Industrial Marketing Management 135 (2026) 137–150

Contents lists available at ScienceDirect

Industrial Marketing Management

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

Research paper

International network-oriented behavior as a strategic mechanism driving financial performance and the moderating role of absorptive capacity

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ARTICLE INFO

Keywords:
International network-oriented behavior
Strategic perspective
Absorptive capacity: Financial performance

ABSTRACT

Although international networking has been recognized as a highly important aspect of industrial firms, the mechanisms contributing to firm performance are not well understood. Here, a strategic mechanism is the organizational network-oriented behavior enabling the firm to alter its position within its global business-network for positional advantage and gaining higher performance. We collected quantitative survey and accounting-based performance data from 186 firms. Our findings show that network-oriented behavior increases the firm's financial performance via internationalization, but the capacity to absorb new market knowledge is an important moderating mechanism. Hence, we contribute by finding that behavioral aspects of networking and absorptive capacity are critical for enhancing both internationalization and financial performance.

1. Introduction

Inter-firm networks are widely recognized as central to international business (IB) because they provide firms with access to external knowledge, opportunities, and relational resources that can support foreign market expansion (Coviello, 2006; Johanson & Vahlne, 2009; Sharma, Kumar, Yan, Borah, & Adhikary, 2019; Zaheer & Bell, 2005). Yet a central puzzle remains: why do firms with similar network access often experience very different financial outcomes? A core reason is that possessing network ties is analytically distinct from using them in ways that generate economically consequential international expansion. While structural models emphasize network configuration and position, they offer limited explanation of how network access is behaviorally converted into performance under conditions of international uncertainty.

An emerging stream of research therefore shifts attention from structural attributes to network-oriented behavior (NOB)—the deliberate routines through which managers form, adapt, and leverage relationships to acquire information, enable opportunities, and mobilize resources (Thornton, Henneberg, & Naudé, 2013, 2014, 2015). Prior studies demonstrate that networking behaviors influence export performance and opportunity recognition (Faroque, Morrish, & Ferdous, 2017; Faroque, Morrish, Kuivalainen, Sundqvist, & Torkkeli, 2021), suggesting that behavioral engagement may be more consequential than network position alone. However, the mechanism through which such behaviors ultimately generate accounting-based financial returns remains under-specified. Two firms embedded in comparable networks may experience markedly different outcomes depending on how they enact and mobilize those ties (Rodríguez-Serrano & Martín-Armario, 2019; Zahoor & Al-Tabbaa, 2021). IB theory therefore lacks a clear explanation of how behavioral networking efforts are translated into international growth and financial performance.

Recent discussions in management research emphasize the importance of mechanism-based explanations that clarify how organizational actions produce outcomes rather than merely demonstrating associations between variables (Cornelissen & Werner, 2026). In particular, an interventionist mechanism perspective focuses on isolating the mediating pathway through which a causal input generates its outcome. In line with this perspective, our study isolates a mediating pathway through which networking behaviors translate into firm-level outcomes

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https://doi.org/10.1016/j.indmarman.2026.05.002
Received 21 February 2025; Received in revised form 25 April 2026; Accepted 3 May 2026
Available online 9 May 2026

by conceptualizing internationalization as the mechanism through which network engagement creates economic value.

We address this explanatory gap by advancing a mechanism-based account in which international NOB creates potential value by increasing exposure to foreign-market knowledge and opportunities, but financial benefits materialize primarily when these inputs are converted into post-entry internationalization—that is, the successful expansion and growth of foreign market activities following initial entry. This conversion is particularly demanding in cross-border environments characterized by liability of foreignness and outsidership (Johanson & Vahlne, 2009; Luo, 2002; Zaheer & Zaheer, 2006), where network-derived knowledge is often institutionally embedded, culturally distant, and cognitively ambiguous. We therefore conceptualize internationalization as the proximate pathway through which networking behaviors translate into accounting-based financial performance.

Crucially, this conversion is not automatic. Networking behaviors expose firms to heterogeneous and often unfamiliar knowledge flows (Cantner, Kalthaus, Menter, & Mohnen, 2023; Schleimer & Pedersen, 2013) from foreign partners, markets, and institutional environments, much of which is non-redundant, context specific, and difficult to interpret. As a result, firms must be able to assimilate and apply externally acquired knowledge before it can inform strategic action. We theorize that absorptive capacity (ACAP)—the firm's ability to recognize, assimilate, transform, and exploit external knowledge (Cohen & Levinthal, 1990; Lane, Koka, & Pathak, 2006; Zahra & Hayton, 2008)—operates as a boundary condition that strengthens or constrains the relationship between NOB and internationalization. Firms with stronger ACAP are better positioned to internalize and deploy such knowledge in foreign markets, whereas firms with weaker ACAP may fail to convert comparable networking efforts into meaningful expansion. In this way, ACAP operates at the knowledge-utilization interface within the mechanism linking networking behaviors to internationalization, determining whether network-derived insights translate into international growth and, ultimately, financial performance. Over time, repeated networking interactions expose firms to diverse external knowledge. This helps explain why firms with similar network exposure may nonetheless experience different internationalization outcomes (Rodríguez-Serrano & Martín-Armario, 2019; Zahoor & Al-Tabbaa, 2021). ACAP shapes whether and to what extent this knowledge is assimilated and applied, thereby enabling firms to convert network opportunities into international expansion and, ultimately, financial performance.

To anchor the value-creation logic of this mechanism, we draw on the resource-based view (RBV) to explain why externally accessed resources can generate competitive advantage (Barney, 1991; Zaheer & Bell, 2005). We further draw on dynamic capabilities theory to conceptualize NOB as enacted strategic routines through which firms purposefully mobilize and reconfigure network resources under conditions of environmental uncertainty (Teece, 2007; Weerawardena, Mort, Liesch, & Knight, 2007). This theoretical partitioning clarifies that RBV provides the performance logic, while dynamic capabilities illuminate the behavioral means through which network-derived inputs are orchestrated. Rather than treating network structures as pre-given, this perspective emphasizes managerial action as the driver of resource mobilization (Thornton et al., 2014, 2015).

Specifically, we test a mediated causal pathway in which international NOB influences accounting-based financial performance indirectly through internationalization, with ACAP moderating the first stage of this relationship. By specifying internationalization as the value-conversion channel and delimiting the boundary role of ACAP, we clarify when behavioral engagement with networks becomes economically consequential in international contexts. Given potential endogeneity concerns in mediated internationalization models—such as reverse causality between expansion and capability development—we adopt temporal ordering and additional robustness procedures to mitigate endogeneity concerns and strengthen confidence in the proposed mechanism.

This study makes two primary theoretical contributions. First, we extend the RBV-based explanations of international advantage by integrating a behavioral perspective on networks, demonstrating that NOBs operate as observable strategic routines through which firms mobilize external resources for international advantage (Faroque et al., 2017; Holm, Johanson, & Kao, 2024; Thornton et al., 2013). In doing so, we shift the focus of international network research from static structural attributes to managerially enacted behaviors that shape internationalization trajectories and, through them, financial outcomes. Second, we theorize ACAP as a critical boundary condition that determines when networking behaviors translate into superior performance (Faroque, Torkkeli, Sultana, & Rahman, 2022; Ferreras-Méndez, Fernández-Mesa, & Alegre, 2019; He & Wei, 2013). By conceptualizing ACAP as a moderator of the NOB → internationalization link, we show that networking creates potential value, but its economic realization depends on firms' learning capacity. Together, these contributions respond to calls for more behaviorally grounded and capability-based explanations in internationalization research (Corley & Gioia, 2011; Huang, Ding, Lin, & Zhu, 2023; Schwens et al., 2018).

2. Theoretical background

We build on the RBV (Barney, 1991) by emphasizing that both internal and external resources are crucial for superior performance. While RBV highlights the value of firm-specific resources, it offers limited insight into how such resources are developed and leveraged in dynamic, interorganizational contexts (Teece, 2007; Zaheer & Bell, 2005). In this study, RBV anchors the value-creation logic by explaining why network-embedded resources such as knowledge, information, and relational resources can generate competitive advantage.

