



## Navigating networks: The differential impact of government and market ties on the performance of traditionally internationalized SMEs

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### ABSTRACT

Drawing on resource-dependence theory, this study investigates the relationship between international entrepreneurial orientation (IEO) and the time-lagged performance of traditionally internationalized small and medium-sized enterprises (SMEs) through their networking with external market partners and government entities. Using a sample of 243 traditionally internationalized SMEs in Finland, we examine how different types of networking influence the IEO-performance relationship. Our results reveal that government export support significantly enhances the IEO-performance link, while market networking does not contribute in the same way. Interestingly, as IEO levels rise, government networking becomes increasingly crucial for performance enhancement, while market networking holds more relevance for SMEs with lower levels of IEO. This configuration-based finding highlights the importance of aligning networking strategies with a firm's entrepreneurial orientation. Taken together, these results provide a configuration-based explanation of how external ties shape the value of IEO. Notably, the negative moderating effect of market networking on the IEO-performance relationship becomes statistically significant only when governmental export support is included, underscoring the configuration-dependent nature of this substitution effect. The study also has practical implications for policymakers and managers, emphasizing the importance of government support for high-IEO firms and targeted market networking for those with lower IEO.

### 1. Introduction

Internationalization remains a formidable challenge for small and medium-sized enterprises (SMEs), which must navigate severe resource constraints and unfamiliar institutional environments (Hilmersson & Johanson, 2020; Prashantham & Yip, 2022), and hence face not only the liabilities of smallness and newness (Hannan & Freeman, 1977; Stinchcombe, 1965), but also the liability of foreignness (Luo & Mezias, 2002), i.e., the costs of operating in unfamiliar cultural, political, and economic environments (Zaheer, 1995). Despite their central economic role, SMEs account for over 99 % of all businesses in the EU and contribute more than half of total employment and value added

(European Commission, 2023), their internationalization remains particularly difficult (Coviello, 2015; Zahra, 2021). Given these constraints, prior literature highlights two critical enablers of SME internationalization: international entrepreneurial orientation (IEO) and external networks. IEO captures firms' proactiveness, innovativeness, and risk-taking behavior in foreign markets, and its performance benefits have been widely documented (Dimitratos et al., 2004; Rauch et al., 2009; Shi et al., 2024). External networks, defined as sets of actors and their relationships (Forsgren, 2016; Slotte-Kock & Coviello, 2010), provide SMEs with access to international markets (Coviello, 2006), knowledge (Faroque et al., 2022b), and legitimacy (Han et al., 2024), helping them overcome an additional constraint, namely the liability of

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outsidership (Johanson & Vahlne, 2009).

However, most international entrepreneurship (IE) studies focus on early internationalizing firms and do not clarify whether these mechanisms - IEO and networks - are equally effective for traditionally internationalized SMEs that expand more gradually into international markets (Emami et al., 2022; Keupp & Gassmann, 2009). So, while the internationalization of special types of early and rapidly internationalizing SMEs known as Born Globals and International New Ventures (INVs) has received considerable attention in the IE literature (Faroque et al., 2026), relatively less is known about how traditionally internationalized SMEs engage in entrepreneurial behavior and navigate external relationships. While INVs and born globals now constitute a significant and growing share of international firms, particularly in entrepreneurial ecosystems where firms target global markets from inception (Cavusgil & Knight, 2015; Knight & Liesch, 2016), traditionally internationalized SMEs continue to represent an important segment of the internationalizing firm population in many mature industries and established sectors (Paul & Rosado-Serrano, 2019). These firms typically have longer operating histories, more established domestic markets, and more incremental paths to internationalization (Eriksson et al., 2000). However, they may also face organizational inertia and legacy routines, which can dampen the autonomous effect of IEO and limit their ability to internationalize aggressively on their own (Dominguez & Mayrhofer, 2017; Lumpkin & Dess, 2001).

Despite these constraints, traditionally internationalized SMEs are far from homogeneous. Some display strong entrepreneurial behavior due to intrinsic factors such as the entrepreneur's global mindset (De Clercq et al., 2005), prior international exposure (Reuber & Fischer, 1997), or strategic vision for international growth (Zahra & Neubaum, & Huse, 2000). Others remain more conservative because of managerial caution, limited aspirations, or resource constraints (Chetty & Campbell-Hunt, 2003; Wiklund & Shepherd, 2003). Extrinsic factors also contribute to this variation: industry dynamism, technological change, and competitive intensity can push some SMEs toward more entrepreneurial postures (Andersson & Florén, 2011; Hitt et al., 1997), while firms in more stable or mature sectors tend to follow incremental and risk-averse internationalization paths (Paul & Rosado-Serrano, 2019). Consequently, their small size and consequent resource scarcity may imply that they continue to remain highly dependent on external support to realize international ambitions. More specifically, prior research confirms that networks matter. Musteen et al. (2014) show that diverse international ties enhance market knowledge and performance, while Nakos et al. (2014) find that alliances with non-competitors support SME outcomes. So, while the literature offers useful network typologies - personal vs. professional (Musteen et al., 2010), weak vs. strong (Presutti et al., 2007), domestic vs. international (Kiss & Danis, 2010) - less is known about how such ties interact with internal capabilities like IEO to affect performance. Moreover, only a handful of studies have examined whether different external partners - particularly government and market-based actors - complement or substitute a firm's entrepreneurial orientation, and the evidence is equivocal. Some studies suggest governmental export support is beneficial (Diamantopoulos et al., 1993; Freixanet, 2012), while others highlight administrative inefficiencies and constraints (Winston, 2006). As Covin and Miller (2014) note, such assets may either enhance or reduce the effectiveness of IEO. In brief, the literature lacks sufficient exploration of the positive and negative externalities arising from collaborations with external actors in leveraging IEO (Gupta et al., 2021).

Motivated by this unresolved theoretical tension, we underscore the need for empirical inquiry into whether, and under what conditions external ties complement or substitute IEO and ask: Do market-based and government-based networks complement or substitute the effects of IEO on performance among traditionally internationalized SMEs? And are their effects contingent upon the level of IEO? We apply resource dependence theory (RDT), which posits that firms - especially resource-constrained ones like SMEs - rely on external actors for critical

resources. We argue that IEO, as a resource-demanding orientation, interacts with market partners and government entities to shape internationalizing SMEs' performance. To solve this theoretical puzzle, we surveyed 243 traditionally internationalized Finnish SMEs using a time-lagged research design. Specifically, IEO and external networking variables were measured via survey, and firm performance was measured objectively as revenue growth one year after the survey, allowing us to assess the predictive rather than concurrent effects of IEO. We tested our hypotheses through hierarchical regression analyses, including interaction and three-way configuration terms. This empirical approach enables us to examine not only the direct impact of IEO but also how its effect on performance is shaped by different forms of external ties.

