with being an SME (Brodolica & Spraggon, 2008).

A study by Coviello et al. (1995) describes how foreign market selection and entry initiatives emanate from opportunities created through network contacts rather than solely from managerial decisions. Ellis et al. (2001) explain that SMEs learn of foreign opportunities through existing associations among business, social, and family ties.

Entrepreneurial orientation allows SMEs to follow strategic directions for business growth. The EO construct is largely used to understand the long-term commitment of managers to business performance. It is also part of a dynamic process of entrepreneurial marketing that interacts with other orientations to create value and to monopolize on a firm’s strengths (Jones & Rowley, 2011). A firm’s EO is the extent to which it is willing to accept risk and to be competitively aggressive, leading to “the processes, practices, and decision-making activities that lead to new entry” (Lumpkin et al., 1996).

Methodology

The current study uses a qualitative case studies approach. According to Yin (1989), the case study approach is appropriate in qualitative analyses because it allows a more complete understanding of the subject under investigation. Through the case study, a subject can be appreciated as a holistic entity, whose attributes can be understood in full through a simultaneous analysis of all aspects. In addition, qualitative analysis accesses abundant information that quantitative analysis cannot express due to its restrictive nature.

The businesses studied were SMEs established in Puerto Rico with international operations. From ten firms listed on the Caribbean Business Register 2010, nine were contacted by e-mail, phone, and fax. Seven executives from five firms were reached. After a data-reduction process, four firms that best reflected the dynamics of our subject and that agreed to participate were chosen.

Published studies in peer-reviewed journals were used as the main sources of data for theoretical review. The main form of data collection, however, was personal interviews with predominantly managing directors, chief executive officers, and export and marketing managers. The triangulation of data technique was used to obtain diversified and reliable information. Triangulation of information was obtained by comparing information between interviewees and between documents. Transcripts of interviews and documentary evidence provided by the companies were combined to produce detailed case histories of each firm. Data analysis included pattern matching and explanation building as proposed by Yin (1989).
Research Model

Our research model attempts to explain linkages between network relationships and international expansion. Many prior studies have demonstrated how companies use networks as a mechanism to access foreign markets (Besser et al., 2010; Coviello et al., 1995; Ellis et al., 2001; Zain et al., 2006). The development of network relationships relies on the commitment and personal traits of the entrepreneur. The EO of a firm helps in understanding how network relationships are strongly linked to a firm’s internationalization (Figure 1).

Figure 1. Research Model

Source: Author’s own compilation

To establish and sustain the network relationships that underlie the SME’s internationalization patterns, company owners must possess a strong EO towards the international market. Prior studies have found that the development of network relationships (i.e., with distributors, agents, wholesalers, and government agencies) can accelerate international expansion.

The basic construct of EO can be categorized by autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness (Lumpkin et al., 1996). Autonomy refers to the independent action of an individual or team in generating an idea or vision and carrying it through to completion. In general, autonomy means the ability and will to be self-directed in the pursuit of opportunities. In an organizational context, autonomy refers to action taken free of organizational constraints (Lumpkin et al., 1996). Innovativeness is a firm’s attitude toward new ideas, in which entrepreneurs translate opportunities into marketable concepts and produce change (Kuratko & Hodgetts, 2004). Creativity, EO, and commitment bring good ideas through the development stages of the innovation-diffusion process (Kuratko et al., 2004; Kotler, Keller & Kevin, 2006). Risk-taking refers to doing everything possible to bring odds into favor while avoiding unnecessary risks. It also includes convincing organizational members and partners to share inherent financial and business risks (Kuratko et al., 2004). Proactiveness is seizing market opportunities (Antoncic & Hisrich, 2003) through aggressive interaction with surroundings (Lumpkin et al., 1996).
Competitive aggressiveness is a response to threats or a propensity to challenge competitors (Antoncic et al., 2003).

Case Analyses

Case A: Software Publishing Company

Case A was established in 1999, formally began operations in 2000, and provides educational products and services to public and private sectors in Puerto Rico, with universities and grade schools as their main clients. Educational software and consulting in virtual publishing form the core of this SME. Prior to establishing the company, the owner worked for over 20 years at multinational firms, including Bell Laboratories (BL) and Lucent Technologies (LT). As a result, the owner became interested in developing an international company covering the Latin American market. The owner of the company was educated at top business schools (Carnegie and Wharton) and had diverse experiences as an electrical engineer, director of R&D at BL, and CEO of a Mexican subsidiary of LT, which provided him with multiple contacts. In addition, the founder has been recognized internationally for his performance in the field of management and product marketing in the US and Latin American markets.

