



How classical and entrepreneurial brand management increases the performance of internationalising SMEs?

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ABSTRACT

Research is limited on how accumulated international experience and decision-making style propel internationalising SMEs toward brand orientation. Our study builds a model of the process on classical and entrepreneurial brand management principles plus the firm's applied experience and decision-making logics. An online survey of 235 internationalising SMEs found that adopted decision-making logic mediated the relationship between cumulative international experience and international brand orientation. We conclude that managers and planners must select the most appropriate approach to international brand management permitted by available international firm-specific experience if they are to achieve strong international brand orientation and superior financial performance.

1. Introduction

Until now, the relevance of a strong brand orientation has been discussed predominantly in the context of large companies, operating mainly in a domestic context: for example Urde, Baumgarth and Merilees (2013). We therefore lack empirically-derived knowledge of how to develop a strong brand orientation in the particular case of internationalising small and medium-sized enterprises (SMEs) facing challenges related to differing market conditions and customer value perceptions in international markets (Spyropoulou, Skarmeas & Katsikeas, 2011). Brand orientation is an 'inside-out' orientation (Urde et al., 2013), concerned with the internal relevance of the brand and how it is understood, which infuses all operations from strategic planning to tactical initiatives, including performance monitoring. For an internationalising SME, a strong brand orientation can be particularly important as it faces the liability of 'foreignness' that can hamper acceptability amongst its international partners and customers (Zahra, 2005). Such firms may furthermore be resource-constrained (De Jong, Zacharias & Nijssen, 2021), particularly when it comes to human resources, said to be an especially important antecedent of brand orientation (Huang & Tsai, 2013). A firm's cumulative international experiences may also become a significant resource for SMEs with respect to developing their brand (Townsend, Yenyurt & Talay, 2009).

Therefore, the empirical study we report here focused on two kinds of experience that have been cited as critical antecedents of international brand orientation: international marketing planning experience (Slotegraaf & Dickson, 2004) and international entrepreneurial experience (Reuber & Fischer, 1999).

We build on the literature of brand management and effectuation theory to model two approaches to international brand management appropriate to resource-constrained internationalising SMEs. The brand management literature has made a good deal of progress in the domestic context and we have applied some of the main approaches it identifies to our study of internationalising SMEs. First, the literature emphasises the role of a firm as the owner of its brand and controller of it through planning (Heding, Knudtzen & Bjerre, 2020, p. 11), constructs well aligned with the causal logic in effectuation theory emphasising goal setting and planning (Sarasvathy, Kumar, York & Bhagavatula, 2014). It can be expected that the effective combining of international marketing planning experience with causal logic will create a mechanism capable of achieving a high level of international brand orientation; we have called this process *classical international brand management*. Second, a newly emerging paradigm of brand management emphasises the role of the firm as co-creator of the brand with many stakeholders in a complex environment (e.g., Heding et al., 2020, p.11; Merz, He & Vargo, 2009; Swaminathan, Sorescu, Steenkamp, O'Guinn & Schmitt, 2020), which

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requires brand management practice to incorporate entrepreneurial flexibility and creativity. This conceptualisation is also well aligned with the effectual logic characterised by the active utilisation of existing resources and co-creation with selected stakeholders (Sarasvathy et al., 2014). It can hence be supposed that a high level of international entrepreneurial experience in combination with an effectual decision-making logic will create a different mechanism capable of contributing to a high level of international brand orientation. We name this process *entrepreneurial international brand management*.

When examining the scarce research into branding in the international context, we noticed that it has focused mainly on whether consumers prefer local or global brands (Davvetas, Diamantopoulos & Liu, 2020; Steenkamp, Batra & Alden, 2003; Xie, Batra & Peng, 2015), whether a brand should be standardised or adapted, and whether or not cultural differences matter (Talay, Townsend & Yenyurt, 2015). Earlier authors acknowledged the importance of accumulating international experiential knowledge during the internationalisation of brand (Townsend et al., 2009) but that has not yet been studied in the context of international brand orientation. Moreover, the relevance of brand orientation to the performance of internationalising SMEs has been researched only rarely (Wong & Merrilees, 2007). Notably, even less is known about effective international brand management or the antecedents that affect international brand orientation in such firms.

Accordingly, we pose two research questions. First, how do accumulated firm-specific international experience (particularly concerning marketing planning and entrepreneurialism) and a particular decision-making logic influence the international brand orientation of internationalising SMEs? Second, what is the impact of international brand orientation on the financial performance of internationalising SMEs?

The empirical research study reported in this paper originates in a desire to close those identified gaps in the state of knowledge by integrating effectuation theory and brand management / orientation in an international context. Our research design to address the stated research questions is based on an online survey completed by 235 internationalising SMEs originating in Finland. We hypothesised that two forms of mediating mechanism can enhance the level of international brand orientation: a classical international brand management approach combining international *marketing planning* experience with causal decision-making logic, and a novel entrepreneurial international brand management approach combining international *entrepreneurial* experience with effectual decision-making logic. Analysis of our results offered empirical support for three hypotheses.

The findings of our study contribute further by showing that the type of international experience a firm accumulates, in terms of marketing planning or entrepreneurial initiatives, determines whether a causal or effectual decision-making logic should best be applied by a SME developing a brand orientation in an overseas market. We thereby answer a recent call to ascertain why effectuation occurs and to identify its consequences (McKelvie, Chandler, DeTienne & Johansson, 2020) by revealing its vital role as an element in the approaches to international brand management adopted by internationalising SMEs. Lastly, our study augments the existing literature on the relationship between international brand orientation and performance by adopting financial accounting data as the metric and thereby also limiting the threat of bias related to self-reported data. Existing studies of the performance relationship have been restricted to domestic market settings (Chang, Wang & Arnett, 2018; Huang & Tsai, 2013; Reijonen, Laukkanen, Komppula & Tuominen, 2012), whereas we have shown that, in the frequently complex and uncertain environment of international markets, a stronger international brand orientation can deliver financial performance benefits and that the relationship is strengthened when the firm applies a decision-making logic.

The next section presents the theoretical foundation and hypothesis development. It is followed by description of the empirical study, presentation of the processed data, and the results of quantitative data analysis. That is followed by discussion of our findings and their

contribution to both the state of knowledge and the practice of international brand management by SMEs. We finally identify the limitations of our study design and propose the most fruitful directions for future research.

2. Theoretical foundation and hypotheses

2.1. Theoretical background and conceptual framework

This section will discuss the published literature relevant to decision-making in internationalising SMEs with respect to brand orientation and present our conceptual framework. We will build in particular on the literatures of brand management and brand orientation (Baumgarth, 2010; Heding et al., 2020; Urde, 1999) and of effectuation theory (Sarasvathy, 2001). Our conceptual framework, shown in Fig. 1, summarises the core theoretical approach of our study. Based on an 'inside-out' approach, it emphasises the importance of internal resources, particularly international experiences, and decision-making logics and international brand orientation as drivers of financial performance. This is in contrast to a conceptualisation focusing on the external environment. A central component of the framework is the international brand orientation (Urde et al., 2013) as an expected determinant of financial performance. To achieve high level of that orientation, the internationalising SME can deploy one of two types of decision-making logic, either causal or effectual (Sarasvathy et al., 2014), depending on the firm-specific international experience available. Our working assumption is that the classic international brand management approach utilises international marketing planning experience and causative decision-making logic to develop its international brand orientation, whereas the entrepreneurial alternative utilises entrepreneurial experience and effectuation logic to the same end.

We will now discuss in more detail each theoretical element of our conceptual framework and the linkages among them.

2.1.1. Brand orientation in internationalising SMEs

Research studies have frequently adopted the definition of brand orientation by Urde (1999, p. 117): "An approach in which the processes of the organization revolve around the creation, development, and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantage". We extend that definition to suit our international context by specifying that the competitive advantage is sought in international markets. This brand orientation approach contrasts with a market or customer orientation that places customer needs, wants and satisfaction at the heart of pursuing competitive advantage and improved performance, as advanced by, for example: Homburg and Pflesser (2000); Kohli and Jaworski (1990); Narver and Slater (1990); Shapiro (1988).