We contribute to the IE literature in three distinct ways. First, we extend the scope of IEO research by focusing on traditionally internationalized SMEs - a segment often overlooked in favor of INVs and Born Globals (e.g., Schwens et al., 2018). While IEO is frequently associated with early internationalization, we show that it continues to offer performance benefits for gradually internationalizing firms, thereby answering Keupp and Gassmann's (2009, p. 617) call to conceptualize IE as independent of firm age or size. Second, while prior research has acknowledged the role of networks and institutional support, we provide a nuanced configuration-based explanation of how IEO interacts with external ties. Specifically, we show that governmental export support is not uniformly beneficial, but becomes particularly performance-enhancing for SMEs with high levels of IEO, whereas market partnering offers greater benefits when IEO is low. This finding clearly contradicts the prevailing assumption that such supports are always complementary and reveals a substitution effect between IEO and market ties, while also identifying governmental support as an irreplaceable resource in the entrepreneurial process of internationalizing SMEs. In doing so, we directly respond to Covin and Miller's (2014, p. 34) call to examine how different types of external resources interact with entrepreneurial orientation to shape its outcomes. Third, by applying RDT, we unpack the liability of outsidership (Johanson & Vahlne, 2009) in a novel way, not just as a lack of network access but as a misalignment between internal orientation (IEO) and the type of external support mobilized. In doing so, we contribute by bridging the IEO and networking literatures through the lens of contingency and configuration. Specifically, we introduce an asymmetrical view of external resource dependencies by showing that governmental support acts as an irreplaceable enhancer of IEO, while market networking - typically viewed as beneficial - can become a performance-dampening constraint for highly entrepreneurial SMEs. This distinction contributes to a more nuanced application of RDT, clarifying how internal strategic orientation determines the value of different types of external ties (cf. Faroque et al., 2025; Khan et al., 2023). Finally, our findings provide actionable implications for SME managers and policymakers, emphasizing the need to tailor export support programs and partnership strategies according to the firm's IEO.

## 2. Theoretical background and hypotheses development

### 2.1. Resource dependence theory

Resource dependence theory (RDT) posits that organizations are not self-sufficient but depend on external actors for access to critical resources needed for survival and growth (Pfeffer & Salancik, 1978). These resources, such as capital, information, knowledge, technology, or market access, are often scarce, unequally distributed, and controlled by other actors in the firm's environment (Hillman et al., 2009). This makes external relationships strategically important, especially for traditionally internationalized SMEs, which often face more pronounced resource constraints than larger firms.

Compared to the resource-based view (RBV), which focuses on internal capabilities and competitive advantage from firm-specific resources (Barney, 1991), RDT emphasizes how external dependencies

shape organizational behavior. This outward-facing lens is particularly suitable for studying SMEs in international contexts, where resource gaps are often bridged through collaborations with external actors. Similarly, while social capital theory focuses on relational embeddedness and trust (Nahapiet & Ghoshal, 1998), and institutional theory highlights normative or regulatory pressures (Scott, 1995), RDT provides a more direct explanation of how firms manage dependence and exchange to gain access to needed resources. More specifically, firms may adopt different strategies, such as alliances, diversification, or building alternative resource channels, to manage external dependence (Pfeffer & Salancik, 1978). Access to critical external resources through both market-based networks and institutional mechanisms, such as governmental export support, can therefore significantly influence performance outcomes.

Firms that adopt this posture are likely to face increased demands for financial, informational, and relational resources, especially when operating across borders. As a result, IEO-oriented firms become more dependent on external resource channels, making RDT highly relevant to understanding how and when different types of external support enhance or diminish their performance. In brief, we argue that RDT is particularly solid and well-suited theoretical foundation for examining how SMEs leverage market and institutional ties to support their IEO as IEO represents a strategic orientation that is both resource-demanding and resource-consuming (Dess et al., 1997; Wiklund, 1999).

## 2.2. Baseline hypothesis: IEO and SME performance

International entrepreneurial orientation (IEO) - defined as a firm's propensity to be innovative, proactive, and risk-taking in international markets - has become a central construct in IE research (Freeman & Cavusgil, 2007; Covin & Miller, 2014; Rauch et al., 2009). We follow the dominant perspective and view IEO as a strategic orientation that reflects top management's posture toward entrepreneurial behavior in international contexts (Miller, 1983; Lumpkin & Dess, 1996). The positive relationship between IEO and internationalization outcomes has been widely documented (Dimitratos et al., 2004; Liu et al., 2011; Schwens et al., 2018; Jantunen et al., 2005), particularly in studies focusing on early internationalizing ventures or outcomes such as foreign market scope, speed, and export intensity (Hilmersson, 2014; Khavul et al., 2010).

However, fewer studies have examined whether IEO continues to drive broader firm-level performance, especially in the context of traditionally internationalized SMEs. Moreover, as Covin and Miller (2014, p. 25) caution, there is a risk of tautology when international performance is measured using indicators closely tied to the IEO construct itself. To address this, we adopt objective, time-lagged performance measures, following calls for more rigorous, longitudinal research designs in IE (Coviello & Jones, 2004; Keupp & Gassmann, 2009). This approach allows us to evaluate whether IEO contributes to sustained firm performance, rather than capturing short-term or endogenous outcomes. Hence, we begin by testing the direct effect of IEO as a necessary baseline for our broader model. Thus, we hypothesize:

**H1.** International entrepreneurial orientation positively influences the performance of traditionally internationalized SMEs.

## 2.3. Contingency hypotheses: market networking and government export support

From the resource dependence perspective, IEO is not a low-cost orientation. Rather, it entails strategic risk, investment in innovation, and proactive market engagement - all of which demand external support, particularly when operating internationally. In this view, the effectiveness of IEO is likely to depend not only on internal capabilities but also on the availability and configuration of external resources.

Several scholars have begun to acknowledge this dependency. Recent studies also highlight how firms manage institutional relationships to support internationalization outcomes (Belhoste et al., 2019), reinforcing the importance of examining how different types of external support interact with internal orientations such as IEO (Faroque et al., 2021). For instance, Brouthers et al. (2015) suggest that the relationship between IEO and performance may be contingent on external network strength. Similarly, Covin and Miller (2014) propose that assets such as alliances or licenses can either potentiate or reduce the predictive power of IEO, depending on context. However, most studies stop short of distinguishing between different types of external ties, such as market-based vs. government-based support, which we elaborate next.

*Market-based networking* refers to SMEs' proactive efforts to build relationships with foreign customers, distributors, suppliers, or other business partners. These ties are especially valuable for acquiring local market knowledge, identifying new opportunities, and establishing credibility abroad (Musteen et al., 2014; Yli-Renko et al., 2002). From an RDT perspective, such ties allow firms to access externally controlled resources that help mitigate internal constraints - particularly in the context of internationalization where the liabilities of smallness and foreignness are pronounced.

Recent studies emphasize that diverse and strategically selected market partners can enhance international performance, particularly when SMEs cultivate non-competitive alliances or leverage ties in uncertain institutional environments (Stojčić et al., 2024; Nave & Ferreira, & Carneiro, 2024). Moreover, Faroque et al. (2022b) show that the benefits of market networking are amplified when firms possess a strong IEO, highlighting a complementary dynamic between internal drive and external connections.

But while networks are often assumed to be beneficial, research has shown that extensive networking may introduce coordination costs, resource strain, and strategic rigidity, particularly for highly entrepreneurial firms (Lee et al., 2001; Maurer & Ebers, 2006). Maintaining and leveraging multiple commercial partnerships requires significant time, relational investment, and managerial attention, which can divert focus from strategic execution and innovation (Eisenhardt & Schoonhoven, 1996; Ferreira et al., 2022). For SMEs with high IEO, which tend to act quickly, experiment boldly, and prefer autonomous strategic moves, such relational obligations may impose friction, reduce flexibility, or delay decision-making. In this way, extensive market networking may dampen the performance returns of IEO, especially when relational demands clash with entrepreneurial agility.