The Puerto Rican government offers attractive incentives to entrepreneurs interested in establishing and operating start-up businesses in the fields of education technology and research, development, and innovation. In addition, advances in information technology and virtual systems have pushed the Puerto Rican education system to seek opportunities to reduce the virtual education gap between domestic education institutions and North American institutions.

Case B: Water Heater Manufacturing Company

Case B was established in 1955 to supply a growing market during the Puerto Rican industrialization period. Seeing an opportunity to develop a business where there was no competition, the owner invested $5,000 to establish the necessary equipment and facilities for the manufacturing of water heaters for commercial and mass customers. For more than 10 years, Case B was at the forefront of the business with only four employees. Today, the company has 15 full-time employees. In contrast to Case A, Case B has demonstrated a low-intensity internationalization pathway. In 2004, after 49 years of local operations, the grandson of the owner/founder penetrated foreign markets through the e-commerce demand from a US market. Case B now has three distribution centers in the USA.

Case B used product differentiation and niche market strategies to develop and expand its local market. The company focused on competitive pricing and differentiation strategies (24/7 customer service and disintermediation) concurrently to reach out to foreign markets. Today, a combination of efficient supply-chain management logistics,
distribution system with Electronic Data Interchange (EDI) technology, and fast after-sale service makes Case B a competitive international firm.

**Case C: Handmade Jewelry Manufacturer**

Case C formally began as a home-based business in 2005, when the owners (two young women) invested $5,000 to acquire basic raw materials (precious stones, silver and gold chains, etc.) and tools for the manufacturing of homemade jewelry. Contrary to Cases A and B, the owner of Case C explored overseas opportunities from the company’s inception, demonstrating a strong entrepreneurial commitment and no risk aversion. The owner traveled to New York and sold her collection of 10 original jewelry pieces to a clothing boutique on Fifth Avenue. A month later, the jewelry was displayed on the cover of the European edition of the fashion magazine *ELLE*, worn by the pop artist Beyoncé. The company has since experienced accelerated international growth. Ricky Martin, Mick Jagger, Jennifer López, Marc Anthony, Roselyn Sanchez, Cameron Díaz, Eva Longoria, Johnny Depp, Tommy Lee, Elle McPherson, and Gisel Bundchen, among other celebrities, are customers. In 2007, Case C was included among the Top 20 best international designers.

The core value of this firm lies in the “uniqueness” of each piece of jewelry, meaning that there are no replications and each piece is distinct. The idea behind the “uniqueness” of the product is to make each customer feel special and different. The company has 16 product lines, and all jewelry remains hand-crafted. The “uniqueness” makes the product attractive to customers; thus, the pieces are costly. The company strategy is not based on price but on product distinction (Porter, 1985). The company’s niche market comprises sophisticated medium-high and high-class customers.

Case C has one distribution center in the USA, wholesalers in England, and retailers in France, Australia, Japan, Russia, Canada, and Mexico. Case C uses a disintermediation strategy, whereby most sales from the USA and Mexico are purchased on the company’s website. Today, the company includes four full-time employees and 50 self-employed or subcontract workers.

**Case D: Agribusiness**

Case D suffered through internationalization and export management errors before successfully reaching foreign markets through the export of exotic fruits, such as high-quality mangoes, plantains, and avocados. Case D is a family-owned SME. While the company began operations in 1989, it was not until 1991 that it had 1,000 acres in the process of development. In 1996, the company formally began a planned export activity.

Case D began cultivating and selling exotic fruits to subsidize a horse-raising hobby. The owner soon realized that the development and expansion of his company would satisfy a large international niche market for exotic gourmet fruits. The owner established a strong presence in the local food market and cruise ship industry with
a line of packaged plantains and, subsequently, began a mango business. According to the owners, Case D is the largest family-owned mango producer in Puerto Rico and Latin America, with over 2,000 acres of orchards packaging over 25 million pounds of mangos. Today, Case D produces more than 18 million pounds of fruit annually, with 93% of production exported to international markets. Approximately 55% of the company’s crop is exported to England, 20% to the USA, 18% to the US Virgin Islands and Caribbean, and 7% among Spain, the Netherlands, and Germany. Case D contributes 15% of Europe’s total mango market.