Four key elements – values, norms, artefacts, and behaviour – comprise *internal brand anchorage* (Baumgarth, 2010, p. 655), which fortify brand orientation. Values can be defined as what the firm stands for and what make it what it is (Urde, 2003): such key qualities as innovation, environmental concern, health consciousness, and a zeal for quality and consumer concern, created by people, culture, values and programmes (Aaker, 2007; Spence & Essoussi, 2010). In another sense, values relate to an understanding of basic brand concepts within the firm (Baumgarth, 2010). Unlike products, it is difficult for competitors to copy them (Aaker, 1996). Norms, which can be described as explicit and or implicit rules, represent the extent to which regulations and institutions directly or indirectly affect the fundamental operations of brand management (Baumgarth, 2010). The concept of artefacts embraces the outward manifestation of corporate culture, comprising the design of physical structures (such as buildings), staff uniforms or dress codes, and corporate logos (De Chernatony, 1999). The behaviour element of internal brand anchorage includes actions and communications undertaken in support of the brand (Baumgarth, 2010), which will constitute routine conduct or actions required to emphasise the firm's

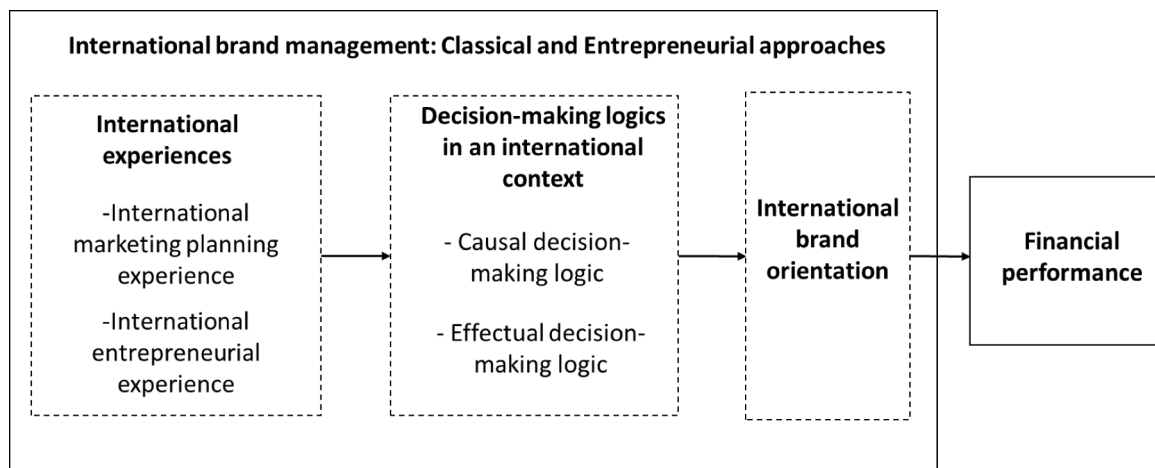


Fig. 1. Conceptual framework for the international experiences, decision-making logic and international brand orientation of internationalising SMEs.

values, artefacts, and norms (Schein, 1996).

2.1.2. International brand orientation and performance

A review of the extant literature from the last 25 years found the eleven studies dealing with brand orientation summarised in Table 1, among which only two were concerned with its implementation in international markets.

Wong and Merrilees (2007) applied the structure-conduct-performance paradigm to develop a model integrating international marketing strategy with branding concepts and examined 315 Australian firms engaged international marketing. Amongst other hypotheses, they postulated that greater control of international marketing activities would lead to increased brand orientation but did not find support for that supposition. They did however find that brand orientation and brand repositioning in international markets affected international marketing strategy, leading to improved performance in both brand and international marketing performance. In case studies of four international SMEs based in Monaco, Spence and Essoussi (2010) found evidence of innovative approaches to branding, including exploitation of the country-of-origin association.

A number of studies conducted in a domestic context have found a positive relationship between brand orientation and performance. However, the analysis of this relationship is predominantly based on a subjective assessment by management of success based on output, via such metrics as brand performance and market performance (e.g., Baumgarth, 2010; Huang & Tsai, 2013; Reijonen, Hirvonen, Garbo, Laukkanen & Gabrielsson, 2015). After discussing brand orientation and performance outcomes, we examine closer how firms decide about international brand orientation and what are the critical antecedents.

2.1.3. Decision-making logic during internationalisation

Managers can base their brand-related decisions on one of two cognitive systems, influenced by either detailed analysis or instant intuition (Wierenga, 2011). Extant research studies have not, however, applied decision-making related constructs to brand orientation. Since we are investigating internationalising SME firms and their decision-making, our study imports effectuation theory from the entrepreneurship field (Sarasvathy, 2001), which acknowledges both causal and effectual decision-making logics corresponding to the two cognitive systems identified above. It posits that applying a causation-based decision-making logic is to "take a particular effect as given and focus on selecting between the means to create that effect", whereas applying the effectuation logic is to "take a set of means as given and focus on selecting between possible effects that can be created with that set of means" (Sarasvathy, 2001, p. 245). Effectuation theory emphasises that such inputs as accumulated experiences are linked in practice to

decision-making logics (Hauser, Eggers & Guldenberg, 2020; Jiang & Tornikoski, 2019; Read, Dew, Sarasvathy, Song & Wiltbank, 2009).

2.1.4. International experiences

Effectuation theory argues that the basis for taking actions in decision-making is to make an inventory of available means (Read et al., 2009) available for the development of international brand orientation. The extant brand orientation literature identifies the critical role that the abundance of resources plays in decisions about brand orientation, and emphasises the particular role of human resources (Huang & Tsai, 2013).¹ Moreover, the international business literature asserts that experiential knowledge accumulated during internationalisation may be a valuable input to branding related decisions (Townsend et al., 2009). Given that internationalising SMEs typically face constraints with regard to available financial and human resources, they are well advised to make full use of what they have, in the form of accumulated firm experiences. Those will include general international business experience relating to international institutions and businesses, and the organising of the internationalisation process (Eriksson, Johanson, Majkgård & Sharma, 1997) as well as more task-specific experience that can be applied to the designing of international brands linked to international marketing as well as international entrepreneurship and innovativeness (Kusi, Gabrielsson, & Kontkanen, 2021). We expect that for resource-constrained internationalising SMEs those firm-specific international experiences that are task-specific and thus directly applicable in the development of the international brand orientation are the most critical in the decision-making, such as marketing planning experience or entrepreneurship experience at the international level (Chang et al., 2018). However, these are the very experiences that have not yet been investigated in relation to brand orientation.

International marketing planning experience – defined here as the firm-level stock of experience in critical international marketing planning activities (Slotegraaf & Dickson, 2004) – can support a systematic and planned design of an international brand. It can therefore be

¹ In the domestic context, internal cultural orientation has also been advanced as a potential resource or antecedent: for example, internal firm-level entrepreneurial and market orientation cultures may both influence brand orientation (Chang et al., 2018; Luxton, Reid, & Mavondo, 2017). However, that research stream seems to lead to complex research settings in which a number of cultural orientations within the firm have contradictory effects and high correlation of error terms (Laukkanen et al., 2013). In common with most research on in-firm orientations (Jaworski & Kohli, 1993; Narver & Slater, 1990; Simpson, Siguaw, & Enz, 2006), our paper focuses on brand orientation as a single strategic orientation, in line with the general preference for parsimony in research.

Table 1
Empirical studies of brand orientation.