We argue that the effectiveness of market networking is not universally positive, particularly when considered in conjunction with a firm's internal strategic posture. According to RDT, external dependencies are shaped by the availability - or absence - of internal capabilities (Pfeffer & Salancik, 1978). As such, market ties may function as substitutes for internal orientation. Firms with low IEO, which may lack initiative, risk appetite, or innovation drive, are likely to depend more heavily on external partners to identify, access, and act on international opportunities. In contrast, high-IEO firms, which already possess these internal capabilities, may find the marginal value of market-based support to be lower- or even counterproductive. This substitution logic is also supported empirically. Brouthers et al. (2015) and Faroque et al. (2022b) provide evidence that internal strategic orientations and external support mechanisms do not always act in a complementary fashion. Instead, performance outcomes are contingent on how firms configure their internal and external resource bases. Following this logic, we expect the performance effect of IEO to decline as reliance on market-based networking increases. Thus:

**H2.** Market networking negatively moderates the relationship between international entrepreneurial orientation and the performance of traditionally internationalized SMEs, such that the relationship is weaker when market networking is high.

In contrast, *governmental export support* involves structured assistance

provided by public agencies, including financial incentives, trade fair participation, advisory services, or export readiness programs (Freixanet, 2012). These programs are intended to reduce perceived risk and level the playing field for resource-constrained SMEs. From an RDT perspective, governmental support functions as an institutional, structured, and non-market channel or 'network for internationalization' (Agostini & Nosella, 2019, p. 25) for acquiring external resources. At the same time, although classified as a non-market institutional mechanism, governmental export support frequently finances market-facing activities, such as participation in trade fairs, foreign partner search, or international marketing, thereby indirectly facilitating firms' engagement in commercial networks. It provides access to information, legitimacy, and networks without the reciprocal obligations typically associated with commercial partnerships (Hillman et al., 2009). This makes it particularly valuable for firms pursuing resource-intensive strategic postures, such as IEO, which requires considerable investment in risk-taking, proactiveness, and innovation.

Empirical research affirms that export support is generally beneficial for SMEs (Diamantopoulos et al., 1993; Wilkinson & Brouthers, 2006), and that it may enhance the performance of firms with entrepreneurial capabilities (Faroque et al., 2022a). Pastelakos et al. (2023) find that such support boosts export performance, particularly for less innovative firms, indicating a substitutive role for external help when internal capacities are limited. However, the impact of governmental support is not always straightforward. Khan et al. (2023) reveal that public support can be especially valuable in volatile or weak institutional environments, while other studies suggest that over-reliance on public programs may reduce firms' urgency to innovate or pursue new markets (Winston, 2006). Although governmental export support often facilitates participation in market-based activities (e.g., international trade fairs, training programs), we classify it as an institutional or non-market mechanism because it is administered by public agencies and does not require reciprocity or embeddedness in commercial networks. Unlike market-based partnerships, government support is typically one-directional, standardized, and formalized (Faroque et al., 2022a), aiming to reduce structural disadvantages faced by SMEs.

We argue that high-IEO firms are more likely to identify and act on the opportunities made available through institutional support, translating them into superior performance. In contrast to market-based networking, which may introduce relational burdens or substitute for internal orientation, governmental support involves less coordination cost and aligns well with the resource needs of entrepreneurial firms. Accordingly, we hypothesize that governmental export support amplifies the positive performance effects of IEO:

**H3.** Governmental export support positively moderates the relationship between international entrepreneurial orientation and the performance of traditionally internationalized SMEs.

#### 2.4. Configuration hypothesis: joint effect of IEO, market networking, and governmental support

While both types of ties elaborated above offer essential resources, they differ in origin, structure, and the degree to which they align with a firm's strategic posture. Market-based networks are informal, dynamic, and often co-evolve with the firm's international learning process, while governmental programs are more formalized and standardized. Importantly, their effects may not be purely additive. Some evidence suggests substitutability between internal orientation and external ties, for example, SMEs with low IEO benefit more from market partnering, while highly entrepreneurial firms leverage government support more effectively (Brouthers et al., 2015; Faroque et al., 2022a). This points us to adopt a configuration perspective (Meyer et al., 1993) and argue that the performance impact of external ties is contingent not only on their availability but also on the firm's internal strategic orientation. Accordingly, we conceptualize market networking and governmental

support as distinct but interrelated mechanisms that SMEs configure to reduce dependence and enhance performance.

More specifically, we examine how the joint presence of market-based networking and governmental export support shapes the IEO-performance relationship in internationalized SMEs. From an RDT viewpoint, SMEs draw from both institutional and market environments to reduce resource gaps (Pfeffer & Salancik, 1978). As our previous hypotheses suggest, governmental support complements IEO by legitimizing and resourcing entrepreneurial efforts, whereas market networking may substitute for IEO, offering greater benefit when internal orientation is weak. When both external supports are high, their interactive impact on IEO may depend on the firm's ability to absorb and balance them. For high-IEO firms, strong governmental support may accelerate performance, while additional reliance on commercial partners could introduce friction, coordination burdens, or overlapping inputs- thereby offsetting performance gains. This constraint may be especially pronounced in highly entrepreneurial firms, where the need for speed, autonomy, and strategic flexibility can be limited by the relational demands and adaptation costs involved in managing market-based ties (Christensen, 1997; Jaworski et al., 2000; Slotte-Kock & Coviello, 2010). Conversely, for low-IEO firms, the combination of robust market ties and public support may jointly compensate for weak internal drive, but without IEO to activate and exploit those resources, performance may remain limited. Thus, the optimal configuration depends not on maximizing all supports, but on strategic alignment - that is, matching internal orientation with the right form of external support (Brouthers et al., 2015; Gupta et al., 2021). This motivates our final hypothesis:

**H4.** The joint effect of market-based networking and government export support moderates the relationship between IEO and the performance of traditionally internationalized SMEs, such that the performance impact of IEO is strongest when government support is high and market networking is low.

### 3. Methods

#### 3.1. Data collection

The data-gathering procedure followed the guidelines of the total design method (Dillman, 2000), which seeks to deliver high response rates. To ensure sectoral breadth, we included multiple industries in the entire population of firms that originated from Finland, a small and open EU economy. These firms were required to have foreign sales and to have been founded after 1984, as we wanted to capture SMEs that had internationalized under the key macro-level drivers of IE (i.e., trade liberalization, globalization, advanced transportation, production, and communication technologies; Cavusgil & Knight, 2015), which challenged the conventional approaches of international business (e.g., FDIs, multinational enterprises). More specifically, until the mid-1980s, Finland was a somewhat protectionist economy with the dominant role of large corporations in the paper and pulp industry and the bilateral trade agreement with the Soviet Union. The contact details, received from *Fonecta*, a reliable Finnish data provider, involved firms in the fields of manufacturing, information, and communication technology, science, and technology, finance, and insurance. The contact list included only details regarding the industry and the foundation date; therefore, a researcher telephoned each firm to confirm which actually had foreign sales and identify the appropriate respondents. We found that 985 firms met the criteria set, so they were invited to participate in the study.

