International Business Review 23 (2014) 981–992

Contents lists available at ScienceDirect

International Business Review

journal homepage: www.elsevier.com/locate/ibusrev

Entrepreneurial strategic posture and learning effort in international ventures: The moderating roles of operational flexibilities

Dirk De Clercq [a,*], Harry J. Sapienza [b,1], Lianxi Zhou [a,2]

[a] Goodman School Business, Brock University, St. Catharines, ON L2S3A1, Canada
[b] Carlson School of Management, University of Minnesota, Minneapolis, MN 55455, United States

ARTICLE INFO

Article history:
Received 8 September 2013
Received in revised form 24 February 2014
Accepted 3 March 2014
Available online 13 April 2014

Keywords:
Entrepreneurial strategic posture
International entrepreneurship
Learning effort
Operational flexibilities

ABSTRACT

Drawing from the attention-based view, this article extends the study of international entrepreneurship by investigating how the contribution of international ventures' entrepreneurial strategic posture to their actual learning efforts in foreign markets depends on various flexibilities that underlie their operations. The results from a sample of international Chinese ventures indicate that an entrepreneurial strategic posture enhances international learning effort more to the extent that the ventures possess greater cognitive and political flexibilities. Somewhat paradoxically, greater structural flexibility impedes the translation of an entrepreneurial strategic posture into international learning effort. The findings have important implications for the growing body of research that adopts an international new venture perspective.

1. Introduction

Ventures that enter foreign markets early in their lifetimes tend to encounter high levels of uncertainty, because of their limited knowledge about these markets (Eriksson, Johanson, Majkgard, & Sharma, 1997; Johanson & Vahlne, 1990). Efforts to learn about foreign markets can help them better understand specific institutional and competitive conditions of the markets they enter, as well as how to match their internal processes to those markets (Eriksson et al., 1997; Zaheer & Mosakowski, 1997). Organizational learning theory suggests that the amount of foreign knowledge a venture acquires depends critically on the intensity of learning efforts it expends in foreign markets (Cohen & Levinthal, 1990). Thus, the ability to learn about foreign markets increases to the extent that the venture devotes significant resources to activities aimed at new foreign knowledge acquisition (Ocasio, 1997). Because the venture's learning ability in relation to its foreign markets provides opportunities for increased international performance (Gabrielsson, Kirpalani, Solberg, & Zucchella, 2008; Jantunen, Nummela, Puumalainen, & Saarenket, 2008; Zahra, Ireland, & Hitt, 2000), investigating the drivers of the actual learning behaviors that underpin this ability should offer valuable insights into the deeper mechanisms that underlie a venture's international competitive position.

Whereas research on the internationalization of established firms emphasizes the ways that a lack of foreign knowledge can impede firms' early foreign market entry and rapid international expansion (Johanson & Vahlne, 1990), the international new venture perspective underscores the role of ventures' entrepreneurial character for stimulating learning and knowledge development (Jones & Coviello, 2005; Keupp & Gassmann, 2009; Zahra, 2005). In particular, the entrepreneurial character of international young ventures may fuel their capability development in foreign markets (Weerawardena, Sullivan Mort, Liesch, & Knight, 2007; Zhou, Wu, & Barnes, 2012) and contribute to their performance in those markets (Jantunen et al., 2008; Zhou, 2007). Yet explicit considerations of actual efforts devoted to developing new foreign knowledge, which precede such capability development, are scarce (Clercq, Sapienza, Yavuz, & Zhou, 2012; Keupp & Gassmann, 2009).

The attention-based view—which originates from strategic management research (Ocasio, 1997) but has not been applied much to international business literature—presents an appropriate framework for understanding why some international ventures are more likely to exhibit significant learning efforts in foreign markets. According to this theory, managerial attention can explain why firms focus on certain activities and not on others, and this managerial attention in turn is critically informed by the firm's strategic priorities (Barreto & Patient, 2013; Ocasio, 1997). In the context of early internationalization, managerial attention is

* Corresponding author. Tel.: +1 905 688 5550x5187.
E-mail addresses: ddeclercq@brocku.ca (D. De Clercq), sapienza@umn.edu (H.J. Sapienza), lzhou@brocku.ca (L. Zhou).
[1] Tel.: +1 612 625 2442.
[2] Tel.: +1 905 688 5550x5832.

http://dx.doi.org/10.1016/j.ibusrev.2014.03.001
0969-5931/

particularly relevant, because managers in young ventures may be constrained by their ventures' liability of newness in terms of how much effort they can devote to foreign market learning activities (Zahra, 2005).

We therefore focus on the influence of ventures' entrepreneurial strategic posture on their propensity to engage in international learning effort, which we define as significant effort undertaken to develop new foreign knowledge (De Clercq et al., 2012; Sapienza, De Clercq, & Sandberg, 2005). In particular, we posit that translating such a strategic posture into enhanced learning efforts is not automatic but rather requires several underlying contingencies (Hultman, Robson, & Katsikeas, 2009).[3] Previous research suggests that an entrepreneurial strategic posture might contribute to the tendency to explore new knowledge domains (Clercq, Dimov, & Thongpapanl, 2013), but it also requires managers to go out of their way to question existing practices and replace them with new ways of doing business (Lumpkin & Dess, 1996), which can be costly. Thus, the resource constraints that young international ventures face may prevent their managers from effectively implementing strategic priorities for learning activities outside the domestic marketplace (Zahra, 2005).