Author (s)	Journal,; [AJG/CABS 2021 ranking]; {Citations via Google Scholar at November 2021}	Focus of the study	Type of study	Type of firm	International branding	Experiences	Decision-making logic	Performance variables
Baumgarth (2010)	European Journal of Marketing [3] {382}	Development of corporate brand orientation model; relationship between internal brand anchorage and firm's market performance.	Empirical: survey	SME (also large firms)	–	–	–	Market performance; economic performance (Subjective)
Chang et al. (2018)	Industrial Marketing Management [3] {65}	Influence of marketing capabilities and entrepreneurial orientation on brand orientation and performance; mediating role of value co-created.	Empirical: survey	SME	–	a, b	–	Customer retention; brand loyalty; competitive advantages; price flexibility; customer relationship development (Subjective)
Huang and Tsai (2013)	European Journal of Marketing [3] {77}	Theoretical model explaining antecedents of brand orientation and performance implications.	Empirical: survey	SME	–	–	–	Brand performance; brand loyalty; brand awareness; reputation (Subjective)
Laukkanen et al. (2013)	International Marketing Review [3] {242}	Moderating effect of firm-related internal factors and/or market-related external factors on brand orientation and performance.	Empirical: survey	SME	–	–	–	Brand image, reputation, customer loyalty; Customer acquisition and retention; competitiveness. (Subjective)
Lee, O' Cass and Sok (2017)	European Journal of Marketing [3] {42}	Role of brand orientation on brand awareness, uniqueness, and formalization.	Empirical (Survey)	SME (including large firms)	–	–	–	Brand awareness, uniqueness (Subjective)
Luxton et al. (2017)	European Journal of Marketing [3] {63}	Strategic orientation as antecedent of IMC.	Empirical: survey	SME (including large firms)	–	a	–	Improved brand quality; price premium; support from intermediaries; brand loyalty; market penetration (Subjective)
Merk and Michel (2019)	Journal of Business Research [3] {21}	Salespersons' brand identification and brand orientation.	Empirical: interviews	–	–	–	–	–
Reijonen et al. (2015)	Industrial Marketing Management [3] {99}	Comparison of SMEs in Finland and Hungary; moderating role of brand orientation on relationship between entrepreneurial orientation and business performance.	Empirical: survey	SME	–	a, b	–	Brand image; customer loyalty; brand awareness; market competitiveness; customer acquisition and retention; business growth; turnover (Subjective)
Reijonen et al. (2012)	Journal of Small Business Management [3] {147}	Effects of brand or market orientation on growth in SMEs.	Empirical: survey	SME	–	a	–	Revenue; market share; profitability; employee numbers over previous three years (Subjective)
Spence and Essoussi (2010)	European Journal of Marketing [3] {263}	Brand equity management process in SMEs versus large organizations.	Empirical: case study	SME	Yes	–	c	Business growth: line extension; licence agreements; acquisitions; proprietary development (Subjective)
Wong and Merrilees (2007)	International Marketing Review [3] {272}	Brand orientation and other marketing issues in relation to firms' international performance.	Empirical: survey	SME	Yes	–	–	Financial performance; Brand and market performance (Subjective)

Notes:

a: market orientation or market-related issues.

b: entrepreneurial orientation.

c: decision-making but not effectual/causal logic.

expected to be more important in the context of the causal decision-making logic that builds on goal setting and planning (Saravathy et al., 2014). On the other hand, international entrepreneurial experience – defined as the firm-level stock of entrepreneurial experience in various international entrepreneurship-related activities (Reuber & Fischer, 1999; Politis, 2005) – helps develop brands in environments that are ambiguous, uncertain, and demand an experimental approach to international brand development (Morris, Kuratko, Schindehutte & Spivack, 2012). It may thus be more suitable for effectuation logic that starts from existing means, co-creates the future with external stakeholders and utilises rapidly arising new opportunities (Saravathy et al., 2014). We expect that internationalising SMEs with international marketing planning experience would benefit from using causal decision-making logic in developing their brand orientation while those with international entrepreneurial experience would benefit from effectual logic. It is obviously possible that firms will have accumulated both types of international experiences, in some instances, which could allow them to alternate between the two decision-making logics according to the context.

This study focuses specifically on the post-entry internationalisation of SMEs, so it is particularly appropriate to study firm-level experience rather than the experiences of single managers (e.g., founder), given that such firms already have experience of operating in international markets (Reuber & Fischer, 1999). Lastly, we will discuss how the theoretical concepts presented so far may be integrated in practice in international brand management.

2.1.5. International brand management approaches

We recognise two main approaches to the practice of international brand management. The ‘classical’ variant builds on the utilisation of international marketing planning experience and causal decision-making logic. It thus corresponds to the principles that the firm should own and control its brand and that planning the brand is essential, emphasised in the general brand-related literature (Heding et al., 2020, p. 11) and the extant literature of international branding (Spyropoulou et al., 2011). The newer ‘entrepreneurial’ form of international brand management builds on the notion of a brand being co-created with stakeholders, to the extent that those parties also have some control over its development and management (Low & Fullerton, 1994; Swaminathan et al., 2020).

These two approaches to international brand management can both help to address the challenges faced by internationalising SMEs with regard to physical and cultural distance, the distinct requirements of international markets, customer perceptions of value, local consumer ethnocentrism, and the increasingly competitive, dynamic, and global market environment (Kusi, Gabrielsson, & Kontkanen, 2021; Spyropoulou, Skarmeas, & Katsikeas, 2011). While building on distinctive principles, international experiences, and decision-making logics (Saravathy et al., 2014), both approaches can help to develop a powerful international brand orientation with a strong core essence across markets, which is essential for international competitiveness (Whitelock & Fastoso, 2007). The classical form of international brand management solves the challenges identified above by taking a systematic approach to decisions about an internationalising SME’s international brand orientation, starting from detailed analyses of the international market requirements including differences in the markets and competitors present, followed by the setting of goals based on return calculations and detailed plans aimed at avoiding potential surprises. This is supported by solid international marketing planning experience. The entrepreneurial approach to international brand management solves the same challenges by applying a flexible approach to decisions about international brand orientation, starting from existing means of the firm, without clear goals, co-creating the future with partners and making sure not to commit more resources than would result in an acceptable threshold of loss during implementation. The co-creation of the brand with local partners can be expected to be an important aspect to overcome the

challenges related to market variations and uncertainties. This approach is backed up by strong international entrepreneurial experience. Table 2 summarises the key differences between the two approaches to international brand management and the key concept discussed above.

2.2. Development of the model of and research hypotheses

Guided by the conceptual framework presented in Section 2.1, we will next develop research hypotheses and a model, shown in Fig. 2, to be tested in an empirical research study. An important element of our research model is the distinction between the classical and entrepreneurial forms of international brand management. The postulated relationships are examined more closely in this Section and represented in the proposed model.

2.2.1. Mediating effect of causal decision-making logic in ‘classical’ international brand management

We expect that international marketing planning experience will influence international brand orientation and that this relationship will be mediated by causal decision-making logic corresponding to classical brand management.

International marketing planning experience can bestow the “ability to anticipate and respond to the market environment to direct a firm’s resources and actions in ways that align the firm with the environment” (Slotegraaf & Dickson, 2004), which can be expected to benefit the international brand orientation. Such experience enables a firm to map market intelligence on customers and other relevant stakeholders in order to optimise the utilisation of resources (Bharadwaj, Clark & Kulviwat, 2005; Slotegraaf & Dickson, 2004). It further helps firms to appreciate the worth of the available resources and allocate them in such a way as to ensure the effective implementation of brand-related actions (Dickson, 1997). Unsurprisingly, studies have reported that marketing experience and capability positively affect brand orientation (e.g., Chang et al., 2018) and brand equity (Zhang, Jiang, Shabbir & Du, 2015). Moreover, in the context of internationalising SMEs, the international marketing planning experience gained operationally enables such firms to access past memories of complexity and contingencies,

Table 2
The classical versus entrepreneurial forms of international brand management.

	Classical	Entrepreneurial
Philosophy	Brand management practice based on philosophy that firm owns, controls and plans development of its international brand to meet market requirements (Aaker, 1996; Heding et al., 2020; Keller, 1993; Spyropoulou et al., 2011).	Brand management practice based on philosophy that firm co-creates its international brand with many stakeholders, transferring some control beyond internal context (Heding et al., 2020, p.11; Merz et al., 2009; Swaminathan et al., 2020) and values entrepreneurial flexibility and creativity (Low & Fullerton, 1994).
Cumulative international experience	Aspects of international marketing planning experience useful for systematic and planned design of international brands (Slotegraaf & Dickson, 2004; Spyropoulou et al., 2011).	International entrepreneurial experience useful for developing brands that require a creative and experimental approach (Reuber & Fischer, 1999; Politis, 2005/ Politis et al., 2012).
International decision-making logic	Causation: goal-oriented, expected return, competitive analysis, avoidance of surprises, prediction of future conditions (Read et al., 2009; Saravathy et al., 2014).	Effectuation: means-oriented, affordable loss, partnership, leveraging contingencies, co-creating the future (Read et al., 2009; Saravathy et al., 2014).
Context	Stable and less uncertain international environments	Uncertain and ambiguous international environment