To explain how such value is realized in international environments characterized by uncertainty and institutional distance, we draw on dynamic capabilities theory (Teece, 2007; Weerawardena et al., 2007). Dynamic capabilities emphasize enacted routines through which firms purposefully mobilize and reconfigure internal and external resources under uncertainty. Thus, while RBV clarifies the potential value of network-derived resources, dynamic capabilities illuminate the behavioral mechanisms through which firms orchestrate and deploy those resources in international contexts. In this way, our explanatory focus shifts from resource possession to the behavioral mobilization and utilization of network-derived resources.

2.1. Network structures, capabilities, and behaviors

Prior research on networks in IB can be categorized into three main streams. Although network research is often framed broadly in terms of structural versus behavioral perspectives, the literature can be more finely differentiated into structural, capability-based, and behavioral streams. Within this three-part view, capability-based research occupies an intermediate position by explaining how firms manage and leverage relationships, but it does not always theorize the enacted routines captured by NOB. The first examines network structures, focusing on position, density, and centrality to explain performance outcomes (Fernhaber & Li, 2013; Sharma et al., 2019; Zhou, Wu, & Luo, 2007). This structural perspective assumes that being embedded in networks provides knowledge and access advantages, but it often treats ties as given rather than as actively shaped through managerial action.

The second stream emphasizes networking capabilities as higher-order abilities that enable firms to manage, configure, and leverage their relationships (Forkmann, Henneberg, Naudé, & Mitrega, 2016; Mitrega, Forkmann, Zaefarian, & Henneberg, 2017). This perspective highlights firm's relational routines but does not always capture the specific actions managers undertake in day-to-day networking.

The third stream focuses more directly on NOBs and related enacted networking routines. Following Thornton et al. (2013, p. 1155), we

define NOBs as the *"activities/routines/practices, which enable firms to make sense of and capitalize on their networks of direct and indirect relationships."* Unlike structural metrics or higher-order capabilities, NOB captures enacted managerial routines. We extend this construct to the IB domain by focusing specifically on external foreign business networks rather than internal multinational corporation (MNC) ties (e.g., headquarters–subsidiary ties) that dominate much IB research (Yan, Li, & Zhang, 2022). This extension is theoretically meaningful because cross-border contexts amplify uncertainty, institutional distance, and liability of outsidership (Johanson & Vahlne, 2009), thereby increasing the behavioral demands associated with mobilizing network-derived knowledge. Consistent with Thornton et al. (2015), we operationalize NOB using four dimensions: information acquisition, opportunity enabling, strong-tie resource mobilization, and weak-tie resource mobilization. These dimensions capture how managers enact routines to acquire knowledge, create opportunities, and mobilize resources from their networks.

Empirical research supports the relevance of this behavioral lens. Faroque et al. (2017) show that networking behaviors enhance export performance by fostering process innovativeness. Building on this, Faroque et al. (2021) identify microfoundations of network exploration and exploitation capabilities that underpin international opportunity recognition, further highlighting how concrete networking actions drive early internationalization. Faroque et al. (2022) further demonstrate that boundary conditions can enable or constrain the effectiveness of network capabilities. Together, these studies suggest that NOBs are strategic behaviors in their own right, requiring direct theorization rather than being treated as mere byproducts of structural position or latent capabilities.

Despite these advances, the three streams have largely developed in parallel. Structural studies emphasize network position; capability-based studies focus on higher-order relational abilities; behavioral studies examine enacted routines. What remains underdeveloped is an integrated explanation of how NOB translates into internationalization and, through it, into financial outcomes, as well as how ACAP shapes this translation. Moreover, prior research rarely examines NOB together with internationalization, objective financial performance, and a clearly specified boundary condition in a single framework.

To clarify the theoretical space addressed by our study, Table 1 synthesizes prior research across structural, capability-based, relational, and behavioral perspectives on networks. Rather than serving as a descriptive catalogue, the table compares prior studies in terms of their networking perspective, theoretical lens, research context, focal network construct, the conceptual role of ACAP, other explanatory mechanisms considered, and the use of objective firm performance outcomes. This comparison reveals three patterns. First, prior research has focused predominantly on structural and capability-based perspectives, with relatively limited direct attention to behavioral networking in the form of NOB. Second, ACAP has been examined only selectively and mainly outside a behavioral networking framework. Third, objective firm performance has rarely been examined together with internationalization and a clearly specified boundary condition. By highlighting these patterns, Table 1 positions the conceptual framework of the present study, in which international NOB influences accounting-based financial performance through internationalization, with ACAP shaping the effectiveness of this pathway.

2.2. Absorptive capacity

ACAP refers to a firm's ability to recognize the value of external knowledge, assimilate it, and apply it to commercial ends (Cohen & Levinthal, 1990). Initially developed in the innovation literature, ACAP has been widely regarded as a foundational learning capability (Lane et al., 2006; Zahra & Hayton, 2008). More recent work extends ACAP to international contexts, emphasizing its role in enabling firms to benefit from externally sourced and foreign knowledge. For example, Domurath and Patzelt (2016) show that entrepreneurs with higher ACAP derive greater benefits from international ties. Ferreras-Méndez et al. (2019) demonstrate that ACAP enhances the effect of external knowledge search on export performance. He and Wei (2013) find that ACAP conditions the relationship between domestic networks and international expansion, while Chatterjee, Chaudhuri, and Vrontis (2022) underscore its importance in complex international environments.

Collectively, this literature positions ACAP as a capability that determines whether externally sourced knowledge can be transformed into value-creating outcomes. Its relevance is particularly pronounced in international contexts, where firms encounter knowledge that is institutionally embedded, diverse, and context dependent. Such knowledge often requires interpretation, recombination, and adaptation before it can be deployed effectively.

Within our framework, ACAP does not independently generate internationalization. Rather, it conditions the extent to which knowledge and opportunity signals generated through NOBs are internalized and converted into foreign market commitments (e.g., expansion, resource allocation). Access to network-based knowledge alone is insufficient; firms must possess the learning capacity required to assimilate and operationalize such knowledge.

Taken together, the preceding discussion suggests a coherent explanatory framework. International NOB increases firms' exposure to foreign-market knowledge, opportunity signals, and relational resources. However, such exposure becomes economically consequential primarily when it is translated into internationalization—observable commitments of resources that expand and deepen foreign market operations. Financial performance improvements are expected to emerge indirectly through this expansion process rather than through immediate direct effects of networking alone. ACAP conditions this pathway by determining whether network-derived inputs are effectively internalized and deployed. Accordingly, we conceptualize a mediated relationship in which internationalization links NOB to financial performance, with ACAP moderating the NOB–internationalization relationship. Fig. 1 summarizes this theoretical framework.

2.3. Hypothesis development

The theoretical background suggests that NOB should matter for firm outcomes not because network engagement is inherently valuable, but because it enables firms to access and mobilize external knowledge, opportunities, and resources. At an aggregate level, such behavioral engagement should therefore be positively associated with firm outcomes. This overall association provides the basis for our mediation argument, while the core theoretical focus remains on explaining how this effect is transmitted. However, our central theoretical claim is that the principal economic effect of NOB operates through a mediated causal pathway rather than through immediate direct value capture. Specifically, we argue that NOB enhances internationalization, which in turn improves accounting-based financial performance, while ACAP shapes whether network-derived knowledge can be translated into international expansion.

2.4. Network-oriented behavior, internationalization, and financial performance

We argue that international NOBs positively influence firms' internationalization outcomes by enabling mobilization of network-derived knowledge, opportunities, and relational resources. This argument is grounded in classic social network theory (Granovetter, 1973; Uzzi, 1997) and the RBV (Barney, 1991), and is consistent with prior IB research highlighting how network behaviors operate under conditions of cross-border uncertainty, institutional distance, and outsidership (Johanson & Vahlne, 2009; Kano, Tsang, & Yeung, 2020; Partanen, Chetty, & Rajala, 2014). Consistent with Thornton et al. (2013, 2015), NOB comprises enacted routines of information acquisition, opportunity

Table 1
Positioning our study within key prior research.