In response, we investigate a critical set of contingencies that might influence the contribution of ventures' entrepreneurial strategic posture to their learning efforts in foreign markets, namely, the flexibilities that underlie their day-to-day operations, or operational flexibilities.[4] We focus on such flexibilities in line with extant research that advances the notion of the learning advantages of newness (LAN) for early internationalizers (Autio, Sapienza, & Almeida, 2000; Sapienza, Autio, George, & Zahra, 2006). According to the LAN concept, ventures that internationalize early in their lifetimes have inherent flexibilities that reduce the influences of rigidities stemming from their home-based activities, so they are more likely to learn from their foreign activities (Blomstermo, Eriksson, & Sharma, 2004; Sapienza et al., 2006; Zhou, Barnes, & Lu, 2010). Previous empirical tests of this argument tend to associate the presence of learning advantages with the age at which the ventures first engaged in foreign market entry though, without examining how different flexibilities may contribute to creating these advantages. Furthermore, prior research mostly has examined direct manifestations or outcomes of learning advantages—such as the development of marketing capabilities (Zhou et al., 2012) or enhanced financial performance (Autio et al., 2000)—rather than assessing how certain flexibilities may influence the exploitation of ventures' strategic posture for actual learning efforts that lead to the acquisition of new foreign knowledge.

With this view, we aim to make several contributions. First, there is much to gain from investigating why and when entrepreneurial ventures are more likely to allocate significant resources to international learning activities (De Clercq et al., 2012; Zahra, 2005). Prior work posits that the intensity of learning effort expended in foreign markets is greater among international new ventures that adopt an entrepreneurial posture and that were younger when they first internationalized (Autio et al., 2000; Sapienza et al., 2005). The focus on age at first foreign entry has led most studies to treat learning advantages as a black box, without empirically investigating the contingencies that explain why entrepreneurial ventures invest more into international learning activities, beyond the presence of age effects (De Clercq et al., 2012). We consider the roles of cognitive, structural, political, and relational flexibilities (Sapienza et al., 2006), and particularly focus on the impact of these four operational flexibilities on leveraging an entrepreneurial strategic posture into an enhanced resource allocation to international learning effort.

In acknowledging that the advantages of an entrepreneurial strategic posture, and its associated potential for enhanced learning effort (Sapienza et al., 2005), are not automatic, we thus investigate contingencies that influence its effective application to international learning activities (Hultman et al., 2009; Zhou et al., 2012). In particular, we postulate that the usefulness of an entrepreneurial strategic posture for international learning efforts depends on operational flexibilities that speak to both the *ability* to devote company resources to learning activities in foreign markets (cognitive and structural flexibilities) and the *motivation* to do so (political and relational flexibilities). Thus, the allocation of the venture's resources to international learning activities is facilitated by two sets of underlying mechanisms: (1) the feasibility of this resource allocation because of managers' cognitive mindset for learning and the venture's enabling organizational structure, and (2) the desirability of the resource allocation to the extent that internal political battles and external obligations do *not* undermine managers' personal motivation to focus on international learning (Sapienza et al., 2006). These feasibility and desirability explanations for the varying contributions of an entrepreneurial strategic posture to international learning efforts have not, to the best of our knowledge, been addressed in empirical research on the early internationalization of young ventures (De Clercq et al., 2012).

Furthermore, we seek to explain entrepreneurial ventures' international learning efforts in the context of China, the world's biggest and fastest growing emerging market (Zhou et al., 2010). The early international expansion of ventures with home bases in emerging economies has received increasing attention (Child & Rodrigues, 2005; Luo & Tung, 2007; Yiu, Lau, & Bruton, 2007), particularly with respect to the aggressive routes to learning and capability development that these ventures take to enter developed foreign markets (Khavul, Perez-Nordtvedt, & Wood, 2010; Yamakawa, Peng, & Deeds, 2008; Zhou et al., 2012). However, little research has examined if or how the entrepreneurial strategic posture of these ventures informs their actual engagement in international learning activities that underpin capability development, let alone how their nimbleness or flexibility influences this process. This important omission ignores the challenges that ventures from emerging economies may confront in terms of finding adequate external resources to support their learning activities in foreign markets (Bruton, Ahlstrom, & Obloj, 2008). Explaining how and when an entrepreneurial strategic posture contributes to the allocation of *internal* resources to international learning activities thus is of great importance in this context.

2. Theory and hypotheses

2.1. International learning effort and the attention-based view

International business literature has responded to the phenomenon of early and rapid internationalization (Jones, Coviello, & Tang, 2011; McDougall, Shane, & Oviatt, 1994) by investigating the role of ventures' entrepreneurial character in their entry and growth in foreign markets (Chandra, Styles, & Wilkinson, 2012; Knight & Cavusgil, 1996; Zhou et al., 2012). A venture's entrepreneurial strategic posture—that is, its strategic propensity to be innovative, risk taking, and proactive (Covin & Slevin, 1991; Matsuno, Mentzer, & Ozsomer, 2002)—has instrumental

[3] The unit of analysis of our conceptual framework is the *firm* level, not the individual manager level; we focus on how and when ventures' overall strategic priorities inform their attention and commitment to international learning activities.

[4] Because the basic mechanisms underlying the LAN concept capture the presence of various flexibilities in the venture's operational activities (Sapienza et al., 2006), we label each underlying dimension a type of operational flexibility. The way we use this term thus is broader and more comprehensive than a narrow conceptualization of firms' flexibility in relation to specific manufacturing or product strategies (Ebben & Johnson, 2005).