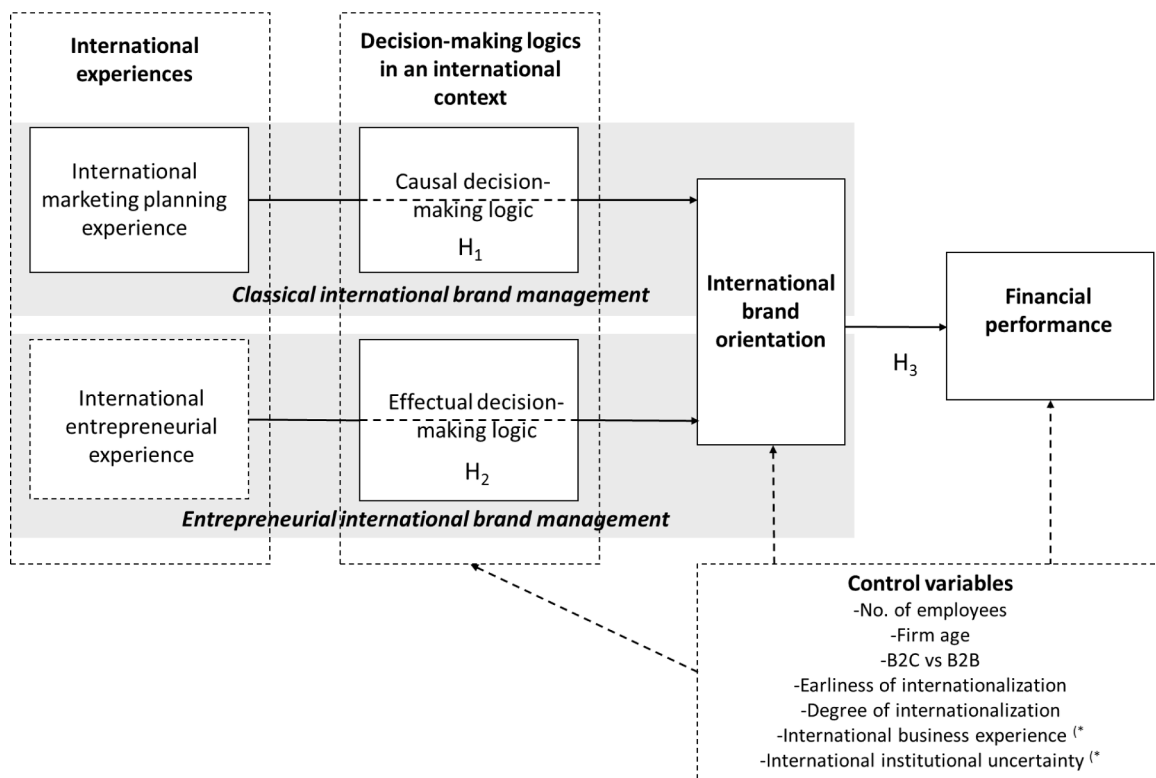


Fig. 2. Model of antecedents and outcomes of international brand orientation of internationalising SMEs
 Note: *) These variables are also used as controls with respect to decision-making logics.

which can guide the firm in how it adapts its brand successfully in the international market environment (Spyropoulou et al., 2011). Marketing planning experience is therefore paramount if internationalising SMEs are to accommodate the international environment and create an international brand that reflects a balanced set of values, norms, artefacts (buildings, liveries, logos, etc.) and behaviour (see e.g. Baumgarth, 2010).

Having a store of international marketing planning experience does not necessarily yield a strong international brand orientation, however, particularly if the internationalising SME cannot make good use of it and determine how to develop that orientation (Laukkanen, Nagy, Hirvonen, Reijonen & Pasanen, 2013; Wong & Merrilees, 2007). We assert that strong international marketing planning experience will predispose management to favour a causal decision-making logic when determining its brand values, brand norms, branding artefacts, and behaviour in international markets. Our rationale is that causal decision-making logic is based on predicting the future through market and competitor analysis, setting goals based on those predictions, and making net present value calculations intended to minimise surprises (Read et al., 2009). Causal logic thus requires strong international experience of analysis of markets and environments, utilisation of customer feedback, budgeting, appropriate planning of customer engagement, and implementation of plans (An, Ruling, Zheng & Zhang, 2020). Such experience enables an SME to forecast the nature of the uncertainty the future holds, generate alternatives to address it, and makes it possible to implement plans swiftly (Simon, 1993), all of which are critical for the application of causation logic. Moreover, a firm's marketing planning experience can help it to make appropriate international branding decisions and formulate effective plans (Laukkanen et al., 2013), based on the clear goals and return calculations emphasised in causation logic (Read et al., 2009). Applying that causal logic should eventually deliver a strong international brand orientation for internationalising SMEs.

In more stable environments especially, the use of causal decision-making logic is expected to be an effective way to develop a brand

orientation in international markets. Causal decision-making is particularly suitable in the sense that it is built around scanning the environment, an activity that provides input to careful planning (Read et al., 2009). It is important to utilise customer feedback and have appropriate plans in place for brand development and customer engagement in order to achieve competitiveness and eventually a strong brand orientation. Accordingly, causation logic facilitates efforts to orientate the firm's systems and processes toward the achievement of a competitive advantage through the optimal use of resources (Leek & Christodoulides, 2011). Accordingly, we posit that internationalising SMEs' causal decision-making plays an important role as a mediator between the relationship between international marketing planning experience and international brand orientation. This leads us to propose the following hypothesis:

H1: Causal decision-making logic mediates the positive relationship between international marketing planning experience and the international brand orientation of internationalising SMEs.

2.2.2. Mediating effect of effectual decision-making logic in 'entrepreneurial' international brand management

We expect that international entrepreneurial experiences will be an important antecedent of development of a strong international brand orientation, but also that effectual decision-making logic will intervene in the relationship. This mechanism corresponds with emerging entrepreneurial international brand management.

International entrepreneurial experience in brand-building can be expected to be useful to an internationalising SME that is developing its brand orientation. Such firms acquire valuable learning about entrepreneurial activities in the course of the internationalisation process, which should enhance their ability to identify and seize new entrepreneurial opportunities (Frese, Geiger & Dost, 2020) to the benefit of their international branding (Spyropoulou et al., 2011). Success in previous entrepreneurial activity creates sources of reference through which

firms gain knowledge of what succeeds and why (Ellis & Davidi, 2005). Other studies report that even setbacks can contribute to an entrepreneur's subjective inventory of knowledge (e.g., Cope, 2011; Minniti & Bygrave, 2001; Politis, 2005). Entrepreneurial experience also minimises the likelihood of successive bouts of over-optimism (Ucbasaran, Westhead, Wright & Flores, 2010). This in turn helps firms to recognise the value of new information and view new types of association and linkages creatively. A recent research study moreover reports that longer continuous exposure to international markets provides internationalising firms with access to a new pool of knowledge (Freixanet & Renart, 2020). Internationalising SMEs that have accumulated international entrepreneurial experience have had greater opportunity to observe and learn from successful brand-building attempts in new ventures during market entry, or in market development during internationalisation (Zhao, Hills & Siebert, 2005), which they can subsequently draw upon when developing their international brand orientation.

International entrepreneurial experience does not in itself advance brand orientation if the learning from it is not incorporated into decision-making (Wong & Merrilees, 2007). Effectual decision-making logic builds on heuristics to collate past entrepreneurial experiences (Jiang & Tornikoski, 2019; Sarasvathy, 2001). It has been suggested that firms with entrepreneurial experience can be expected to favour the application of effectual decision-making (Dew, Read, Sarasvathy & Wiltbank, 2009; Politis, Winborg & Dahlstrand, 2012). We therefore posit that international entrepreneurial experience will affect brand orientation through the mediation effect of effectual decision-making. The effectual logic builds more specifically on existing means, co-creation with potential partners, affordable loss, and leveraging contingencies (Read et al., 2009). Firms applying that logic make an inventory of the existing means and scope the different routes available to deliver brand development. International entrepreneurial experience related to brand-building and market entry can provide considerable insight into viable routes to the development of brand orientation. Firms that take the effectuation approach co-create the future by inviting important stakeholders to become partners in the project (Chandler, DeTienne, McKelvie & Mumford, 2011; Read et al., 2009). Recent studies have highlighted the importance of co-creating the brand with stakeholders (e.g., Black & Veloutsou, 2017; Ramaswamy & Ozcan, 2016; Törmälä & Gyrd-Jones, 2017), particularly during an international expansion (e.g., Spence & Essoussi, 2010; Wong & Merrilees, 2007). Moreover, firms with international entrepreneurial experience will already know of potential stakeholders who could be approached (Politis et al., 2012). When employing effectual thinking, experienced entrepreneurs use the 'affordable loss principle' by setting a ceiling for investment that recognises the potential for loss (Chandler et al., 2011; Wiltbank, Dew, Read & Sarasvathy, 2006). Accordingly, they do not necessarily depend on calculations of the return on investment or forecasting (Kalinic, Sarasvathy & Forza, 2014). In the effectual process, contingency is leveraged by tapping into emerging surprises to identify opportunities (Chandler et al., 2011). We may therefore expect international entrepreneurial experience to foster international brand development through effectual decision-making at the international level.