References	Networking perspective	Theoretical lens	Research context	Focal network construct	Main results	Role of ACAP	Other mechanisms considered	Objective firm performance
Fernhaber and Li (2013)	Structural networks	Network theory, attention-based view	448 US-based high-growth ventures	Informal and formal network relationships	Informal and formal ties positively influence venture internationalization, with substitutive effects and age-contingent dynamics.	✘	Venture age as a moderator	✘
Filatotchev, Liu, Buck, and Wright (2009)	Structural networks	Knowledge-based view	711 Chinese SMEs	Global networks/ knowledge transfer	Global networks and knowledge transfer improve export performance, with effects reinforced by entrepreneurs' international experience.	✘	Human capital (e.g., entrepreneur's MNE experience) as moderator	✘
Zhou et al. (2007)	Structural networks	Social network theory	129 Chinese SMEs (born globals)	Home-based social networks (guanxi)	Home-based social networks (guanxi) mediate the relationship between internationalization orientation and firm performance.	✘	–	✘
Eberhard and Craig (2013)	Structural networks	Network theory of internationalization, social network theory	1304 Australian manufacturing SMEs	Inter-personal and inter-organizational networks	Inter-personal and inter-organizational networks positively influence internationalization performance.	✘	Being family firm as moderator	✘
Musteen, Francis, and Datta (2010)	Structural networks	Social capital theory	155 Czech manufacturing SMEs	International ties / network diversity / personal contacts	Different network attributes have distinct effects: network diversity positively influences performance, while reliance on personal ties can hinder the first international venture performance. Shared language facilitates faster internationalization.	✘	–	✘
Musteen, Datta, and Butts (2014)	Structural networks	Social network theory, knowledge-based view	169 Czech SMEs	CEO international networks	Network diversity and tie strength enhance foreign-market knowledge, which in turn positively influences first international venture performance.	✘	–	✘
Pinho and Prange (2016)	Capability-based	Dynamic capabilities theory	107 Portuguese exporting firms	Social networks / dynamic internationalization capabilities	Social networks affect international performance through internationalization capabilities.	✘	Dynamic internationalization capabilities as mediator	✘
Lu, Zhou, Bruton, and Li (2010)	Capability-based	Resource-based view, capability-building perspective	775 Chinese exporting SMEs	Managerial ties and institutional capital	Adaptive capability partially mediates the relationship between resources (managerial ties and institutional capital) and international performance.	✘	Information acquisition capability (non-significant) and adaptive capability as mediators	✘
Zahoor and Al-Tabbaa (2021)	Relational /capability-based	Relational view	394 UK-based manufacturing SMEs	Relationship quality/ relational mechanisms (trust, embeddedness, commitment)	Foreign-market knowledge fully mediates the relationship between relational mechanisms and post-entry internationalization speed.	✘	Foreign-market knowledge as mediator	✘
Sharma et al. (2019)	Structural networks	Network theory, organizational ambidexterity	303 global firms' whole buyer–supplier network	Whole buyer–supplier network structure	Network density has a negative, betweenness centralization and average clustering coefficient have an inverted U-shaped and a U-shaped relationship with international business performance.	✘	Average path length and focal firm position as moderators	✔ International return and ROI from Bloomberg database
Ferreras-Méndez et al. (2019)	Capability-based	Organizational learning theory, dynamic capabilities theory	222 Spanish exporting SMEs	Orientation of knowledge search from industrial or non-industrial partners	Collaboration with industrial partners improves export performance only through absorptive capacity, whereas non-industrial partners enhance absorptive capacity but have no direct performance effect.	Mediator	–	✘
He and Wei (2013)	Structural networks	Resource-based view, network theory	196 Chinese exporting firms	Usage of domestic industrial or institutional networks	Absorptive capacity positively moderates the relationship between external networks and export market location choice, with performance resulting from	Moderator	–	✘

(*continued on next page*)

Table 1 (*continued*)

References	Networking perspective	Theoretical lens	Research context	Focal network construct	Main results	Role of ACAP	Other mechanisms considered	Objective firm performance
					the fit between networks, absorptive capacity, and market location decisions.			
Faroque et al. (2017)	Capability-based view	Network theory	647 South Asian low-tech exporting firms	Usage of personal and inter-firm networking	Networking improves export performance via process innovativeness.	✘	Process innovativeness as mediator	✘
Faroque et al. (2021)	Capability-based / behavioral	Dynamic capabilities theory	647 South Asian early internationalizing firms	Network exploration and exploitation capabilities	Network exploration and exploitation capabilities drive international opportunity recognition.	✘	Market change (dynamism) as moderator	✘
Faroque et al. (2022)	Capability-based view	Dynamic capabilities theory	204 multi-industry South Asian exporting firms	Network exploration and exploitation capabilities	Network exploration and exploitation capabilities enhance market knowledge, which in turn improves international market performance.	✘	International entrepreneurial orientation, responsive and proactive export market orientation as moderators	✘
Current article	Behavioral networking (NOB)	Resource-based view, dynamic capabilities theory	181 Finnish internationalizing firms	International network-oriented behavior (NOB)	International NOB improves financial performance through post-entry internationalization with ACAP as moderator.	Moderator; weaker mediator in additional analysis	Firm internationali-zation	✓

Note: The table contrasts prior studies by networking perspective, theoretical lens, research context, focal network construct, main results, the role of absorptive capacity, other explanatory mechanisms, and performance outcomes. It is intended to clarify the theoretical space addressed by the present study rather than to provide an exhaustive review of all network research in IB.

enabling, and strong- and weak-tie resource mobilization. Through these behavioral routines, firms gain access to information, opportunities, and relational resources that can facilitate entry into new markets and the expansion of existing international operations. However, such network-derived inputs are often incomplete, ambiguous, and context-dependent, particularly in foreign environments, meaning that access to networks alone does not guarantee effective internationalization. Empirical evidence supports this behavioral logic, demonstrating that networking behaviors enhance export performance by fostering process innovativeness (Faroque et al., 2017), and drive opportunity recognition in early internationalization (Faroque et al., 2021). Thus, drawing on RBV logic, we expect that NOBs, by enabling firms to mobilize and exploit network-embedded resources, will foster greater international scope, extent, and speed (Pla-Barber & Escriba-Esteve, 2006; Weerawardena, Mort, Salunke, Knight, & Liesch, 2015).

We further expect that internationalization enhances firms' financial performance. Expanding international operations provides firms with access to new markets, learning opportunities, and scale and scope efficiencies that can improve profitability and growth (Huang et al., 2023; Sadeghi, Rose, & Chetty, 2018). Meta-analytic evidence confirms a positive association between the degree and scope of internationalization and firm financial performance (Schwens et al., 2018). From an RBV perspective, internationalization represents the stage at which firm-specific and network-embedded resources are deployed in foreign markets, allowing firms to appropriate rents from their accumulated knowledge and relational assets. In this study, internationalization is conceptualized as a post-entry internationalization outcome, that is, the expansion and growth of foreign market activities following initial entry. It is therefore analytically distinct from accounting-based financial performance, which constitutes the downstream economic outcome of that expansion.

Taken together, these two linkages establish the mediated logic of our model. NOBs generate informational, opportunity-related, and relational advantages that enable firms to expand their foreign activities more effectively, and internationalization constitutes the proximate pathway through which those behavioral advantages are translated into accounting-based financial performance. Thus, our argument is not that NOB yields immediate direct financial returns, but that its principal economic effect is realized when network-derived inputs are converted into international expansion and then into performance outcomes. Therefore, we hypothesize:

H1. Internationalization positively mediates the relationship between international NOB and financial performance.

2.5. The moderating role of absorptive capacity

We propose that ACAP moderates the relationship between firms' NOB and internationalization. In international contexts, learning demands are heightened because firms must interpret knowledge that is institutionally embedded, culturally distant, and often weakly codified, making the effective use of externally sourced information substantially more challenging than in domestic settings. While NOBs enable firms to acquire knowledge and opportunities through their external networks, the effectiveness of these behaviors depends on the firm's ability to recognize, assimilate, and apply the acquired knowledge (Cohen & Levinthal, 1990). Internationalizing firms are often resource-constrained and knowledge-poor (Zhou, 2007) and therefore depend on external networks to compensate for limited internal capabilities and enhance their market position (Coviello & Cox, 2006; Johanson & Vahlne, 2009; Zaheer & Bell, 2005). However, the knowledge and opportunities gained through networking do not automatically translate into effective internationalization. As Casillas et al. (2009, p. 316) note: "This information has to be assimilated, combined with prior information and formed into knowledge that can be directly applied through concrete behavior patterns in the new target marketplace."