Early on, Case D was capable of competing with world-class fruit exporters from Mexico, Peru, Brazil, Ivory Coast, and South Africa. However, with production costs in these countries being substantially lower than those in Puerto Rico, the company began concentrating in Europe and mainland USA, where there was a high demand for its products and potential for growth. Since its inception, this family business showed a strong EO. Through previous international experiences, the owner recognized the opportunity to reach foreign markets through providing a high-end differentiated product (mangoes and tropical fruits) to a nontraditional, niche gourmet market.

Internationalization for an agribusiness requires costly international regulatory standards in sanitary and environmental practices, certificates of origin, and other quality control licenses. Case D obtained European food-quality certifications, including those from Global Gap (European Good Agricultural Practices [EurepGAP]), the international certification for European standards of quality, and from SUSTA (European counterpart for the USDA). These certifications provide the company with incentives for production, allowing it to penetrate the European market and to have a competitive advantage over other fruit-exporting countries that are not compliant with quality requisites for certification.

Entreprenurial Orientation, Network Relationships, and Internationalization

Autonomy, risk-taking, proactiveness, and innovativeness are demonstrated by Case A. The entrepreneur of Case A left a secure, top-management job to relocate to Puerto Rico and invest in a new venture in an underdeveloped and unfamiliar market, strongly demonstrating risk-taking behavior. Proactiveness is demonstrated by the owner’s understanding of the technological and interactive learning tools needed in the education sector in Puerto Rico and Latin America. To his benefit, there were no competitors providing the same type of product and services. Additionally, education in Puerto Rico was in need of restructuring, due to high student drop-out and low graduation rates. Case A recognized the potential growth of his new venture and that his company could become a pioneer in the education sector. Case A’s network relationships (clients, distributors, friends, etc.) prior to establishing his firm helped him to acquire a customer base quickly, to increase firm partners at the local and international levels, and to access US funds to develop innovative ideas and learning tools.
The owner of Case A personally traveled to potential clients in foreign markets, demonstrating proactiveness and risk-taking and allowing the rapid internationalization of his firm. In fact, Case A signed contracts with regional markets (in Central America and the Caribbean) within two years of operation. The first foreign market for Case A was the USA in 2001, followed by Panama (2003), the Dominican Republic (2006), Chile (2008), and El Salvador, Honduras, and Guatemala (2011). Strategic alliances with distributors were used to penetrate the last three markets, whereas direct export was used as the entry strategy for the other foreign markets. The foreign market makes up 20% of the total sales volume for Case A, with a 10% annual increase. Panama is the largest foreign customer (80% of total international sales volume), followed by the Dominican Republic and Chile (10%). The remainder is shared by El Salvador, Honduras, and Guatemala. Previous contacts developed by the owner with managers and government officials of Latin American countries positively influenced this case’s access to foreign markets. For example, the success with Panama was strongly linked to the previous success of the owner as CEO of Lucent Technologies in Mexico.

The owner of Case B demonstrated autonomy, risk-taking, innovativeness, and competitive aggressiveness when starting international activities. First, the owner integrated an internet platform within the business, which led to the company’s first client in a foreign market (a distributor from Canada). Immediately thereafter, investment in an EDI system and a commitment to differentiate the company’s after-sale services accelerated the development of its worldwide business networks. The entrepreneur took a risk by investing in a website and modern distribution centers in the USA to expand operations overseas in a highly competitive sector. Competitive aggressiveness is demonstrated not only in the EDI and logistics systems but also in international postsale services (guarantees, personal technical support).

The entrepreneur demonstrated autonomy by legitimizing his leadership role through approval from a Board of Directors (composed of family members). Use of a differentiation strategy and low cost allowed Case B to be innovative and aggressive in competitive foreign markets. Although the company did not enter the foreign market until many years after its initiation, once entry was made, internationalization grew quickly in the American market, regional zones (Caribbean, U.S, and Canada), Hawaii, and Australia. Networks with Hispanic and Latino company owners helped the owner to increase his foreign market sales rapidly. The fast expansion of the market resulted from the intensive use of e-commerce and efficient logistics and distribution systems. The company’s first exports went to the USA through a Canadian distributor. The second exports were to Hawaii (2005), followed by Canada (2007). In 2011, the company’s international activities were as follows: USA (65%), Canada (15%), Caribbean islands (15%), and others (5%). The company maintains distribution centers and sales representatives in foreign markets. The company’s first irregular exports were to Barbados (1989) and the Dominican Republic (1991).