Particularly in more uncertain and ambiguous environments, the use of effectual decision-making logic can be expected to be an effective way to develop a brand orientation in international markets. It facilitates a flexible and innovative way of developing a strong international brand orientation, which is particularly advantageous for a resource-constrained internationalising SME. Co-creating brands with stakeholders reduces resource constraints of such firms because they can derive legitimacy from their partners' branding in international markets (Bangara, Freeman & Schroder, 2012; Gabrielsson, 2005; Kusi, Gabriellsson, & Kontkanen, 2021; Mäläskä, Saraniemi & Tähtinen, 2011). We therefore conclude that the effectual decision-making logic serves as a mediator between international entrepreneurial experience and international brand orientation, and posit that:

H2: Effectual decision-making logic mediates the positive relationship between international entrepreneurial experience and the international brand orientation of internationalising SMEs.

2.2.3. International brand orientation and performance

A firm with an international brand orientation can be expected to seek to develop and protect its brand as a strategic resource (Baumgarth, 2010; Urde, 1999), incorporating such valuable and distinctive elements as values, norms, artefacts and behaviour, plus related brand processes, all of which are difficult for outsiders to imitate (Urde, 1999). Consequently, a brand-oriented firm should have a competitive advantage over its counterparts lacking a strong brand orientation, which should be reflected in enhanced performance (Barney, 1991).

Several earlier studies conducted in the domestic context establish a positive relationship between brand orientation and performance (e.g., Baumgarth, 2010; Huang & Tsai, 2013). Brand-oriented firms can secure loyal customers and the associated repeat purchases as a result of positive associations with the brand, which may in turn permit a price premium over competing brands and deliver improved financial performance (Laukkanen et al., 2013; Luxton, Reid & Mavondo, 2017). A strong international brand orientation should create brand awareness and favourable brand associations, enhancing sales and profitability for an internationalising SME, but empirical studies in the international context are rare. One such, by Wong and Merrilees (2007), did identify an indirect effect of international brand orientation on financial performance. Another, studying exporting manufacturers found that achieving a branding advantage positively influenced their performance in international markets (Spyropoulou et al., 2011).

Importantly, however, some researchers warn that excessive brand orientation may prompt firms to develop mental models that dissuade them from searching for new information and strategic avenues in branding (Lechner, Frankenberger & Floyd, 2010; Lee, O'Cass & Sok, 2016). Nevertheless, the main thrust of the literature led us to expect that those internationalising SMEs that develop a strong international brand orientation, difficult for competitors to imitate, would record a strong financial performance. The implementation of actions related to brand orientation often takes time and the impact on performance therefore needs to be assessed as a change in financial performance over time (Hogan et al., 2002; Katsikeas, Morgan, Leonidou & Hult, 2016). We therefore posit that there will be a direct positive relationship between brand orientation and financial performance in internationalising SMEs. Our third research hypothesis is thus:

H3: International brand orientation positively affects the financial performance of internationalising SMEs.

2.2.4. Control variables

Several control variables with the potential to affect international brand orientation and firm performance need to be taken into consideration. The literature reports that the number of years a firm has been operating can explain its performance; younger firms often perform poorly in comparison with more established counterparts. Our own research is therefore consistent with prior studies in controlling for a firm's age (Gelhard & von Delft, 2016). Size is also a consideration: larger firms tend to be better resourced than smaller competitors (De Jong et al., 2021) and resources, such as the number of employees, are important for the development of brand orientation. We have accordingly controlled for resources in the form of employee numbers (Chang et al., 2018). Factors found to influence the behaviour and strategies of internationalising firms include the earliness of internationalisation, the extent of post-entry internationalisation, and international business experience (Wu & Zhou, 2018), so we control for these variables also on international brand orientation and firm performance. Moreover, as accumulated experiences are expected to affect decision-making (Read et al., 2009), we add international business experience as a control variable also on the decision-making logics.

Studies have furthermore established that industry type plays a role in the positive relationship between brand orientation and firm performance (Chang et al., 2018). We therefore controlled for whether the firm operated in a B2C or B2B environment. Finally, uncertainty with regard to an international operating environment may affect decision-making logics, branding and performance, so we therefore added a control for international institutional uncertainty (Sarasvathy, 2001; Tseng & Lee, 2010).

Our model and hypotheses are summarised in Fig. 2.

3. Empirical study

3.1. Design, sample, and procedure

This study combines both primary data in the evaluation of independent variables (international experience; decision-making logic; international brand orientation) and secondary data for the corresponding dependent variable (financial performance), which is consistent with the results of previous studies on marketing capabilities, branding and financial performance (for example: Morgan, Slotegraaf & Vorhies, 2009). We collected our data from multiple sources in order to reduce the potential for common method variance (Hulland, Baumgartner & Smith, 2018) and because there were no external databases to use as proxies for the independent variables.

Data were collected during 2016 and 2017, following procedures recommended by Dillman, Smyth and Christian (2014). Databases owned by Bisnode and Fonecta yielded the contact details for the participating firms. As a first step, 2608 firms based in Finland were approached by telephone (Haggett & Mitchell, 1994) to verify that they were SMEs (with fewer than 250 employees) which conducted business in international markets. A total of 1052 of those qualified for inclusion in our study on the criteria that they were established in or after 1996, hence during the Internet age, and did operate internationally. Further telephone calls next invited senior managers to participate in the study. The 493 who accepted were sent a link to the research questionnaire, yielding 395 responses were received: an initial return rate of 37.5%. A number of those had to be rejected because: 16 firms were not in fact international; 28 were part of a group of companies, whereas we were interested in independent firms that were not part of a group that might place additional resources at their disposal; 65 firms had in fact been established before 1996; four had a lack of a data quality. In 47 cases, there was more than one individual response, necessitating a decision to choose the one from the most senior person on the basis of his or her position in the firm. The final set of usable responses for the final analysis was thus 235, which was a 22.3% effective response rate.

The remaining respondents were CEOs, founders, export/international sales directors and board members, who we felt to be valuable sources of information on brand orientation and performance in SMEs in general. Firms contributing to this study were all internationalising SMEs with fewer than 250 employees. Table 3 illustrates selected characteristics of the respondents.

3.2. Measures

The international brand orientation, decision-making logic and

Table 3
Characteristics of the respondents .

Position ^a		Sector	
Founders	41%	B2C	29.80%
CEO	27%	B2B	70.20%
Board Member	30%		
Sales/Marketing director	21%		

Note:.

^a Some respondents had many positions, therefore does not sum up to 100%.

international experiences of the sampled SMEs were measured on established scales, adapted to suit an international context (see Appendix 1). Our measurement model is a combination of reflective and formative constructs (Hair, Sarstedt, Ringle & Gudergan, 2018). Particular consideration was given to the content adequacy of the measures, the selection being thus theory-driven rather than based on empirical evidence. There was, however, reconciliation between our theory-driven conceptualization and empirical testing (Diamantopoulos & Siguaw, 2006).

We adopt the terminology of Hair et al. (2018) in referring to first-order and second-order constructs as respectively lower-order constructs' (LOCs) and 'higher-order constructs' (HOCs). We treat the former as reflective constructs (except for financial performance, which is formative), the HOCs of causal and effectual logics as formative constructs, and that of international brand orientation as a reflective construct. This decision can be understood in that the lower-order sub-constructs of causal and effectual logics form the higher-order constructs. Thus, both logics are formative as conceptualised in the existing literature (Sarasvathy, 2001; see also effectuation logic in Chandler et al., 2011). This means that, in the case of the decision-making logics, removing any lower-order construct, such as means or the notion of 'affordable loss' in effectuation logic, is not possible without affecting the resulting meaning of the whole construct (Jarvis, MacKenzie & Podsakoff, 2003). In the case of international brand orientation, however, the construct rather determines the individual items, making it reflective, as is frequently conceptualised in the extant literature (Chang et al., 2018; Reijonen et al., 2015). We followed the 'Mode A' prescribed by Hair et al. (2018) in the determination of reflective LOCs and their 'Mode B' for formative HOCs.

A firm's performance was measured by objective data retrieved from the pan-European AMADEUS financial database: return on equity (ROE) margin (%), and earnings before interest and taxes (EBIT) margin (%). It has been asserted that the "starting point for a systematic analysis of a firm's performance is its ROE" (Palepu, Bernard, Healy & Peek, 2007, p. 199) and that the EBIT margin depicts how good companies are at generating cash (Mascull, 2010). We calculated the average annual percentage change² in ROE over the three years 2015 to 2018 and the change in the EBIT margin over the same period. Since those indicators capture a specific aspect of change in financial performance and thus form the construct, we classified it as formative (Hair, Hult, Ringle & Sarstedt, 2014). The survey data having been gathered during 2016 and 2017, financial data were collected for this period and subsequent year, a time interval consistent with earlier studies (e.g., Morgan et al., 2009).