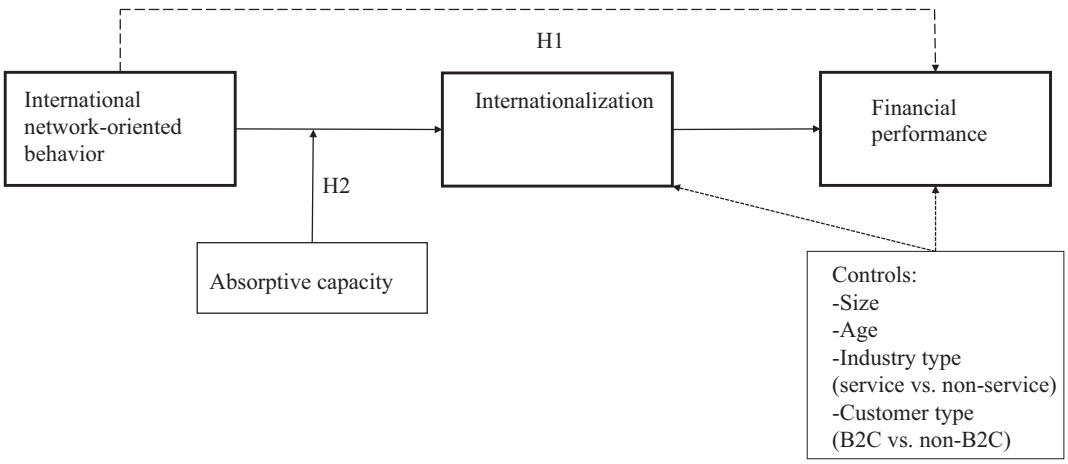

Fig. 1. Hypothesized model.

From an RBV perspective, network relationships provide potential resources, but their productive value depends on the firm's internal ability to integrate and exploit them. ACAP enables this integration by allowing firms to internalize external knowledge, recombine it with existing capabilities, and apply it in new contexts (Lane et al., 2006; Zahra & Hayton, 2008). Firms with strong ACAP are therefore better positioned to convert the information and opportunity signals gained through NOBs into actionable insights that support opportunity recognition, market adaptation, and coordination with international partners (Ferreras-Méndez et al., 2019; He & Wei, 2013). Conversely, firms with low ACAP may access similar information through networks but struggle to internalize and utilize it effectively, resulting in weaker internationalization outcomes.

Within our model, ACAP is not treated as a general correlate of performance, but as a first-stage boundary condition within the mechanism linking NOB to internationalization. In other words, ACAP governs whether and to what extent the knowledge and opportunities generated through networking behaviors can be interpreted and deployed for international expansion. When ACAP is high, firms are better able to align external signals with existing knowledge and convert them into concrete foreign-market commitments. When ACAP is weak, firms may still gain access to information through networks, but their ability to translate that knowledge into international growth is more limited. As a result, similar networking behaviors may lead to divergent internationalization outcomes across firms.

While prior research has often examined ACAP as a mediating mechanism linking knowledge acquisition to performance (Ferreras-Méndez et al., 2019), recent studies highlight that the outcomes of networking depend critically on organizational boundary conditions that enable or constrain their effectiveness (Faroque et al., 2022). Building on this logic, we conceptualize ACAP as a first-stage boundary condition that determines whether and to what extent firms can translate network-derived knowledge and opportunity signals generated through international NOB into internationalization. Accordingly, we hypothesize:

H2. ACAP positively moderates the relationship between international NOB and internationalization, such that firms with higher ACAP are better able to translate network-derived knowledge and opportunity signals into foreign market expansion.

3. Methodology

3.1. Sample and data collection

We developed a structured online questionnaire using the Webropol survey tool and designed the scale items to measure the perceptions of key decision-makers regarding the study constructs. We collected our survey data primarily in 2016. The requirements for the sample were that all firms be headquartered in Finland and engage in international activities. A round of phone calls identified 1039 qualified firms, which we invited to participate in the study via a web link to the survey questionnaire.

We received responses from 370 firms, of which 342 were valid, yielding a response rate of 32.9%. However, we were able to obtain objective financial performance data from only 186 firms through the Amadeus database administered by Bureau van Dijk. Therefore, with respect to financial performance, we restricted our analyses to those firms.

The research sample includes Finnish firms operating in highly internationalized industrial sectors, classified according to Standard Industrial Codes: Materials & Process Industries, Metals & Machinery, Electrical, Transport & Instruments, Professional & Technical Services, Business & IT Services, and Trade & Finance (see Table 2, Panel A). The respondents consisted of founders, export/sales directors, board members, and CEOs (see Table 2, Panel B). Descriptive statistics for the study variables are presented in Table 2, Panel C.

3.2. Modeling and measures

Structural Equation Modeling (SEM) includes two widely used approaches: covariance-based SEM (CB-SEM) and variance-based SEM (PLS-SEM), both commonly applied in hypothesis-testing research. CB-SEM is typically preferred when the primary objective is to evaluate global model fit, whereas PLS-SEM is often used when models incorporate formative constructs, hierarchical component structures, or when the analysis focuses on explained variance in key endogenous variables (Hair, Black, Babin, & Anderson, 2014; Richter, Sinkovics, Ringle, & Schlägel, 2016).

In this study, the measurement model combines reflective and formative elements, including a second-order formative NOB construct, and incorporates mediation and moderation. Our research is theory-elaborating and the analytical emphasis lies on explaining variance in internationalization and financial performance and on evaluating the proposed mediation and moderation effects. Although CB-SEM can also estimate formative constructs, doing so often requires additional identification constraints and model specifications (Diamantopoulos & Winklhofer, 2001; Jarvis, MacKenzie, & Podsakoff, 2003). Given the presence of a formative second-order construct and our emphasis on explained variance, we employed PLS-SEM, which offers an established framework for estimating hierarchical formative models (Becker, Klein, & Wetzels, 2012) and accommodates interaction effects without reliance on multivariate normality assumptions (Chin, 1998; Hair et al., 2014).

Table 2
Descriptive characteristics of the sample.

Panel A. Industry classification (n = 336, missing 6)

Class	Two-digit SIC	Firms	% of valid
Materials & Process Industries	20, 23, 24, 25, 26, 27, 28, 30, 31	57	17.0
Metals & Machinery	33, 34, 35	51	15.2
Electrical, Transport & Instruments	36, 37, 38	43	12.8
Professional & Technical Services	87	66	19.6
Business & IT Services	73	63	18.8
Trade & Finance	50, 51, 62, 67	23	6.8
Others	07, 08, 17, 39, 41, 45, 47, 48, 76, 78, 80, 81, 82, 97	33	9.8

Panel B. Respondents' profile (n = 342)

Respondent's job or role	Number	%
Founder	200	58.0
Export/International sales director	74	21.6
Board member	109	31.9
CEO	215	62.9

Panel C. Descriptive statistics of the variables (n = 342)

	Min	Max	Mean	Median	St. dev
Financial Performance (profit per employee, 1000€, n = 186)	−83.05	192.00	8.84	4.30	36.93
Internationalization[a]	1.00	7.00	4.06	4.00	1.67
Network-oriented behavior[a]	1.86	7.00	4.99	5.14	1.08
Absorptive capacity[a]	1.00	7.00	5.14	5.33	1.40
Size (number of employees)[b]	2.00	10.00	4.54	4.00	1.55
Age	5.00	53.00	17.12	15.00	8.51
Industry type (service vs. non-service)[c]	0.00	1.00	0.48	0.00	0.50
Customer type (B2C vs. non-B2C)[d]	0.00	1.00	0.26	0.00	0.44

Note: Respondent could choose several roles.
[a] Likert scale 1–7;
[b] 1 = No employees, 2 = 1–4 employees, 3 = 5–9 employees, 4 = 10–19 employees, 5 = 20–49 employees, 6 = 50–99 employees, 7 = 100–249 employees, 8 = 250–499 employees, 9 = 500–999 employees, 10 = 1000–5000 employees, 11 = Over 5000 employees.
[c] service = 1, non-service = 0.
[d] B2C = 1, non-B2C = 0.