Respondents completed an online questionnaire, available in both English and Finnish, depending on their preference. The questionnaire was first developed in English then translated to Finnish by a professional translator and finally translated back to English by another professional translator. Discrepancies were subsequently addressed. The

questionnaire was also pretested on English- and Finnish-speaking managers. After contacting the respondents by phone and explaining the benefits of participation in the survey, as well as sending follow-up reminders, we received 567 answers, 511 of which were complete. This corresponded to an effective response rate of 51.9 %. We excluded all eight firms not meeting the EU SME criteria of having fewer than 250 employees and a turnover lower than 50 million euros. Moreover, we excluded all firms not having secondary accounting data available, which reduced the sample size to 355 companies. As the study targeted traditionally internationalized SMEs rather than INVs, we removed all firms that had achieved foreign sales of 25 % of their total sales within three years from foundation (Knight & Cavusgil, 2004). This left us with a final sample of 243 firms.

### 3.2. Operationalization of variables

We developed the perceived measures for the survey largely based on previously validated items and used 7-point Likert scales. The items related to each measure are listed in the appendix 1.

**Dependent variable.** We used objective accounting data from the *Amadeus* database to capture firm performance. We adopted the logarithmic operating revenue growth over a four-year period extending three years beyond the data collection time as our dependent variable, as it captures the growth of the firms' primary business activities.

**Independent variables.** We adopted nine items from Zhou, Barnes, and Lu (2010) to measure the IEO of top management in the international context referring to proactiveness, risk-taking, and innovativeness.

**Moderators.** With regard to market networking, we employed three items from Zhou, Barnes, and Lu (2010) to capture the extent to which the firm has developed networks in foreign markets. In relation to governmental export support, we included nine items from Gençtürk and Kotabe (2001) to measure the export assistance and extent of partnering the firm had received from government.

**Control variables.** We controlled for seven variables that may affect a firm's performance. First, we controlled for firm size (number of employees) and firm age, as our theoretical focus is on internationalized SMEs. Second, we controlled using dummy variables for firms producing physical products (1 and 0) and operations in business-to-business (1 and 0). In relation to both market turbulence and technology turbulence, we adopted three items from Jaworski and Kohli (1993). Industry growth was controlled with three items from Zhou and Wu (2010).

### 3.3. Data analysis

We used multiple linear regression analysis to test our hypotheses. 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, i.e., the growth rates of operating revenue over a four-year period extending three years beyond the data collection time. More specifically, the original operating revenues are highly autocorrelated. Hence, we adopted growth rates, as they do not suffer from autocorrelation. In addition, the model residuals do not demonstrate autocorrelation; we have tested the model residuals against each of the independent variables, and they turned out to be uncorrelated in our models.

The independent and moderating variables were formed by calculating factor scores for each of them. Therefore, these variables are standardized and mean centered. Moderation was employed by forming interaction effects of the above variables related to Hypotheses 2, 3, and 4. The ordinary least-squares (OLS) method was considered adequate after testing the assumptions related to residual diagnostics for potential heteroscedasticity and serial correlation. As many statisticians have recently advocated, we do not merely rely on pre-determined critical values for statistical significance but also consider the effect size of the independent variables on the dependent variable. It can be measured in many ways, such as magnitude of the standardized regression coefficient

(standardized beta), Pearson (zero-order) correlation, and partial or part correlation between the dependent and the independent variables (e.g., Wasserstein & Lazar, 2016; Wasserstein et al., 2019). We chose to report Pearson correlation for the main effects and standardized beta for the interaction effects, i.e., moderation. Also, we visualize the results with three interaction graphs, which we feel are very helpful in interpreting the results.

Table 1 reports the descriptive statistics for the study's key variables. The firms investigated are relatively strongly internationalized, operating in an average of 11 countries with international sales and reporting an average of 42.7 % international sales as a share of total sales. This is expected, given the small size of the domestic Finnish market that induces indigenous firms to internationalize. The average age of the firms is 16.8 years, whereas the average firm size is 16.8 employees. Moreover, the average growth of operating revenue is 22.8 % with a standard deviation of 88.0 %. A large majority of firms were B2B firms selling physical products, which represents the export industry structure in Finland. Table 1 also shows descriptive statistics of the variables employed in the regressions and Table 2 presents their correlations of and their square roots of average variance extracted. Although there are some strong statistically significant correlations, the variance inflation factors are below 3. This suggests that multicollinearity does not challenge the findings of this research (Neter et al., 1983).

**Measurement reliability and validity.** Confirmatory factor analysis was run to assess the fit of the measurement model used in the study. The comparative fit index was 0.937; the root mean square error of approximation was 0.048 ( $\chi^2=1084.805$  with degrees of freedom 500 and a relative chi-square  $\chi^2/df=2.170$ ). These values indicate a good level of fit in the measurement model (Bentler & Bonett, 1980; Browne & Cudeck, 1993). The convergent validity for each individual construct was also examined through the factor loadings of each item on their own constructs (Appendix 1). 25 of the 27 factor loadings were over 0.7, while the lowest factor loading was 0.559. These are considered acceptable. The composite reliabilities of the measurement constructs varied between 0.851 and 0.942 and, therefore, clearly surpassed the recommended cut-off point of 0.7 (Bollen, 1989; Nunnally, 1978). The average variance extracted was also calculated for each construct; the lowest of those values was 0.697 and the highest 0.846, clearly exceeding the requirement level of 0.5, as suggested by Fornell and Larcker (1981). All square roots of the average variance extracted values were also higher than the corresponding interconstruct correlation coefficients in our data set (Table 2), which confirms the discriminant validity of the constructs in this study.

**Common method variance.** To test for potential common method variance problems, we used two statistical approaches. First, Harman's single factor test (Podsakoff & Organ, 1986) was employed to calculate how large a proportion of the total variance of the measures could be explained by the factor with the largest eigenvalue. This proportion was

**Table 1**  
Descriptive statistics for the analyzed sample of traditionally internationalized SMEs (n = 243).

	Mean	Median	Std. Deviation
Annual Sales Revenues (in million €)	2.64	1.03	3.95
Growth of Operating Revenue (%)	22.81	26.45	87.98
Total Number of Employees	16.80	6.00	28.81
Firm Age	16.84	17.00	6.57
B2B (%)	97.53	100.00	15.55
Products (%)	87.65	100.00	32.96
Number of Countries with Sales	10.65	5.00	18.93
International Sales (%)	42.72	40.00	32.30
International Entrepreneurship Orientation	4.73	4.89	1.26
Government Support	2.75	2.78	1.18
Market Networking	4.87	5.00	1.30
Technology Turbulence	4.36	4.33	1.30
Technology Turbulence	3.91	4.00	1.13
Industry Growth	3.69	3.67	1.44

**Table 2**  
Correlations and discriminant validity statistics for all study variables (n = 243).

	Growth of Operating Revenue (%)	Intl Entr Orientation (IEO)	Government Support (GS)	Market Networking (MN)	Firm Age (log)	Number of Employees (log)	Technology Turbulence	Market Turbulence	Industry Growth
Growth of Operating Revenue (%)	NA								
International Entrepreneurial Orientation (IEO)	0.255	<b>0.804</b>							
Government Support (GS)	0.106	0.328	<b>0.697</b>						
Market Networking (MN)	0.202	0.637	0.266	<b>0.831</b>					
Firm Age (log)	-0.183	-0.140	-0.073	-0.121	NA				
Number of Employees (log)	0.074	0.130	0.242	0.138	0.260	NA			
Technology Turbulence	0.109	0.236	0.231	0.226	-0.196	0.158	<b>0.862</b>		
Market Turbulence	0.018	0.185	0.158	0.115	-0.183	0.163	0.607	<b>0.810</b>	
Industry Growth	0.257	0.320	0.261	0.335	-0.330	0.028	0.482	0.371	<b>0.846</b>

Notes: Means and standard deviations are calculated from non-standardized values. Correlation coefficients are given below the diagonal, square roots of average variance extracted (AVE) values are given on the diagonal for the survey constructs.