Our control variables are the firm's age, the number of employees, its B2C or B2B orientation, the cumulative international business experience (length of time operating in international markets), how early it internationalised (number of years from foundation to first international entry), degree of internationalisation (proportion of international sales in total sales), and institutional uncertainty. Appendix 1 summarises the measurements for the different constructs and associated items.

² We decided to use as our measure percentage change in ROE and EBIT for three reasons. First, changes occur in the financial prosperity of a firm over time due to marketing actions such as brand orientation, so we capture the relationship between international brand orientation and change in financial performance over a period of time of the survey (Hogan et al., 2002). Second, calculating the measure over a three-year period helps to eliminate outliers that may occur in a single year, which could alter the statistical power in assessing the positive association between international brand orientation and level of performance (Kawai & Chung, 2019). Third, More studies on performance that examine margin and profit growth and change have been called (Katsikeas, Morgan, Leonidou, & Hult, 2016).

4. Analysis

4.1. Data analysis process

In line with earlier studies (e.g., Kawai & Chung, 2019; Sinkovics, Liu, Sinkovics & Mudambi, 2021), we employed partial least squares structural equation modelling (PLS-SEM), via the SmartPLS statistical software package 3.2.8 (Ringle, Wende & Becker, 2015), for model estimation and mediation analysis. One such study set a sample size of 100 as the minimum threshold for valid PLS-SEM analysis (Reinartz, Haenlein & Henseler, 2009), so we consider our sample of 235 respondents to be methodologically sufficient for this procedure. Other studies with comparable or smaller sample sizes have employed PLS analysis (e.g., Baumgarth, 2010; Chang et al., 2018; Sinkovics et al., 2021). This method alleviates the burden of analysing multivariate normal data and enhances flexibility by placing the emphasis on variance (Chin & Newsted, 1999). Also, the explanation of variances in terms of ordinary least squares is particularly relevant to the examination of the predictive context of a relationship unlike confirmatory approach (Fornell & Bookstein, 1982). Moreover, the effectuation, causation, and performance (ROE and EBIT margin) constructs in our conceptual framework are formative, making PLS a particularly suitable analytical method. Besides, it is generally accepted that the main contribution of this approach is to theory-building rather than theory-testing (Henseler, Ringle & Sinkovics, 2009; Richter, Sinkovics, Ringle & Schlögel, 2016).

Following recommendations for measurement assessment with respect to reflective lower order constructs (LOCs), we performed several examinations: composite reliability (CR), to ensure the internal

consistency of the eight constructs, and average variance extracted (AVE) to establish convergent validity (Becker, Klein & Wetzels, 2012; Hair, Risher, Sarstedt & Ringle, 2019). We also followed the established guidelines with respect to the heterotrait-monotrait ratio of correlations (HTMT) in order to determine discriminant validity (Henseler, Ringle & Sarstedt, 2015).

4.1.1. Internal reliability and convergent validity

Our constructs meet reliability and validity benchmarks. Appendix 1 shows that the loadings on the internal consistency benchmark CR are at or above the recommended 0.70 value (Hair et al., 2019). One item from amongst the international brand orientation loadings scored only 0.685 but it was decided to retain it on the grounds that, so long as the CR of an item exceeds 0.60, it can be considered ‘adequate’ (Fornell & Larcker, 1981). Two items in the reflectively measured sub-constructs of effectual decision-making logic, one within ‘Means’ and the other within ‘Affordable loss’ were below 0.50 and were accordingly deleted, an action which improved the average variance extracted (AVE) (Hair, Hult, Ringle & Sarstedt, 2017) from the former 0.543 to 0.761 and the latter 0.584 to 0.708. Further, Hulland (1999) suggests that convergent validity should be accounted for and that factor loadings should therefore not fall below a 0.50 threshold. Appendix 1 shows factor loadings at or above that AVE value, indicating that our measurement model meets the requirements of convergent validity (Fornell & Larcker, 1981).

4.1.2. Discriminant validity

Results from the PLS path model analysis presented in Table 4 show that the HTMT values of the reflective lower order constructs exhibit discriminant validity in line with the other reflective constructs. All the

Table 4
Discriminant validity measures.

Reflective (low-order) constructs. Criterion = HTMT ≥ 0.85																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Avoiding surprises																
Artefacts	0.425															
Affordable loss	0.321	0.165														
Behaviour	0.459	0.873	0.092													
Co-create future	0.440	0.577	0.083	0.539												
International entrepreneurial experiences	0.389	0.602	0.207	0.538	0.582											
Future predictions	0.465	0.545	0.059	0.526	0.552	0.557										
International competitor analysis	0.925	0.373	0.160	0.386	0.446	0.350	0.343									
International goal-setting	0.566	0.444	0.088	0.442	0.428	0.460	0.468	0.579								
International returns	0.740	0.423	0.177	0.482	0.500	0.488	0.511	0.703	0.916							
Leveraging contingencies	0.392	0.439	0.089	0.327	0.558	0.462	0.657	0.291	0.456	0.481						
Means based approach	0.053	0.078	0.271	0.081	0.086	0.114	0.216	0.060	0.145	0.219	0.264					
International marketing planning experience	0.516	0.530	0.113	0.576	0.520	0.841	0.490	0.491	0.478	0.509	0.459	0.082				
Norms	0.485	0.841	0.043	0.855	0.513	0.471	0.399	0.447	0.412	0.434	0.279	0.101	0.512			
Partnership	0.322	0.242	0.403	0.226	0.353	0.159	0.331	0.231	0.279	0.394	0.553	0.289	0.194	0.195		
Values	0.252	0.806	0.149	0.717	0.469	0.408	0.418	0.197	0.344	0.317	0.374	0.035	0.365	0.752	0.252	
Formative (high order) constructs. Criterion = HTMT ≥ 0.85																
	1	2	3	4	5	6	7	8	9	10	11	12	13			
B2C																
International brand orientation		0.209														
Causal decision-making logic		0.013	0.498													
Effectual decision-making logic		0.039	0.459	0.580												
International entrepreneurial experience		0.013	0.506	0.487	0.469											
Earliness of internationalisation		0.027	0.062	0.039	0.033	0.027										
Financial performance		0.072	0.202	0.156	0.057	0.105	0.047									
Age of firm		0.017	0.021	0.060	0.019	0.079	0.066	0.037								
Degree of Internationalisation		0.015	0.066	0.034	0.056	0.101	0.041	0.034	0.059							
International business experience		0.003	0.058	0.042	0.129	0.017	0.017	0.013	0.103	0.029						
Institutional uncertainty		0.060	0.067	0.017	0.009	0.000	0.025	0.148	0.074	0.017	0.035					
International marketing planning experience		0.065	0.507	0.564	0.466	0.775	0.097	0.129	0.029	0.016	0.008	0.044				
No. of employees		0.087	0.016	0.030	0.006	0.004	0.036	0.025	0.246	0.016	0.039	0.029	0.025			

Table 5
Results of structural model testing.