Taken together, these considerations make PLS-SEM an appropriate and coherent choice for our study, while we acknowledge that CB-SEM remains a robust alternative in other research contexts. Accordingly, we used PLS-SEM with bootstrapping to test the hypothesized causal relationships between the constructs in our model (see Fig. 1). We report standardized path coefficients (β) for the main and interaction effects (i.e., moderation) to assess effect sizes. Following Cohen (1988), effect sizes are interpreted as small ($\beta < 0.30$), medium ($0.30 \leq \beta < 0.50$), or large ($\beta \geq 0.50$).

Venkatraman (1989, p. 428) defines mediation as "a significant intervening mechanism…between an antecedent variable…and the consequent variable". In the SEM framework, it can be tested by comparing the indirect effect of the independent variable through the proposed mediator with the direct effect of the independent variable on the dependent variable. We estimated this mediation effect by using the bootstrapping method with 5000 resamples (Preacher & Hayes, 2008). Additionally, to statistically test the moderation effect (of ACAP) on the relationship between the independent (international NOBs) and the dependent factor (internationalization), we form an interaction term (international NOBs and ACAP).

The measures used in the questionnaire were adapted from prior literature to fit the study context of internationalized firms. All items were measured using a 7-point Likert scale. The questionnaire was originally developed in English and then translated into Finnish using a back-translation procedure. Respondents were allowed to complete the survey in either English or Finnish. The measurement items, factor loadings, and reliability statistics are reported in Appendix 1. A pilot test was conducted with ten firms, and the questionnaire was modified based on the feedback received.

3.2.1. Network-oriented behavior

We conceptualized NOB as comprising four dimensions identified by Thornton et al. (2014): information acquisition, opportunity enabling, strong-tie resource mobilization, and weak-tie resource mobilization. The measurement items were adapted to the internationalization context.

Absorptive capacity. We measured ACAP using items originally developed by Szulanski (1996) and later refined by García-Morales, Lloréns-Montes, and Verdú-Jover (2008), adapted to the international context.

3.2.2. Internationalization

We measured firm internationalization using a three-item scale adapted from Weerawardena et al. (2015). The measure captures cumulative post-entry internationalization outcomes since initial foreign-market entry.

3.2.3. Financial performance

To address the limitations of subjective performance measures, we employed an objective indicator of firm performance. Specifically, we used profit per employee, a measure widely applied in prior research. This measure is suitable for comparing internationalizing firms of various sizes. From the objective financial data, we abstracted the firm's profit per employee for the year 2017, that is, with a one-year lag after the survey.

Control variables. As control variables for internationalization, we used size (number of employees), age (as a logarithm of years since foundation), industry type (service vs non-service), and customer type (B2C vs non-B2C).

4. Analysis and results

4.1. Validity and reliability of construct measures

Table 3 provides correlations between the variables considered in the statistical model. Our analysis on the measurement model suggests that all factors in the data demonstrate adequate reliability, convergent validity, and discriminant validity. To confirm the reliability, we considered the factor loadings of individual scale items and measures of internal consistency, including composite reliability (CR) and Cronbach's alpha (α). Fornell and Larcker (1981) suggest that the factor loadings of the items should ideally be above 0.7, but at least not below 0.5. In our model, the majority of the factor loadings are above 0.8, and the lowest factor loading is 0.724. The results indicate that the items used to measure each construct relate to that same construct and confirm item-level reliability (see Appendix 1). All the measures are recommended to possess CR and Cronbach's alpha values above the recommended cut-off point of 0.7 (Bagozzi & Yi, 1988; Bollen, 1989; Hair et al., 2014; Malhotra & Dash, 2011; Nunnally, 1978). The composite reliabilities of our latent variables range from 0.866 to 0.966, and their corresponding Cronbach's alpha measures are between 0.794 and 0.947, thus indicating a satisfactory internal consistency of the measures. Convergent validity refers to the extent measures of the same concept are correlated (Peter, 1981). Convergent validity is typically measured through average variance extracted (AVE), which designates the proportion of variance captured by the measure. The AVE for each construct is above 0.6, clearly higher than the minimum level of 0.5 suggested by Fornell and Larcker (1981). Hence, our measured constructs fulfil the

Table 3
Correlation table.

	1	2	3	4	5	6	7
1. Financial Performance	–						
2. Internationalization	0.085	(0.942)					
3. Network-oriented behavior	−0.071	0.456	–				
4. Absorptive capacity	0.012	0.450	0.459	(0.951)			
5. Size (number of employees)	−0.012	0.129	0.134	−0.006	–		
6. Age (log)	0.147	0.028	−0.124	−0.201	0.324	–	
7. Industry type (service vs. non-service)	−0.049	−0.053	0.105	0.106	0.031	−0.128	–
8. Customer type (B2C vs. non-B2C)	−0.050	−0.029	0.095	0.001	−0.174	−0.113	−0.153

Square root of AVE in parenthesis for latent measures.

criteria for convergent validity. Discriminant validity refers to the extent a measure diverges from another conceptually unrelated measure. Table 3 shows that for each construct measured, the square root of the AVE is higher than the corresponding inter-construct correlations, which implies discriminant validity (Fornell & Larcker, 1981).

The CFA model fit was evaluated using several key indexes recognized and recommended for use in SEM (Bagozzi & Yi, 2012; Williams, Vandenberg, & Edwards, 2009): the root mean square error of approximation (RMSEA), the comparative fit index (CFI), and the non-normed fit index. The values $\chi^2 = 281.411$, df = 155, $\chi^2/df = 1.816$, RMSEA = 0.049, SRMR = 0.044, CFI = 0.975, and NFI = 0.946 demonstrate that the fit indexes of our measurement model (i.e. NOB, ACAP, internationalization) indicate a very good model fit: $\chi 2/df \leq 3$, RMSEA $\leq$0.05, SRMR$\leq$0.06, CFI $\geq$ 0.95, NFI $\geq$ 0.95 (Hu & Bentler, 1999).

We also verified the potential multicollinearity of the model by calculating variance inflation factors (VIF). All VIFs are well below the recommended threshold of 5, the highest being 1.304. In addition, we separately calculated VIFs for the dimensions of the second order formative construct NOB, which all are clearly below 5, highest of them being 2.152. This implies that NOB cannot be considered as a reflective construct and collinearity does not reach critical VIF levels in any of the dimensions of our formative construct. Therefore, this supports estimating NOB as a formative construct in the PLS path model (Hair, Hult, Ringle, & Sarstedt, 2022).

4.1.1. Non-response bias

To evaluate potential non-response bias, we compared and statistically tested the median and sample distribution of companies that responded to the questionnaire with the group that qualified according to our criteria but did not answer. The comparison was performed for the equality of the medians of four relevant characteristics using a non-parametric Mann-Whitney *U* test: age ($p = 0.217$), sales ($p = 0.662$), the number of personnel ($p = 0.897$), and profit ($p = 0.723$). Additionally, we compared the sample distributions using Kolmogorov-Smirnov test: age ($p = 0.126$), sales ($p = 0.892$), the number of personnel ($p = 1.00$), and profit ($p = 0.650$). We conclude that there are no statistically significant differences between the respondents and non-respondents.

We also studied late responses by comparing the answers to the main constructs and background characteristics of early and late respondents. The idea of this test is the assumption that late respondents would answer the survey questions very similarly to non-respondents. Armstrong and Overton (1977) suggest dividing the respondents into two groups: early and late answerers, the median being the cut-off point, and comparing these groups with a *t*-test, indicating no statistically significant differences ($p > 0.05$). We also applied a novel approach by conducting linear regression analyses separately for each of the constructs and characteristics as a dependent variable and for the response time as an independent variable. The combined analysis indicates that response time does not significantly ($p > 0.05$) affect the responses, and therefore we conclude that non-response bias is unlikely to be a problem in our research.

Common method bias. Common method bias (CMB) (also common method variance) in survey research refers to the systematic variance that originates from the measurement method rather than the constructs the measures are supposed to represent. Behavioral research generally recognizes CMB as a potential problem in surveys that can be addressed both procedurally and statistically (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). First and most importantly, the independent and dependent variables were obtained from two different sources: the survey instrument and an objective measure (financial performance).