27.6 %, which is an accepted level, and a total of seven factors had an eigenvalue over unity, which is exactly the number of our measurement constructs. Second, we used the approach suggested by [Widaman \(1985\)](#) by adding a single common method factor and compared the modified model to the measurement model. The Widaman approach applied to our data indicates that, although the common method factor improves the measurement model fit, it accounts for only 17.3 % of the total variance. This value is far below the typical common method variance of 25 % observed by [Williams et al. \(1989\)](#).

Apart from these statistical approaches, we measured variables on different pages of the web-questionnaire, and found that because our model included complex relationships, it was difficult for the respondents to identify our hypothesized relationships. In brief, common

method variance does not seem to be a problem in our research.

**Endogeneity.** An endogenous variable is determined by its relationship with other variables within the model ([Wooldridge, 2015](#)). Conversely, an exogenous variable is not explained by other variables in the model. If an endogenous variable is treated as exogenous, the independent variable is correlated with the model residuals ([Semadeni et al., 2014](#)). We used the two-stage least squares (2SLS) approach with instrumental variables and Durbin-Wu-Hausman test to study for the endogeneity of IEO, market networking and government export support ([Sande & Ghosh, 2018](#)), and sought instruments that are linked to these variables without having theoretical relationship to our dependent variable. As such instruments, we used strategic posture for IEO ([Covin & Slevin, 1989](#)), strategic network resources ([Partanen et al., 2020](#)) for

**Table 3**  
Hierarchical regression results showing main effects, two-way interactions, and the three-way configuration effect on operating-revenue growth (n = 243).

Independent variable	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6		Effect size	VIFs	Hypothesis support
	St. Beta	Sig.	St. Beta	Sig.	St. Beta	Sig.	St. Beta	Sig.	St. Beta	Sig.	St. Beta	Sig.			
International Entrepreneurial Orientation (IEO)			.164	.013	.125	.152	.240	< 0.001	.183	.047	.187	.039	.255	2.389	H1 supported
Government Support (GS)							-.036	.588	-.031	.640	.044	.538	.106	1.517	
Market Networking (MN)					-.003	.973			-.023	.780	.004	.957	.202	1.972	
IEO x MN					-.081	.255			-.160	.031	-.201	.007	-.201	1.624	H2 supported
IEO x GS							.216	< 0.001	.220	.011	.161	.068	.161	2.267	H3 supported
MN x GS									.050	.561	.037	.665	.037	2.089	
IEO x GS x MN											-.222	.011	-.222	2.204	H4 supported
Firm Age (log)	-.188	.008	-.171	.014	-.182	.010	-.158	.021	-.183	.009	-.184	.008	-.183	1.372	
Number of Employees (log)	.137	.038	.115	.082	.112	.091	.153	.022	.156	.019	.161	.015	.074	1.265	
B2B Products	.087	.161	.066	.282	.062	.320	.046	.444	.037	.548	.002	.972	.064	1.109	
Technology Turbulence	.110	.080	.095	.128	.087	.167	.103	.095	.086	.165	.094	.127	.055	1.094	
Market Turbulence	.035	.670	.022	.787	.028	.736	.004	.957	.012	.879	.038	.640	.109	1.901	
Industry Growth	-.151	.056	-.150	.055	-.147	.063	-.143	.062	-.143	.064	-.145	.057	.018	1.685	
Model significance (F test)	.241	.001	.199	.008	.199	.009	.205	.005	.207	.005	.236	.002	.257	1.601	
R-square	< .001		< .001		< .001		< .001		< .001		< .001				
Adjusted R-square	.119		.142		.147		.183		.200		.223				
	.093		.112		.110		.148		.155		.175				

Notes: The regression coefficients shown are standardized betas with statistical significance. Effect sizes are reported as zero-order correlations for main effects and standardized betas (in Model 6) for interaction effects. VIF refers to variance inflation factor.

market networking and desired government support for government export support (Gençtürk & Kotabe, 2001).

The instrumental variables are significantly correlated with their corresponding constructs of IEO, market networking and government export support ( $p < 0.001$ ), but uncorrelated with performance and therefore suitable for this purpose. Based on these variables, we performed Durbin–Wu–Hausman test, which failed to reject the null hypothesis at 5 % significance level that our focal constructs are exogenous ( $p = 0.567$ ,  $p = 0.903$ ,  $p = 0.696$ ). Accordingly, endogeneity is not expected to cause bias in the estimation of our model.

#### 4. Results

We used growth in operating revenue as the dependent variable to measure performance and to test our hypotheses with objective accounting data (Table 3). Our hierarchical regression analysis starts with the control variables only; Model 1 (Table 3) shows the linear effects of all the control variables on performance. The  $R^2$  value shows that control variables explain 11.9 % of the variance in growth in operating revenue. Based on Model 1, three control variables, namely, firm age ( $p = 0.008$ ), the number of employees ( $p = 0.038$ ), and industry growth ( $p = 0.001$ ), are significantly associated with performance.

##### 4.1. Main effect of IEO

**Hypothesis 1.** posits a direct effect of IEO on performance. This is tested in Model 2 after adding IEO as an independent variable alongside the control variables. The results indicate a positive and statistically significant effect ( $b = 0.164$ ;  $p = 0.013$ ). The zero-order correlation between IEO and performance is moderate ( $r = 0.255$ ). Thus, Hypothesis 1 is supported.

##### 4.2. Contingency effects: moderation by external resource ties

**Hypothesis 2.** posits that market networking negatively moderates the relationship between IEO and performance. This means that firms with high levels of market networking are expected to benefit less from IEO than those with low levels of market networking.

This interaction is first tested in Model 3. The coefficient is negative but not statistically significant ( $b = -0.081$ ,  $p = 0.255$ ), and the interaction plot (Fig. 1) shows nearly parallel lines, indicating little

standalone moderation effect. Thus, when examined in isolation, market networking does not significantly alter the IEO–performance link. However, in the full specification that includes both moderators simultaneously (Model 5), the interaction between IEO and market networking becomes statistically significant and negative ( $b = -0.160$ ,  $p = 0.031$ ). This indicates that the negative IEO  $\times$  market networking effect does not emerge when examined in isolation but becomes visible only when governmental export support is simultaneously included in the model, underscoring its configuration-dependent nature. In this fuller configuration, the substitution effect of market networking emerges more clearly: firms with lower IEO appear to benefit more from market networking, while high-IEO firms see their performance advantage dampened when market networking is extensive. Taken together, these results provide support for Hypothesis 2, albeit with the caveat that the effect is contingent and most robustly visible when accounting for the joint role of government support.