	Model 1: Baseline Model								Model 2: Mediated Model with decision-making logics								Model 3: Mediated Model with decision-making logics and markers							
	Std Beta	STD	T	P	95% CI LL	95% CI UL	f ² (effect size)	q ² (effect size)	Std Beta	STD	T	P	95% CI LL	95% CI UL	f ² (effect size)	Q ² (effect size)	Std Beta	STD	T	P	95% CI LL	95% CI UL	f ² (effect size)	Q ² (effect size)
Path coefficients																								
International Marketing Planning Experience => Causal Decision-making Logic								0.556	0.047	12.033	0.000	0.470	0.652	0.467	N/A	0.552	0.048	11.561	0.000	0.452	0.641	0.428	N/A	
International Entrepreneurial Experience => Effectual Decision-making Logic								0.467	0.049	9.449	0.000	0.366	0.560	0.282	N/A	0.453	0.052	8.788	0.000	0.347	0.549	0.260	N/A	
International Marketing Planning Experience =>International Brand Orientation	0.259	0.103	2.516	0.012	0.056	0.461	0.038	0.017	0.103	0.102	1.017	0.309	-0.096	0.307	0.006	-0.012	0.093	0.101	0.918	0.359	-0.109	0.295	0.005	-0.014
International Entrepreneurial Experience =>International Brand Orientation	0.302	0.103	2.920	0.004	0.099	0.501	0.051	0.040	0.239	0.100	2.381	0.017	0.046	0.436	0.038	0.026	0.236	0.098	2.408	0.016	0.041	0.429	0.035	0.028
Causal Decision-making Logic =>International Brand Orientation								0.234	0.068	3.429	0.001	0.093	0.367	0.051	0.046	0.228	0.070	3.233	0.001	0.093	0.367	0.048	0.046	
Effectual Decision-making Logic =>International Brand Orientation								0.152	0.064	2.384	0.017	0.029	0.275	0.024	0.012	0.147	0.062	2.392	0.017	0.027	0.273	0.023	0.014	
International Brand orientation =>Financial performance	0.208	0.060	3.466	0.001	0.087	0.322	0.048	N/A	0.208	0.060	3.454	0.001	0.085	0.321	0.048	N/A	0.204	0.060	3.358	0.001	0.080	0.320	0.042	N/A
Specific Indirect Effect																								
International Marketing Planning Experience => Causal decision-making logic => International Brand Orientation								0.132	0.042	3.135	0.002	0.055	0.221			0.124	0.040	3.104	0.002	0.051	0.212			
International Entrepreneurial Experience => Effectual decision-making logic => International Brand Orientation								0.072	0.031	2.333	0.019	0.016	0.139			0.068	0.029	2.272	0.023	0.015	0.131			
Control variables																								
Number of Employees -> International brand orientation	0.010	0.051	0.194	0.846				0.015	0.049	0.304	0.761					0.019	0.051	0.375	0.708					
Number of Employees -> Financial performance	0.007	0.069	0.112	0.911				0.008	0.068	0.113	0.910					0.009	0.069	0.125	0.901					
Age of Firm ->International Brand orientation	0.003	0.054	0.058	0.954				0.007	0.051	0.128	0.899					0.003	0.052	0.055	0.957					
Age of Firm -> Financial Performance	0.038	0.061	0.534	0.593				0.032	0.061	0.533	0.594					0.032	0.062	0.514	0.607					
B2C -> International Brand orientation	0.186	0.055	3.999	0.001				0.196	0.053	3.697	0.000					0.189	0.053	3.557	0.000					
B2C -> Financial Performance	-0.117	0.067	1.655	0.097				-0.113	0.066	1.684	0.092					-0.111	0.067	1.671	0.095					
International business experience ->International brand orientation	-0.054	0.056	1.008	0.314				-0.027	0.050	0.538	0.591					-0.029	0.052	0.5775	0.571					
International business experience -> causal decision-making logic								-0.038	0.003	-0.069	0.148					0.040	0.056	0.722	0.470					
International business experience -> effectual Decision-making logic								0.014	0.002	-0.101	0.121					0.009	0.057	0.159	0.874					
International business experience -> Financial performance	0.010	0.061	0.169	0.865				0.010	0.061	0.170	0.865					0.011	0.060	0.162	0.871					
Earliness of internationalisation -> International brand orientation	0.052	0.049	1.073	0.283				0.061	0.044	1.382	0.167					0.061	0.046	1.332	0.183					
Earliness of internationalisation -> Financial performance	-0.049	0.051	0.968	0.333				-0.049	0.051	0.967	0.334					-0.049	0.051	0.970	0.332					
Internationalisation degree -> International brand orientation	-0.023	0.055	0.422	0.673				-0.016	0.050	0.323	0.747					-0.024	0.051	0.480	0.631					
Internationalisation degree -> Financial performance	0.039	0.063	0.626	0.531				0.039	0.062	0.639	0.523					0.038	0.062	0.607	0.544					
	0.070	0.061	1.139	0.255				0.057	0.054	1.038	0.299					0.053	0.053	0.963	0.336					

(continued on next page)

Table 5 (continued)

	Model 1: Baseline Model	Model 2: Mediated Model with decision-making logics	Model 3: Mediated Model with decision-making logics and markers
International institutional uncertainty ->			
International brand orientation		-0.039 -0.001 -0.129 0.053	-0.039 0.048 0.832 0.405
International institutional uncertainty ->			
causal decision-making logic		-0.121 0.001 -0.231 -0.017	-0.123 0.056 2.203 0.028
International institutional uncertainty ->			
effectual decision-making logic		0.120 0.061 0.193 0.054	0.123 0.061 2.027 0.042
Financial performance	0.124 0.062 2.035 0.057		
Marker -> Causal orientation			0.069 0.055 1.236 0.217
Marker -> Effectual Decision-making logic			0.081 0.060 1.376 0.169
Marker -> International Brand Orientation			0.093 0.055 1.706 0.089
Marker -> Financial performance			0.020 0.061 0.327 0.743
Baseline Model (Model 1) R² - Brand orientation = 0.335; Financial performance = 0.074.			
Mediated Model (Model 2) R² - Brand orientation = 0.411; Causation = 0.319; Effectuation = 0.219; Financial performance = 0.074.			
Marker model (Model 3) R² - Brand orientation = 0.419; Causation = 0.323; Effectuation = 0.226; Financial performance = 0.075; Baseline model (Model 1) Q² - Brand orientation = 0.278; Financial Performance = 0.007.			
Mediated Model (Model 2) Q² - Brand orientation = 0.349; Causation = 0.306; Effectuation = 0.208; Financial performance = 0.007.			
Marker model (Model 3) Q² - Brand orientation = 0.354; Causation = 0.292; Effectuation = 0.203; Financial Performance = 0.004.			
Note: CI = Confidence interval, LL = Low level, UL = Upper level.			
Effect size, Q ² predictive relevance and f ² effective size based on 5000 iterations with stop criterion of 10 ⁻⁷ and standardised values between -1 and +1, where q ² = (Q ² included - Q ² excluded)/(1 - Q ² included), Q ² above zero is acceptable, f ² = (f ² included - f ² excluded)/(1 - f ² included).			
f ² and Q ² are evaluated following standard rule of 0.02, 0.15, and 0.35 in determining that a predictor latent variable's structural effect size is small, medium or large.			
R ² values of 0.2 for endogenous variables are described as high.			

items listed in Appendix 1, that is the five reflective constructs of effectual and causal logic plus the four of international brand orientation and international marketing planning experience were at or below the conservative 0.85 threshold, except for three that were above the threshold but still below the recommended 0.95 HTMT inference parameter (Henseler et al., 2015). Table 4 shows the discriminant validity of all higher order formative constructs to be under the conservative 0.85 threshold (Henseler et al., 2015). We therefore conclude that the measures meet the requirements of discriminant validity and, hence, that the constructs in our measurement model are methodologically reliable.

4.1.3. Common method bias

Being mindful of the potential for common method bias to contaminate our results, we implemented several precautionary procedures advocated by Podsakoff, MacKenzie, Lee and Podsakoff (2003). First, we ensured that the questions were free from vagueness; were straightforward, and comprised short and simple sentences, all in order to make them easily understandable and encourage usable responses. Second, a pilot questionnaire (Bryman & Bell, 2015) allowed for modifications that strengthened the validity of the final design. Third, respondents participated in the survey via a web link. Following the advice of Chang, van Witteloostuijn and Eden (2010), the online questionnaire design presented to them did not permit moving back and forth between questions and amending answers; or perceiving the interrelationship between the constructs within our conceptual model. This approach is consistent with recent studies (e.g., Kawai & Chung, 2019). Finally, we sought to minimise common method variance and self-report bias by following the advice of Feldman and Thomas (1992) in using accounting data from outside sources. Earlier studies emphasises adopting this technique, thus, outside data in addressing self-report bias (e.g., Carraher, Sullivan & Crocitto, 2008). Because the data in question comprised certified public documents; respondents could not skew the results or distort the situation. Moreover, we gathered second responses from the same firm when possible to corroborate answers and check for self-report bias.

Several statistical methods were used to test for the existence of common method variance. We first carried out the Harman single-factor test, as recommended by Podsakoff and Organ (1986), in which the presence of common method variance is demonstrated if a single factor emerges from the factor analysis. Our analysis found that five factors with an eigenvalue >1 accounted for 61% of the whole variance, and that the first factor explained only 23% of the covariance. We could thus conclude on that basis that the likelihood of common method bias in our results is low.