Second, our data collection procedures included the following: We administered the survey online and located the independent and dependent items in separate sections, placed on non-consecutive screens. To reduce evaluation apprehension, returning to earlier screens was impossible for viewing or editing purposes. We used this action plan to reduce the likelihood that respondents would seek to make their responses more consistent and socially desirable. Furthermore, we treated the survey responses as anonymous and confidential. We formulated the scale items carefully by keeping the questions simple, specific, and concise, avoiding ambiguity, two-part questions, and complex syntax. We conducted pilot testing of the survey instruments and interviews, which helped detect and correct potential problems.

Third, we also studied the potential CMB statistically using a marker variable (Lindell & Whitney, 2001). The chosen marker variable was "Our company has been able to attract an equal share of women and men as employees", which was measured on a similar Likert scale to other constructs. The marker should be theoretically unrelated to the other constructs studied. We tested this by controlling for the effect of the marker variable and calculating the partial correlation matrix of our constructs. The zero-order and partial correlation matrices proved almost identical, with no statistically significant ($p > 0.05$) difference between them. All the significant zero-order correlations remained significant ($p < 0.05$) in the partial correlation matrix. In addition, we tested our models by adding the marker variable as an independent variable (Kawai & Chung, 2019) and found that the significance levels of the effects remained essentially the same as previously. The analysis indicates that CMB does not adversely affect the study results.

4.1.2. Endogeneity

An endogenous variable in a statistical model is a variable that is determined by its relationship with other variables within the model (Wooldridge, 2015). In contrast, an exogenous variable is a variable that is not explained by other variables in the model. The endogeneity problem occurs when an endogenous variable is treated as exogenous in the model and manifests as an independent variable correlated with the model residuals (Semadeni, Withers, & Trevis Certo, 2014). Using instrumental variable approach, we tested for reversed causality, in particular, whether our exogeneous variable international NOB is endogenous in nature (Sande & Ghosh, 2018). As instruments we used level of effectual decision-making behavior related to partnerships and frequency of communication with key network contacts. The instrumental variables chosen are significantly correlated with international NOB ($p < 0.001$) but uncorrelated with internationalization and therefore they are suitable for this purpose. Based on these variables, we performed Durbin–Wu–Hausman test, which failed to reject the null hypothesis that our focal construct international NOB is exogenous ($p =$

0.425). Accordingly, we do not see possible endogeneity as an issue for our models.

4.1.3. Predictive causality

To allow predictive causality, the time aspect should be considered explicitly (Arjas & Eerola, 1993; Granger, 1969). Therefore, we relied on the objective time-lagged performance measure: the profit per employee, extending beyond the data collection time. We tested the Cross-Validated Predictive Ability of NOB on internationalization using blind folding with 10 folds in Smart PLS. Stone-Geisser's $Q^2 = 0.224 > 0$, which implies better predictive power compared to mean-based prediction.

4.2. Hypothesis testing

We conducted PLS-SEM in Smart PLS version 4.1.1.5 to test the hypotheses related to mediation and moderation (see Fig. 1). The results, including measures for model fit, are presented in Table 4. The measures indicate acceptable level of overall fit and predictive capability with the data: SRMR = 0.048, d_UL = 0.396 and d_G = 0.238, which all are lower than the corresponding 95% quantiles 0.068, 0.798 and 0.333 from bootstrapping (Dijkstra & Henseler, 2015; Henseler et al., 2014).

The model has one formative construct, the international NOB, two reflective constructs (ACAP and internationalization), and financial performance. According to the model, the influence of NOB on internationalization is statistically significant with medium effect size ($\widehat{\beta}$=0.328; p < 0.001); and the influence of internationalization on financial performance is significant with small effect size ($\widehat{\beta}$=0.182; p = 0.027). The direct path from NOB to financial performance shows an insignificant effect ($\widehat{\beta}$= − 0.137; p = 0.152). The specific indirect effect of NOB via internationalization on financial performance is significant with small effect size ($\widehat{\beta}$=0.060; p = 0.042). Hence, we conclude that the relationship between NOB and financial performance is mediated by internationalization, thus providing support for Hypothesis 1.

The second hypothesis postulates that the effect of NOB on internationalization is moderated by ACAP. The model shows that the moderation effect is positive, statistically significant with small effect size ($\widehat{\beta}$=0.092; p = 0.017). In Fig. 2, we visualize the moderation effect of ACAP on the relationship between NOB and internationalization, where the moderation is shown as nonparallel lines. ACAP positively moderates the relationship between NOB and internationalization, such that the impact of NOB on internationalization is stronger when ACAP is high. Therefore, we conclude that Hypothesis 2 is supported.

Table 4
Results of the structural equation models.

	Model	
	$\widehat{\beta}$	p
Financial performance: profit per employee (n = 186)		
←Network-oriented behavior (NOB)	−0.137	0.152
←Internationalization	0.182	0.027
←Size (number of employees)	−0.093	0.333
←Log age	0.199	0.009
←Industry type (service vs non-service)	−0.042	0.757
←Customer type (B2C vs non-B2C)	−0.106	0.429
Internationalization (n = 342)		
←Network-oriented behavior (NOB)	0.328	<0.001
←Absorptive capacity (ACAP)	0.374	<0.001
←Absorptive capacity x Network-oriented behavior	0.092	0.017
←Size (number of employees)	0.044	0.321
←Log age	0.107	0.039
←Industry type (service vs non-service)	−0.233	0.013
←Customer type (B2C vs non-B2C)	−0.103	0.358
Specific indirect effect		
Network-oriented behavior → Internationalization → Financial performance	0.060	0.042
Model fit		
SRMR	0.048	
d_ULS	0.396	
d_G	0.238	

The estimates of the regression coefficients are standardized.

4.3. Additional analysis

Alternative model: ACAP as mediator. As an alternative, we tested a theoretical model in which ACAP was specified as a mediator between NOB and internationalization. However, the ACAP-mediated model exhibited inferior fit compared to our original model, with SRMR = 0.057, d_UL = 0.396 and d_G = 0.267, all of which are higher than the 95% quantiles 0.056, 0.375 and 0.337, respectively. Therefore, our original model is preferable.

Alternative model: NOB as separate drivers. As another formulation of the original model, we used the four dimensions of NOB as separate drivers to see how they may contribute to internationalization and firm performance respectively in PLS-SEM. The results indicate that two of these, opportunity enabling ($\widehat{\beta}$=0.164; p = 0.016) and weak-tie resource mobilization ($\widehat{\beta}$=0.250; p < 0.001) drive internationalization; additionally, ACAP acts as a moderator only between weak-tie resource mobilization and internationalization. However, the specific-indirect effects from these drivers to financial performance are not mediated by internationalization. The model fit indices of this alternative model are inferior to our original: SRMR = 0.033, d_UL = 0.128 and d_G = 0.174, all of which are higher than the 95% quantiles 0.029, 0.098 and 0.169, respectively. This indicates that our original model is preferable.

4.3.1. Industry effects

To examine the industry effects on our model, firstly, we performed multi-group analysis to compare two groups based on Table 2, Panel A: (1) manufacturing (materials & process industries, metals & machinery, electrical, transport & instruments) and (2) services (professional & technical services, business & it services, trade & finance). The results indicate that there are no significant differences between the two groups with respect to the hypothesized relationships. Secondly, we conducted further analyses of the potential industry effects to capture industry-specific dynamics that may moderate the effects of NOB and ACAP on internationalization. To examine the effect of knowledge intensity, we applied the extent of R&D (as a percentage of turnover). R&D does not seem to moderate the relationship between NOB and internationalization ($\widehat{\beta}$= − 0.051; p = 0.258), nor does there exist a double moderation effect, i.e., R&D does not moderate the moderating effect of ACAP on the relationship between NOB and internationalization ($\widehat{\beta}$= − 0.012; p = 0.757). Furthermore, the institutional uncertainty ($\widehat{\beta}$=0.009; p = 0.859) and technological uncertainty ($\widehat{\beta}$=0.032; p = 0.510) do not moderate the effect of NOB on internationalization, nor is there double moderation for either the institutional uncertainty ($\widehat{\beta}$=0.002; p = 0.968) or technological uncertainty ($\widehat{\beta}$= − 0.050; p = 0.141).

4.3.2. International age

We performed a robustness check by adding the time since firms' first foreign-market entry (international age) as a control variable into the model, which did not alter the results: all the p-values remained almost identical. This increases confidence that the findings are not driven simply by differences in the duration of firms' international involvement.