**Hypothesis 3.** concerns the positive moderation effect of governmental export support on the IEO–performance relationship. This is tested in Model 4. The interaction term is positive and statistically significant ( $b = 0.216$ ;  $p < 0.001$ ). The interaction graph (Fig. 2) illustrates that the slope is steeper for firms receiving high governmental support, meaning that the positive effect of IEO on performance is amplified when such support is present. This finding supports Hypothesis 3. In this context, IEO appears to activate and magnify the performance-enhancing potential of government support.

As a robustness check, Model 5 includes all main effects and both two-way interactions simultaneously. While the magnitude of some coefficients is attenuated, the overall pattern remains. Notably, the interaction between market networking and IEO was significant and negative in this full specification ( $b = -0.160$ ;  $p = 0.031$ ), reinforcing the interpretation of market networking as a potential substitute for IEO.

##### 4.3. Configuration effect

**Hypothesis 4.** addresses the configuration effect, proposing that the joint moderation of market networking and government support shapes the relationship between IEO and performance. This was tested through a three-way interaction analysis in Model 6, which yielded an  $R^2$  of 0.223 and an adjusted R-square of 0.175. The three-way interaction pattern is illustrated in Fig. 3 based on Model 6. It shows that firms with high government support and low market networking exhibit stronger

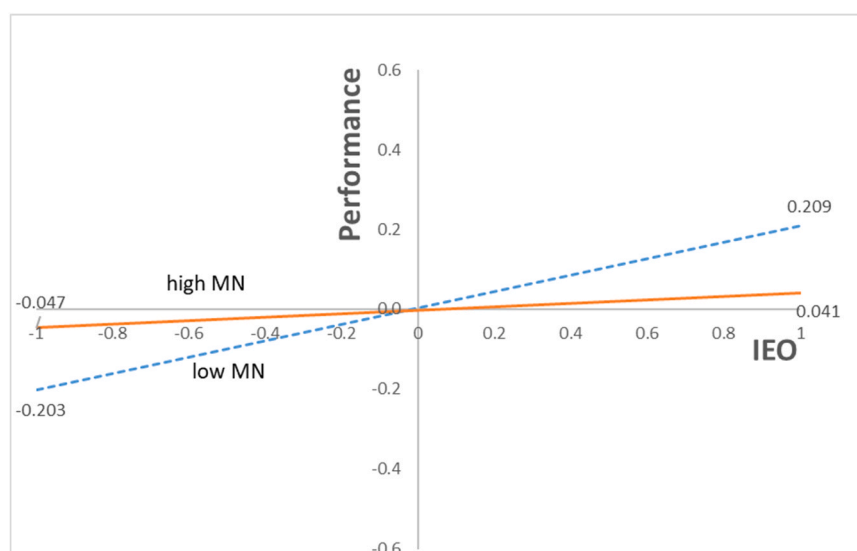


Fig. 1. Moderating effect of market networking (MN): The standalone moderation effect of MN on performance is limited.

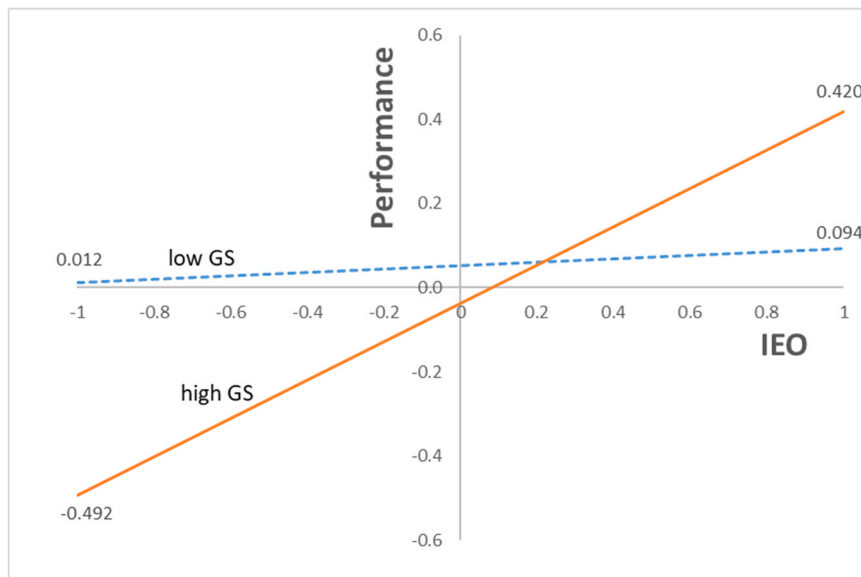


Fig. 2. Moderating effect of governmental export support (GS): Higher GS strengthens the positive effect of IEO on performance.

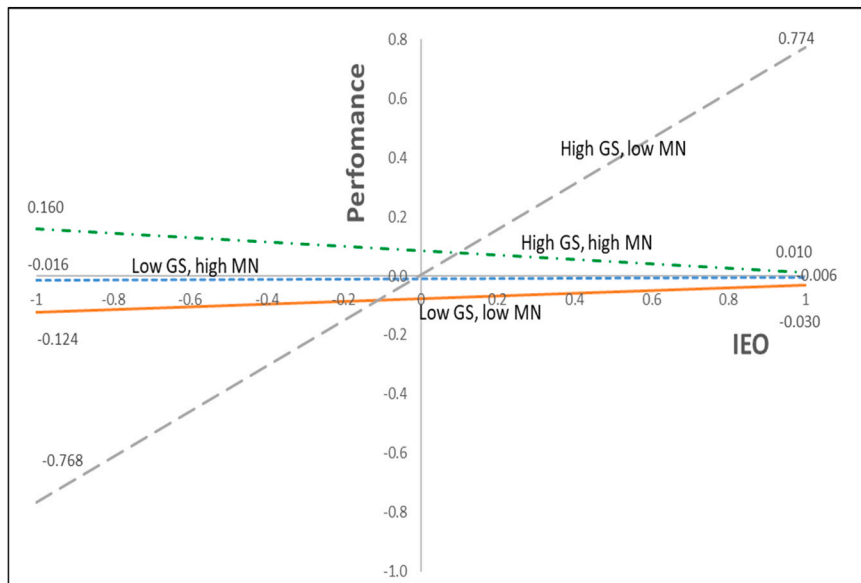


Fig. 3. Joint moderating effects of GS and MN: The performance impact of IEO is strongest when GS is high and MN is low.

performance benefits from higher IEO levels. In contrast, for other combinations of support, the performance effect of IEO is less pronounced. The configuration effect, along with the two-way interactions, indicates a statistically significant three-way moderation of IEO, market networking, and governmental support ( $b = -0.222, p = 0.011$ ). This provides support for Hypothesis 4. The findings suggest that traditionally internationalized SMEs seem to benefit more from aligning their external support strategy with their level of IEO, choosing to engage either with government or market-based partners. The relative effectiveness of this choice appears contingent on IEO: firms with higher IEO levels may derive greater benefit from government support, whereas firms with lower IEO may benefit more from market-based networking.

Finally, we show the effect sizes for each independent variable: Pearson zero-order correlations for the main effects and standardized betas for the interaction (moderation) effects. We can note that the hypothesized main and interaction effect sizes are all adequate (Cohen, 1988).