The owner of Case C has demonstrated strong entrepreneurial traits and commitment since the firm’s establishment. High risk-taking behavior, proactiveness, competitive aggressiveness, and innovativeness explain the early internationalization of this firm, which
penetrated more than three countries during the first five years of its operation. Previous network relationships with members of the fashion industry and mass media allowed Case C to accelerate this new venture overseas. **Proactiveness** and **innovativeness** are observed in the unique, handmade nature of her jewelry and the high demand of products in the absence of human resources and a supply-chain management to satisfy increasing demand. A high level of **risk-taking** is revealed in her personal visit to a small, high-end fashion boutique to sell her products in USA. The company was primarily propelled into the foreign market by opportunity (personal contact with and access to a well-know and well-located retailer on Fifth Avenue in New York City), followed by increasing foreign demand. The use of internationally outsourced employees allows greater access to foreign markets.

Today, the USA remains the dominant foreign market for Case C, with 85% of total sales, the remainder being shared by Europe, Canada, Russia, Japan, and Mexico. Since initiation, sales have increased between 5% and 10% annually. However, the international recession in 2010 has negatively impacted the company, reducing its annual sales to 5%. In the last five years, the company’s sales portfolio has been equally divided between international and local markets, although 70% of its total sales came from foreign markets in 2011. Case C applies niche and product differentiation strategies in the domestic and international markets. The marketing strategy for Case C remains a combination of **word-of-mouth** and **referrals**, with press releases and interviews in newspapers and international fashion magazines, including *ELLE*, *Vogue*, *Cosmopolitan*, *Caras*, *People*, *Lucky Magazine*, *O Magazine*, and *Women World Daily* (*WWD Magazine*).

Since the inception of its agribusiness, Case D has shown **innovativeness** in its modernization of business operations (processing and packaging crops, quality control, etc.), high-risk investments in the latest technology, and obtaining important international sanitary regulations in a little-known sector. Whereas the owner of Case D started growing crops as a hobby, he quickly recognized agriculture as a business. The owner’s previous experiences in the construction industry helped him to develop basic knowledge about conducting a business in Puerto Rico, including identifying opportunities and dealing with risk. Shortly after starting his agribusiness, he began to implement an expansion plan to become a leader in the domestic market. The owner realized that the key to success was through internationalization of his firm to a specialized niche market of gourmet products. Strong **autonomy** and **risk-taking** helped the owner to integrate partners easily into the new venture and to develop local and international business networks. Case D demonstrated **competitive aggressiveness** by becoming internationally certified and obtaining high standards of quality control while supplying a differentiated product. Network relationships with institutions and public organizations were essential to becoming **competitively aggressive**.

The firm successfully made connections with overseas contacts, particularly in European countries, through its participation in trade shows sponsored by the Puerto Rico Export & Trade Company. In Europe, the firm sells through prominent distributors and retailers, such as TESCO, Salisbury, Summer Field, SWORLD, Mark & Spencer, and El Corte Inglés in Spain.
Findings and Concluding Remarks

These case studies reveal that more than two EO constructs help to drive a firm’s establishment of network relationships and internationalization. More than one construct is strongly evident in the process of maintaining and consolidating the firm’s presence in foreign markets and reaching others (Table 1).