4.3.3. Copula-based robustness check

Following recent recommendations (Yang, Qian, & Xie, 2025), we conducted diagnostics and a copula-based robustness correction focusing on the potentially endogenous regressor NOB, in the NOB → Internationalization path. First, Shapiro–Wilk tests indicated that NOB and several exogenous controls were significantly non-normal, meeting

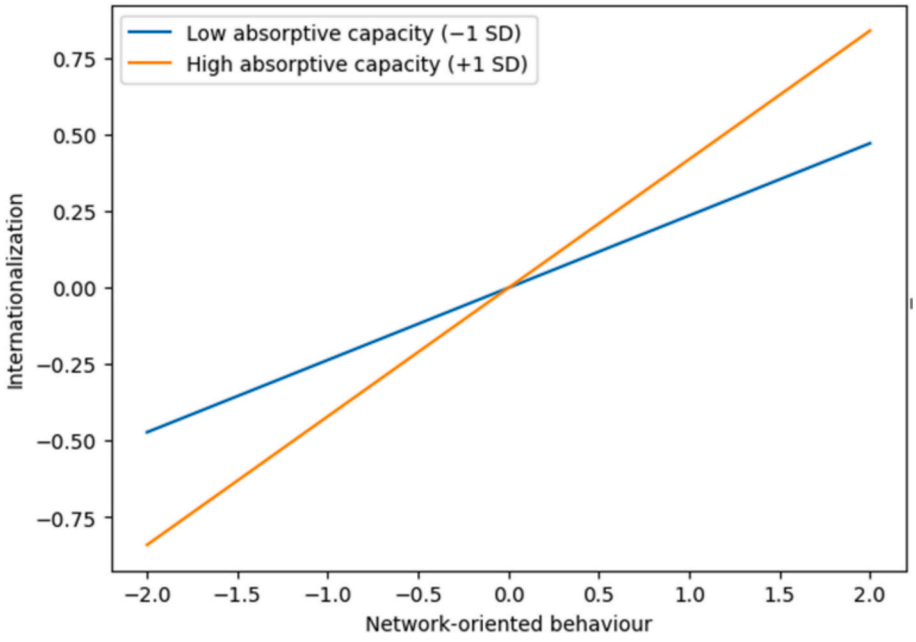

Fig. 2. Moderation effect of ACAP on the relationship between NOB and internationalization. Note: The lines showing the levels of absorptive capacity are calculated for one standard deviation above (high) and below (low) the mean. The moderation effect is shown as the difference between the slopes of the lines and is significant at 5% level.

the necessary condition for copula-based identification. Second, NOB was strongly predicted by multiple exogenous controls ($R^2 = 0.255$), satisfying the relevance condition for copula residual inclusion. Third, the Gaussian copula term was introduced into the moderated structural equation to test whether residual endogeneity persisted.

In the endogeneity-corrected moderated model (NOB, ACAP, ACAP × NOB, controls), the interaction term remained positive and significant ($\widehat{\beta}$=0.092, $p = 0.022$), and the Gaussian copula term was nonsignificant ($p = 0.946$), indicating that no residual endogeneity remained. This shows that ACAP is the mechanism that conditions the NOB–internationalization relationship. Thus, H2 remains fully supported and robust, and the mediation process in H1 is supported conditionally, applying to firms with higher ACAP. Moreover, the conditional indirect effects (NOB → Internationalization → Financial Performance) derived from the copula-corrected moderated model increase with ACAP—being weak at low ACAP ($\widehat{\beta}$=0.092), moderate at mean ACAP ($\widehat{\beta}$=0.113), and strongest at high ACAP ($\widehat{\beta}$=0.134). This pattern confirms that the mediating role of internationalization is activated primarily among firms with sufficient ACAP.

5. Discussion and conclusion

Our findings contribute to ongoing debates in IB and industrial marketing concerning how and when inter-firm networks generate economic value. While prior research has established that network structures and positions can support internationalization and market access (Eberhard & Craig, 2013; Fernhaber & Li, 2013; Sharma et al., 2019), evidence linking networks to accounting-based financial performance has remained limited and fragmented. The present study helps clarify this relationship by showing that international NOB is associated with financial returns primarily through firms' internationalization, rather than through immediate direct value capture. Importantly, the copula-based robustness analysis shows that this mediating pathway is conditional rather than universal. Internationalization mediates the effect of NOB on financial performance only for firms with sufficient ACAP. This finding clarifies that internationalization operates as a value-conversion mechanism primarily for firms that can internally process and assimilate the knowledge gained through networking.

This mechanism-based explanation advances existing network research by moving beyond static conceptions of network embeddedness. Consistent with behavioral perspectives on networks (Thornton et al., 2013, 2015), our results suggest that firms actively shape the value of their networks through deliberate actions such as information acquisition, opportunity enabling, and resource mobilization. However, these behaviors create economic value only when they are converted into concrete international expansion and growth. This helps explain why firms with comparable network access may experience markedly different performance outcomes, even when their underlying network opportunities appear similar (Rodríguez-Serrano & Martín-Armario, 2019; Zahoor & Al-Tabbaa, 2021).

The mediating role of internationalization also refines prior work on the internationalization–performance relationship. While earlier studies have documented mixed or context-dependent effects of internationalization on financial performance (Hilmersson & Johanson, 2016; Pangarkar, 2008), our findings indicate that the performance implications of networking are realized primarily when network-derived inputs are translated into internationalization. In this sense, internationalization represents the stage at which network-derived knowledge and relational resources are deployed and scaled across foreign markets, enabling firms to appropriate economic returns.

A further important insight concerns the role of ACAP. Although ACAP has often been treated as a mediating mechanism linking knowledge acquisition to performance (Ferreras-Méndez et al., 2019), our results support its role as a boundary condition shaping the effectiveness of NOB. Firms with stronger ACAP are better able to interpret, integrate, and apply the heterogeneous knowledge accessed through international networks, thereby converting similar networking efforts into superior internationalization outcomes. This finding aligns with prior evidence that ACAP conditions international decision-making and learning (He & Wei, 2013), while extending this logic explicitly to external NOB.

The copula-corrected model further confirms that ACAP not only strengthens the NOB–internationalization link but also determines whether the subsequent indirect performance effect emerges at all, underscoring ACAP's role as an activation mechanism rather than a

supplementary capability. From a mechanism perspective (Cornelissen & Werner, 2026), our findings suggest that the NOB–internationalization–performance relationship operates as a conditionally activated process rather than a linear transmission of effects. NOB exposes firms to heterogeneous external knowledge, but only firms with sufficient ACAP are able to filter, interpret, and prioritize these signals. Internationalization then represents the stage at which selected knowledge is operationalized and turned into action. This explains why the indirect effect of NOB on financial performance increases with ACAP.

Taken together, the findings suggest that the economic value associated with networks depends not only on network access, but also on firms' behavioral engagement and learning capabilities. By integrating a behavioral networking perspective with internationalization as a mediating pathway and ACAP as a boundary condition, this study provides a mechanism-based explanation of how international networks contribute to firm performance. In doing so, it responds to calls for more behaviorally grounded and mechanism-focused explanations in international marketing and strategy research. Additionally, by demonstrating that the behavioral and learning mechanisms remain robust after addressing potential endogeneity using a copula-based correction, the study provides confidence that the observed moderated mediation reflects genuine organizational processes rather than statistical artifacts.

5.1. Theoretical contributions

This study advances IB and industrial marketing research by developing a mechanism-based behavioral explanation of how inter-firm networks generate economic value in international contexts. More specifically, the paper is theory-elaborating in two related ways. First, it elaborates behavioral network research in IB by showing that the economic relevance of NOB lies not in immediate direct value capture, but in its role as a behavioral input that is translated into financial outcomes through internationalization. Second, it elaborates the contingent role of ACAP by locating it within the mechanism itself: ACAP does not simply strengthen performance broadly, but conditions whether network-derived knowledge and opportunities are converted into foreign-market expansion.