#### 4.4. Further analysis

Based on our survey data, we performed a robustness check of our analyses by replacing the original objective performance measure (operating revenue growth) as the dependent variable with an alternative subjective performance measure. In our survey, this was measured by asking respondents to rate their worldwide performance relative to their main competitors on four items: sales growth, market share, new product introductions, and customer satisfaction. The results based on the alternative performance measure remain largely similar to our original ones. Hypothesis 1 ( $b = .312; p < .001$ ), Hypothesis 3 ( $b = .236; p < .001$ ) and Hypothesis 4 ( $b = -.115; p = .075$ ) are supported. For Hypothesis 2, the sign of the regression coefficient of IEO x market networking remains the same as in the original analysis, but it is not significant ( $b = -.022; p = .696$ ). However, the correlation between subjective performance and IEO x market networking is significant ( $r = -.141; p < .001$ ), indicating a negative relationship between these

constructs.

## 5. Discussion and implications

### 5.1. Theoretical contribution

This study contributes to the literature on IE in three specific ways. First, our finding that IEO and market networking do not have a synergistic effect on SME performance extends prior literature in a distinctive way. While prior studies suggest that *regular* (i.e., non-international) entrepreneurial orientation and alliances in the foreign market are complementary in facilitating SMEs' *international* performance (Brouthers et al., 2015; Nakos et al., 2014), our results reveal a different pattern: IEO may function as a substitute for market networking in driving performance. High-IEO firms appear less able to translate EO into superior outcomes when they simultaneously engage extensively in market-based networking, suggesting that such firms rely more on internal strategic autonomy than on externally embedded relationships. In other words, internationalized SMEs with high IEO may not benefit from cultivating close 'cooperative relationships' and engaging in 'social interactions' with market-based foreign partners. Consequently, they may remain somewhat peripheral to tightly woven, relational international networks (cf. Musteen et al., 2014; Freeman et al., 2006), particularly if they possess a high level of IEO. This responds to Covin and Miller's (2014, p. 35) call for examining how resources such as alliances and foreign connections may either potentiate or diminish the predictive strength of IEO.

It is worth noting that the substitution effect of market networking is modest when examined in isolation, but becomes more pronounced and statistically robust once government support is simultaneously considered. That is, the negative moderating effect of market networking on the IEO–performance relationship emerges only when governmental export support is taken into account. This highlights that the performance-dampening effect of extensive market ties for high-IEO firms is best interpreted within a broader configuration of external dependencies, rather than as a stand-alone relationship.

As such, our findings speak directly to two central conversations in international marketing and entrepreneurship. The first involves the debate on whether different forms of external networks complement or substitute IEO. For example, Faroque et al. (2022b) suggest that the value of different networks is contingent on a firm's internal orientation and international maturity. Extending this view, we show that government and market networks play distinct, non-interchangeable roles, and that their performance impact depends on the firm's IEO level. The second conversation relates to the role of government support as a non-market strategy. Khan et al. (2023) argue that non-market strategies such as government ties can be especially powerful in volatile environments. We build on this by showing that government export support is not only effective but often essential for high-IEO SMEs seeking to enhance firm performance. Taken together, these insights position our contribution within ongoing scholarly dialogues on network configuration and public-private dynamics in international markets.

Second, our analysis shows that government export support is a non-substitutable external resource that strengthens the performance impact of IEO. This aligns with research on the enabling role of public R&D or export support (Block & Keller, 2009; Chen et al., 2016; Kang & Park, 2012). This is in line with Cui et al. (2018), who demonstrate that EO improves firm performance primarily when firms can leverage context-relevant institutional support. Thus, our findings highlight the neglected positive role of government-based partnerships, extending Khan et al. (2023), who distinguish between non-market and market-driven strategies in international firms, and showing the superior impact of government ties in uncertain environments. Importantly, this contrasts with *laissez-faire* arguments (e.g., Winston, 2006) that advocate for exclusive reliance on market-based networking. Instead, our results suggest that market partnerships may, in some cases, limit

the effectiveness of high-IEO firms. This contributes to broader theoretical debates about the optimal role of state versus market in promoting SME internationalization (Cuervo-Cazurra et al., 2019).

From the lens of RDT, our findings suggest that governmental relationships represent vital yet manageable dependencies for resource-constrained firms (Lux et al., 2011). While such relationships may be difficult to navigate (Ridge et al., 2019), they provide leverage to proactive, risk-tolerant, and innovative SMEs. We propose that governments are evidently the preferred partners for firms that are proactive vis-à-vis the competition, seek to take risks, and devise innovative ideas and products. In doing so, we respond to Agostini and Nosella's (2019, p. 25) call to pay more attention to 'networks for internationalization' (domestic, institutional partnerships) as distinct from 'international networks' (foreign commercial actors). Our results demonstrate the underexplored strategic value of government-based partnerships, especially for high-IEO SMEs, as a viable and often preferable path to international growth.

At higher levels of IEO, our configuration analysis further shows that government support is more performance-enhancing, whereas market networking proves beneficial at lower levels of IEO. This contributes to the networking literature in IE, which has largely overlooked how firm-level capabilities, such as IEO, shape the effectiveness of external ties. In line with Johanson and Vahlne's (2009) "liability of outsidership" and Coviello's (2006, p. 725) argument that "resource development pathways [regarding networks] are unique for every venture," we suggest that IEO acts as a regulating mechanism for partner selection. Thus, the optimal network configuration depends not only on external availability but also on a firms' internal orientation.

Altogether, our study refines RDT's premise that organizations critically depend on external actors for vital resources (Drees & Heugens, 2013) by emphasizing two key extensions. First, it distinguishes between replaceable (market networking) and irreplaceable (government support) external resources. Second, it suggests that the performance-maximizing balance between these resources is contingent upon internal capabilities like IEO (Alvarez & Busenitz, 2001; Wiklund & Shepherd, 2003). The RDT also suggests that organizations may engage in various strategies to reduce their dependency on external resources, such as vertical integration, diversification, strategic alliances, or resource pooling (Pfeffer & Salancik, 1978). In our study, we discovered that traditionally internationalized SMEs with high levels of IEO tend to be inward-focused, which enables them to diminish their reliance on market actors in international markets. This is consistent with Faroque et al. (2025), who characterize high-IEO SMEs as "Schumpeterian firms" that rely primarily on internal innovation, strategic autonomy, and forward-looking vision rather than relational embeddedness in commercial networks. This extends RDT's premise of reducing dependency on external resources and contextualizes it within the domain of IEO. On the other hand, we also found support for the RDT's contention that SMEs depend on external actors for additional resources. However, traditionally internationalized SMEs, without relying on market networking, choose to network with government agencies to derive performance advantage of IEO. The nature and philosophy of government and market networking significantly differ, the former being more systematic and unidirectional and the latter being reciprocal and more relational (Faroque et al., 2022a). Market actors typically expect reciprocity, while government agencies offer export support without requiring commitment or reciprocity from internationalizing firms. Consequently, relationships with market actors tend to be binding and exert influence over firms, unlike interactions with government agencies. Organizations often enter into semi-permanent, exclusive relationships with market actors and resource providers, limiting their capacity to engage with a diverse range of resource providers and potentially restricting their autonomy (Drees & Heugens, 2013). Hence, liberated from the influences and power dynamics of market actors, traditionally internationalizing firms gain greater performance advantages from their internally oriented IEO, fully leveraging

non-reciprocal government support. This study demonstrates that the interaction between market networking and government export support can either constrain or facilitate the dependency dynamics outlined in RDT, contingent upon the level of IEO within international SMEs. Accordingly, traditionally internationalized SMEs may strategically select the appropriate networking approach - be it market or government - based on their IEO level.