**Table 1.** Matrix of Entrepreneurial Orientation Constructs and Forms from a network relationships perspective of cases under study

<table>
<thead>
<tr>
<th>Entrepreneurial Constructs</th>
<th>Forms of EO fostering network relationships and internationalization</th>
<th>Autonomy</th>
<th>Innovativeness</th>
<th>Risk taking</th>
<th>Proactiveness</th>
<th>Competitive Aggressiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership legitimacy</td>
<td>Cases A, B, C, D</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Niche market</td>
<td>—</td>
<td>Case A, C</td>
<td>—</td>
<td>—</td>
<td>Case A, C, D</td>
<td>—</td>
</tr>
<tr>
<td>Customization/differentiation</td>
<td>—</td>
<td>Case A, C</td>
<td>—</td>
<td>Case B</td>
<td>Case A, C, D</td>
<td>—</td>
</tr>
<tr>
<td>Technology investments</td>
<td>Case A, B, D</td>
<td>Case B, D</td>
<td>Case B</td>
<td>—</td>
<td>Case B, D</td>
<td>—</td>
</tr>
<tr>
<td>International experience</td>
<td>—</td>
<td>—</td>
<td>Case A, C, D</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Savings, personal loan</td>
<td>—</td>
<td>—</td>
<td>Case A, C, D</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Source: Author’s own compilation

In Case A, a combination of autonomy, innovativeness, risk-taking, and proactiveness allowed the owner to take advantage of his previous experiences and contacts to form network relationships and penetrate foreign markets, while competitive aggressiveness and innovativeness allowed the growth and overseas expansion of the firm based on customization and niche market focus strategy. Competitive aggressiveness and innovativeness can be seen in the differentiation strategy applied by the firm. Customer satisfaction currently relies on heavy product and service customization and constant innovations. Proactiveness allowed Case B to reach product/service differentiation through technology investments. Autonomy, innovativeness, risk-taking, and competitive aggressiveness allowed Case B to identify how to rejuvenate and expand his business through international activities. Applying a strategy focused on attracting latest technology, Competitive aggressiveness and innovativeness allowed the firm to consolidate penetrated markets and to access new overseas opportunities.
The network relationships developed by the *risk-taking, proactiveness, and competitive aggressiveness* guided Case C to a fast and early international expansion. *Competitive aggressiveness*, through a strategic management of low-cost marketing communications tools (press releases, fashion event, media interviews to clients of show biz), niche market strategy, differentiation, and some outsourced production, currently characterizes the actual foreign growth strategy for this firm. *Autonomy, innovativeness, risk-taking, and competitive aggressiveness* underlie the well-defined strategy adopted by Case D to establish the right network relationships that guided the firm’s internationalization. *Competitive aggressiveness* based on niche market strategy, technology investments, however, is the most powerful tool used by this firm to maintain its leadership in foreign markets (particularly in European markets) and to reach new overseas markets.

*Competitive aggressiveness* is one of the components of the EO construct reflected by all of the cases as a mechanism to maintain foreign operations and to reach new ones. Previous experience and a specific education level were shown by the owners of all cases, followed by emanate friends and contacts that formed the core in the development process of network relationships, and knowledge sourcing to reach overseas opportunities. Nevertheless, the development of network relationships (such as alliances) does not in itself guarantee the successful entry of an SME into international markets (Lu *et al.*, 2001). Other elements, such as cultural awareness and social behavior, are at the core of this dynamic. Finding the correct partners demands a learning process to access key resources, such as capital and information (Kogut, 1988; Gulati, 1998). The construct of learning orientation also plays a role in this dynamic. This subject could be expanded by future research and integrated with other constructs that have been widely analyzed in empirical studies of entrepreneurship, such as learning orientation (Keskin, 2006; Zhang, Macpherson & Jones, 2006) and market orientation (Narver & Slater, 1990; Kohli & Jaworski, 1990).

This study provides some practical and theoretical implications. For practitioners, our findings indicate that personal owners’ traits are linked to EO, the components of which reflect strategic behaviors adopted by entrepreneurs for business growth. These strategies cannot be executed by the entrepreneur alone, because they depend on the interactions of other individuals who establish ties with the entrepreneur. The network relationships become a vital component of the entrepreneurial traits. The foreign expansion of an SME cannot be assessed as an isolated unit but only as an interdependent system, in which the combination of some entrepreneurial traits is essential. Practitioners and policymakers must account for these observations. For academics, our findings confirm that, in the context of business, network relationships are not a fortuitous social phenomenon. Rather, in the context of achieving overseas expansion, network relationships are an interacting process of human behavior with individuals who may help the entrepreneur attain specific goals and overcome constraints linked to a firm’s size or to limited resources.
Finally, the present results are based on a case-study method; therefore, only theoretical generalizations can be made. This study should be replicated with quantitative techniques to determine whether the findings are supported by a wide, defined sample of SMEs.

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