In line with this, we contribute to international networking research by shifting the focus from network structures and positions to NOB as a strategic mechanism. While prior studies emphasize embeddedness, centrality, or density as drivers of internationalization and performance (Eberhard & Craig, 2013; Fernhaber & Li, 2013; Sharma et al., 2019), our findings show that networks create value through deliberate managerial actions rather than through structural presence alone. By linking international NOBs to internationalization and, indirectly, to accounting-based financial performance, we extend behavioral perspectives on networks (Thornton et al., 2013, 2015) into the international domain and clarify how firms mobilize network resources for advantage.

We also refine theory on the internationalization–performance relationship by conceptualizing internationalization as a mediating pathway rather than as a direct financial outcome in itself. Prior research reports mixed evidence on whether internationalization improves firm performance (Hilmersson & Johanson, 2016; Pangarkar, 2008). Our results demonstrate that internationalization functions as the proximate value-conversion pathway through which behavioral networking advantages are translated into financial outcomes. By theorizing and empirically testing internationalization as a mediator, and by showing via copula-based analysis that this mediation is conditional on ACAP, we explain why the performance effects of networking emerge only under specific capability conditions rather than uniformly across firms.

Finally, we extend the RBV by integrating ACAP as a boundary condition. While RBV highlights the value of network-embedded resources (Barney, 1991; Zaheer & Bell, 2005), it offers limited insight into when firms can effectively exploit those resources. Our findings show that ACAP strengthens the relationship between NOB and internationalization, indicating that learning capabilities condition the effectiveness of networking efforts. Our more nuanced analysis showing that ACAP moderates only weak-tie resource mobilization further clarifies the internal organization of this mechanism. Weak ties provide novel, non-redundant, and often ambiguous information, which increases the firm's exposure to interpretive uncertainty. Exploiting such information requires ACAP to assimilate and transform external knowledge into actionable insights. Strong ties, by contrast, are embedded in established routines and trust-based exchanges, reducing interpretation demands and diminishing the need for ACAP as a conditioning capability. The selective moderation of weak ties thus provides evidence for the mechanism's boundary conditions rather than indicating inconsistent effects. By conceptualizing ACAP as a moderator rather than a mediator, we respond to recent calls for greater attention to capability contingencies in international networking research (Faroque et al., 2022; Ferreras-Méndez et al., 2019; He & Wei, 2013).

Taken together, these contributions imply that future research should move beyond treating networking variables, internationalization, and learning capabilities as separate correlates of performance. Instead, subsequent studies should theorize them as an integrated explanatory pathway in which enacted networking routines generate heterogeneous external inputs, internationalization converts those inputs into foreign-market commitments, and learning capabilities determine whether that conversion succeeds. This also suggests that future work should pay closer attention to where specific capabilities operate within a mechanism, rather than treating them as broad moderators or general performance correlates.

Overall, this study integrates behavioral networking, internationalization as a mediating pathway, and ACAP into a coherent framework that explains when and how international networks contribute to firm performance. In doing so, it responds to calls for more behaviorally grounded and mechanism-focused theorizing in international marketing and strategy research (Corley & Gioia, 2011; Huang et al., 2023; Schwens et al., 2018).

5.2. Managerial implications

This study offers clear managerial insights into how firms can better leverage international networks for performance gains. A central implication is that international NOB does not automatically translate into superior financial performance. Instead, networking creates *potential value* that must be actively converted into international expansion before financial returns materialize. This highlights a key managerial tension between network access and network utilization. Managers should therefore shift attention from simply building international relationships to deliberately mobilizing network-derived information, opportunity signals, and relational resources in support of concrete internationalization objectives.

A second implication concerns the strategic role of ACAP. Our findings show that ACAP acts as a critical boundary condition that determines whether networking efforts pay off. Firms with similar international networks may experience very different outcomes depending on their ability to assimilate and apply externally acquired knowledge. For managers, this implies that investments in ACAP, such as internal knowledge integration routines, cross-functional learning, and international experience accumulation, are essential complements to networking activities rather than secondary support mechanisms.

Importantly, additional analyses indicate that these relationships are robust across industries and environmental conditions. Neither industry classification nor technological, market, or institutional uncertainty significantly altered the results. This suggests that the behavioral mechanisms identified in this study represent generalizable managerial principles, rather than industry-specific prescriptions. Across sectors, managers face a common challenge: converting relational access into

effective international growth.

Practically, the findings suggest three actionable guidelines for managers: (1) manage networking through deliberate routines rather than ad hoc interactions, (2) align networking activities explicitly with internationalization goals, and (3) invest in ACAP alongside networking to ensure that external knowledge is effectively internalized and deployed. Together, these insights emphasize that international networks become sources of performance only when supported by purposeful behavioral engagement and strong internal learning capabilities.

6. Limitations and directions for future research

This study has several limitations that suggest directions for future research. Our sample included international firms from Finland, a small and open country, and the findings can therefore be generalized primarily to this context. Future studies could examine international firms located in other small and larger countries to assess the robustness of our results. Moreover, the study could be replicated to explore whether the COVID-era, with its effects on globalization, has altered NOB and its influence on internationalization strategies and subsequent performance. Finally, while we examined the moderating role of ACAP, future research could consider additional moderators, such as firms' decision-making logic or the use of digital technologies.

Appendix 1. Operationalization and reliability of focal constructs: measures with their corresponding loadings (λ), composite reliability (CR), average variance extracted (AVE) and Cronbach alpha (**α**).

Constructs and measurement items	λ	CR	AVE	α
Network-oriented behavior (formative)				
Information acquisition (reflective)		***0.936***	***0.829***	***0.897***
We ask our foreign business partners when we need information regarding new business opportunities, competition, or technology developments in the market.	0.904			
Information provided by our foreign business partners is helpful for us to make informed decisions.	0.930			
By speaking to our business contacts abroad, we are able to obtain information that is crucial to us.	0.898			
Opportunity enabling (reflective)		***0.928***	***0.811***	***0.883***
We make every effort to go out and network in order to increase our reputation in the foreign market.	0.912			
We invest in building our reputation in the market by networking with our international business partners.	0.918			
We work toward becoming an effective business partner for other companies abroad (e.g. potential customers or suppliers).	0.871			
Strong-tie resource mobilization (reflective)		***0.913***	***0.724***	***0.874***
Matching our suppliers capacity to the demands of our customers has been an important practice in our foreign business.	0.842			
Our suppliers ability is critical for us to satisfy our customers in foreign markets.	0.884			
Having good relationships with both suppliers and customers has enabled us to adapt to changes in the international marketplace.	0.874			
Our customer-focused approach is communicated to suppliers, so that they are aware of how we serve our customers and can contribute to the success of delivering our offerings abroad.	0.808			
Weak-tie resource mobilization (reflective)		***0.866***	***0.619***	***0.794***
We work closely with influential international parties who have relationships with our direct customers to stimulate demand.	0.804			
We initiate relationships with new foreign business partners to acquire local knowledge in a new market.	0.833			
We interact with the customers of our foreign customers	0.724			
Identifying our competitors major customers helps us to get to know the needs and requirements of potential foreign customers.	0.783			
Absorptive capacity (reflective)		**0.966**	**0.904**	**0.947**
Our firm has the necessary skills to implement newly acquired foreign knowledge in our operations.	*0.931*			
Our firm has the competence to transform newly acquired foreign knowledge into active use.	*0.965*			
Our firm has the competence to use newly acquired knowledge from abroad.	*0.956*			
Internationalization (reflective)		**0.960**	**0.888**	**0.937**
We have successfully expanded into several foreign markets abroad since our first foreign-market entry.	*0.935*			
We have successfully increased revenue from the firms activities abroad since our first foreign-market entry.	*0.945*			
We have successfully increased market share in markets abroad since our first foreign-market entry.	*0.947*			

(*continued on next column*)

(*continued*)

CRediT authorship contribution statement

Mika Gabrielsson: Writing – review & editing, Writing – original draft, Supervision, Project administration, Funding acquisition, Data curation, Conceptualization. **Tomi Seppälä:** Writing – review & editing, Methodology, Formal analysis. **Anisur Faroque:** Writing – review & editing, Conceptualization. **Peter Gabrielsson:** Writing – original draft, Funding acquisition, Conceptualization. **Markus Raatikainen:** Writing – original draft, Project administration, Formal analysis, Data curation, Conceptualization.

Data availability

The data that has been used is confidential.

Acknowledgments

We acknowledge the financial support received from Business Finland, Yrjö Aitto Foundation, and HSE Support Foundation.

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