Our third contribution concerns IEO in traditionally internationalized SMEs. Recent reviews (Covin & Miller, 2014; Freixanet & Federo, 2022; Nave & Ferreira, 2022; Schwens et al., 2018) show that IE research has predominantly focused on INVs or born globals, while some studies have focused on large international corporations (Yiu et al., 2007; Zahra & Garvis, 2000) and their subsidiaries (e.g., Birkinshaw et al., 2005). By examining established SMEs that have internationalized gradually, we fill this gap and demonstrate that an innovative, proactive, and risk-taking posture also yields performance benefits for such firms. In doing so, we confirm Schwens et al.'s (2018, p. 756) view that "more established firms would also benefit from adopting the resources, capabilities, or strategies found in internationalizing entrepreneurial firms." This shifts the empirical focus of IEO research beyond early internationalizers, thereby broadening its theoretical boundary conditions and practical relevance. Beyond the IE domain, our findings also contribute to the international management literature by clarifying how traditionally internationalized SMEs configure market and governmental ties as part of their internationalization processes (Welch & Paavilainen-Mäntymäki, 2014). The results extend prior international management research by showing that the value of IEO depends not only on firm-level entrepreneurial orientation but also on how SMEs orchestrate external resource dependencies within their institutional contexts (Child et al., 2022). This integrated perspective advances broader discussions on SME internationalization processes, resource orchestration, and dependency management in international settings.

### 5.2. Managerial and policy implications

This study delivers several actionable insights for practitioners. Aligning and configuring EO appropriately can drive firm performance (Hughes et al., 2007). For managers of traditionally internationalized SMEs, a key implication is the need to evaluate which type of external networking best matches their strategic posture. For high-IEO firms—those that are risk-taking, proactive, and innovative—government partnerships tend to be more beneficial than broad-based market networking. Such firms may prioritize export grants, innovation vouchers, or state-sponsored internationalization training programs, which provide financial assistance, legitimacy, and institutional endorsement in foreign markets. These structured forms of support align well with the strategic autonomy and fast-paced decision-making typical of entrepreneurial SMEs.

In contrast, for low-IEO firms, which are less inclined toward risk-taking or innovation, market-based networking can be more advantageous. By engaging with commercial partners, distributors, or trade associations, these firms gain relational capital, know-how, and credibility needed to expand abroad. For example, attending international trade fairs, joining industry clusters, or forming alliances with local agents can help build trust and gradually develop foreign market knowledge. For such firms, market ties act not only as resource conduits but also as developmental platforms. Finally, while both government and market-based partnerships can be useful under different conditions,

attempting to cultivate both simultaneously may overstretch managerial capacity and dilute strategic focus, especially in resource-constrained SMEs.

For policymakers, our findings challenge the traditional hands-off view of SME internationalization and instead underscore the value of government involvement—particularly for high-IEO firms. Rather than blanket support schemes, targeted and performance-aligned interventions are needed. Resources such as export grants, innovation funding, or advisory services should be prioritized for firms that demonstrate entrepreneurial postures. This would not only enhance the effectiveness of support programs but also ensure efficient use of limited government resources. In this way, we directly respond to Cavusgil and Knight's (2015, p. 12) call: "What are the normative and public policy implications of leveraging network resources to advance internationalization and superior international performance?"

### 5.3. Limitations and future research

As with all research, this study has limitations that open avenues for future inquiry. First, the underlying mechanisms explaining why high-IEO firms respond differently to external partnerships require more research. Future work could investigate how SME leaders assess resource needs, or how managerial cognition and capacity constraints influence partner choice (Chaston & Sadler-Smith, 2012). Second, our focus on traditionally internationalized SMEs and the survey design limits our ability to explain how external resource dependencies affect early internationalizing firms or evolve during the internationalization process. Longitudinal or panel-data studies would be valuable to track such dynamics over time. Third, this study focuses exclusively on Finnish SMEs. Finland is a small, open, and institutionally strong economy with well-developed public support mechanisms, which may shape the relative importance of governmental export support in our findings. In institutional environments with weaker state capacity or more volatile regulatory systems, the balance between government support and market-based networking may differ substantially. Likewise, in more state-led economies like China, government intervention plays a much more dominant role, potentially altering the relative value of public versus market-based support. Comparative research across different institutional environments would therefore deepen our understanding of how IEO interacts with external ties under varying conditions.

### Declaration of Generative AI and AI-assisted technologies in the writing process

During the preparation of this work the author(s) used ChatGPT in order to improve the readability and clarity of the paper. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the published article.

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### Appendix 1. Constructs, composite reliabilities (bold) and factor loadings of items (italics)

<b>International Entrepreneurial Orientation</b> (1 = Strongly disagree; 7 = Strongly agree)	<b>0.942</b>
Our top management always encourages new product ideas for international markets	0.782
Our top management is very receptive to innovative ways of exploiting international market opportunities	0.853
Our top management continuously searches for new export markets	0.854
Our top management actively seeks contact with suppliers or clients in international markets	0.813
Our top management regularly monitors the trend of export markets	0.862
Our top management actively explores business opportunities abroad	0.874
Our top management focuses more on opportunities than risks abroad	0.678
When confronted with decisions about exporting or other international operations, our top management is always tolerant to potential risks	0.743
Our top management values risk-taking opportunities abroad	0.754
<b>Governmental Export Support</b> (1 = Not at all; 7 = To a substantial extent)	<b>0.894</b>
Financing, credits and guarantees	0.559
Business plan preparation	0.709
Information on foreign markets	0.754
Attending foreign exhibitions	0.730
Establishing a joint export group	0.584
Finding foreign partners	0.768
International marketing support	0.798
Research and development	0.713
Management training	0.619
<b>Market Networking</b> (1 = Not at all; 7 = To a substantial extent)	<b>0.870</b>
Our firm has established new networks on foreign markets	0.872
Our firm has developed cooperative relationships with foreign business partners	0.799
Our senior managers have social interactions with foreign clients	0.821
<b>Industry Growth</b> (1 = Strongly disagree; 7 = Strongly agree)	<b>0.883</b>
The growth rate of this industry in the past three years is very high	0.846
The market demand in this industry is growing rapidly	0.915
There are many potential customers in this industry to provide mass-marketing opportunity	0.771
<b>Technology Turbulence</b> (1 = Strongly disagree; 7 = Strongly agree)	<b>0.897</b>
The technology in our industry is changing rapidly	0.854
Technological changes provide big opportunities in our industry	0.877
A large number of new product ideas have been made possible through technological breakthroughs in our industry	0.855
<b>Market Turbulence</b> (1 = Strongly disagree; 7 = Strongly agree)	<b>0.851</b>
In our business, customers' product preferences change quite a bit over time	0.834
Our customers tend to look for new products or services all the time	0.860
New customers tend to have product needs that are quite different from existing customers	0.730

## Data Availability

The authors do not have permission to share data.

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