Second, we employed the marker variable technique (Lindell & Whitney, 2001), using as the marker a theoretically unrelated construct (equal share of women and men as employees) and measuring responses on the same 7-point Likert scale as for other questions in the study. This test for common method variance is consistent with earlier studies in international marketing (e.g., Gabrielsson, Gabrielsson and Seppälä, 2012; Katsikeas, Auh, Spyropoulou & Menguc, 2018) and international business (e.g., Noorderhavne & Harzing, 2009). A partial correlation matrix of our constructs found that potential common method bias was not a threat because all the zero-order correlations that were significant did not change and no statistically significant difference was observed between the partial correlation matrix and that of the correlation matrix.

As a third step, we conducted the comprehensive evaluation of vertical and lateral collinearity shown in Appendix 1, following guidelines offered by Kock (2015) of which has also been applied by previous studies (e.g., Kawai & Chung, 2019). There are various views in the literature with respect to the threshold not to be exceeded by variance inflation factors (VIFs): Hair et al. (2014) propose a value of 5.0, whereas Kock (2015) suggests 3.3 as the highest level above which collinearity should be deemed present in a model; we adopted that stricter cut-off point in our examination of collinearity and testing

common method bias. None of the constructs in the LOCs and corresponding formative HOCs had an inner VIF value greater than 3.3, except for *Avoiding Contingencies (Potential Surprises)*, at 3.842. That value is nevertheless lower than the more liberal 5.0 benchmark, leading us to conclude that the model can reasonably be deemed free of common method bias. We checked further for vertical and lateral collinearity by generating VIFs for every latent variable in the model, as recommended by Hair et al. (2014). The values in bold italics in Appendix 1 show that all the latent variables VIFs are below the strict benchmark of 3.3.

At the fourth step, we controlled for the possibility of common method variance by following the PLS marker variable procedure as advocated by Rönkkö and Ylitalo (2011), as have previous studies (e.g., Kawai & Chung, 2019). The marker variable served as a predictor for all endogenous constructs, comparing the results of the mediating Model 2 with those of the mediating Model 3 with marker variables and observing that none of the significance levels became non-significant in Model 3, as Table 5 shows. We can therefore conclude that the marker variable procedure offers no evidence of common method bias in the data used in this study.

Lastly, we used the answers of the second respondents' in the analysis of the international brand orientation construct, when that item was available, and answers of the first respondents in the case of the other constructs. Results indicated that the path coefficient level of significance compared with our mediated Model 2, as in Table 5, did not differ qualitatively from that also using answers of the second respondents, hence, we can conclude common method bias is not a problem in this study.

4.1.4. Non-response bias

In line with earlier international marketing studies that used web link in survey data collection (e.g., Gabrielsson, Gabrielsson & Seppälä, 2012) and followed guidelines by Armstrong and Overton (1977) in addressing non-response bias, we followed same advice in mitigating non-response bias in our study. We divided total responses into earlier and later subsamples in order to carry out a late-response test, taking the median response date as the boundary between the two. In *t*-tests with SPSS 26, there were no significant differences in either group and it was therefore safe to assume that non-response bias was not likely to distort our results (Armstrong & Overton, 1977).

4.1.5. Structural model predictive relevance: quality of the theoretical model

The R^2 values of all endogenous constructs were assessed to populate our Model 2 (Table 5). The results showed that the model explained 41% of the variance in international brand orientation, 31% in causal logic, 21% in effectual logic, and 7% in financial performance; those values can be taken as high (Ringle, Sarstedt & Straub, 2012; Sinkovics et al., 2021). One exception was the result for financial performance, which was somewhat low but nevertheless adequate according to Hair et al. (2014). The explained variances in our study are comparable with those in earlier effectuation studies, which report R^2 values of between 0.02 and 0.21 (e.g., Frese et al., 2020) and in brand orientation studies reporting R^2 rates of 0.29 (e.g., Chang et al., 2018).

We next evaluated the effect size (f^2) by examining changes that occurred in the R^2 if a construct was omitted and the impact of doing so on the endogenous constructs (Chin, 2010). Results were based on the rule of thumb that f^2 values of 0.02, 0.25, and 0.35 equate to small, medium or large at the structural level (Cohen, 1988). Table 5 shows that, in the baseline model (Model 1), there is little difference in the effect sizes of both *international experiences* and *international brand orientation* and that both are higher than the indicator of small size. In the mediating Model 2, the effect sizes for *international marketing planning experience* and *causal logic* is considerably larger, at 0.467, whereas those of *international entrepreneurial experience* and *effectual logic*, at 0.282, are above the recommended indicator of medium effect size of 0.15 (Cohen, 1988; Hair et al., 2014). Nonetheless, the values for

international marketing planning experience and *international brand orientation* are below the 0.02 minimum criterion, which is likely to be due to the mediation effect.

To examine the predictive relevance of the path model of each endogenous construct, we performed a blindfolding procedure, a sample re-use technique: a systematic approach in deleting data points and offers a forecast of the original values, using an omission distance of seven (Hair et al., 2017). Table 5 shows that the cross-validated redundancy values, also known as Stone-Geisser's Q^2 , were all more than zero, giving credence to the assertion that our model has predictive validity.

4.1.6. Significance test

We addressed the question of the significance of the relationship between variables (Hayes & Scharkow, 2013) by adopting a bootstrap procedure using 5000 subsamples (Bollen & Stine, 1990; Shrout & Bolger, 2002). In line with standard practice, missing values were identified by pairwise deletion (Little & Rubin, 2002) for all tests, which is consistent with earlier studies (e.g., Hsu, Fournier & Srinivasan, 2016). This procedure ensured that missing data values were deleted and hence confirmed that we were using actual data rather than a mean of the samples (Allison, 2001; Barladi & Enders, 2010; Hair et al., 2014). We wanted to maintain a strong level of precision and power for the estimates, so we deleted only cases that contained missing values in each pair of variables instead of deleting entire cases (that is, row-by-row), which could have considerably reduced the sample size (Allison, 2001; Hair et al., 2014; Little & Rubin, 2002). Moreover, the only missing data related to *financial performance*, amounting to 9.4% of the total data, which is clearly less than the acceptable maximum level of 15% recommended by Hair et al. (2014).

4.2. Results

4.2.1. Hypothesis testing

Fig. 2 summarises our three research hypotheses, which were stated formally in Section 2.2. The results of the structural model test are shown in Table 5.

Hypothesis 1 posits that *causal logic* mediates the positive relationship between *international marketing planning experience* and *international brand orientation*, while Hypothesis 2 predicts that *effectual logic* mediates the positive relationship between *international entrepreneurial experience* and *international brand orientation*. Hypothesis 3 predicts that *international brand orientation* has positive relationship with firm *financial performance* that is discussed later in this section.

Before examining the support for our hypotheses, we first determined the relationship between *international experiences* and *international brand orientation*. The results for Model 1 (Table 5), show that international marketing planning experience has a positive significant relationship with international brand orientation ($\beta=0.259$, $t = 2.516$, $P = 0.012$), supported by an adequate effect size ($f^2 = 0.038$) and predictive relevance ($Q^2 = 0.017$). Moreover, international entrepreneurial experience has a positive significant relationship with international brand orientation ($\beta=0.302$, t -value= 2.920, $P = 0.004$), supported by an adequate effect size ($f^2 = 0.051$) and predictive relevance ($Q^2 = 0.040$). We then introduced the mediation variables *causal logic* and *effectual logic* in Model 2 (Table 5). The specific indirect results show that both H1 and H2 are supported: respectively ($\beta = 0.132$, $t = 3.135$, $P = 0.002$) with bias-corrected confidence interval (0.055 - 0.221) and ($\beta = 0.072$, $t = 2.333$, $P = 0.019$) with bias-corrected confidence interval (0.016 - 0.139).

We next performed further analysis to ascertain the form of mediation relationship following the advice of Frazier, Tix and Barron (2004). This was conducted by inserting international experiences and decision-making logics simultaneously to affect international brand orientation in our hypothesized Model 2. Hair et al. (2017) recommend using PLS-SEM to do so and, in line with earlier branding and performance studies (e.g., Baumgarth, 2010; Chang et al., 2018), we adopted

the methodology of Zhao, Lynch and Chen (2010). When the mediation of causal decision-making logic was included (see Model 2) we first noted the significant positive relationship between international marketing planning experience and causal decision-making logic ($\beta = 0.556$, $t = 12.033$, $P = 0.000$) with a high effect size ($f^2 = 0.467$), and high predictive relevance ($Q^2 = 0.306$) and the bias-corrected confidence interval (0.470 - 0.652). There is likewise a significant positive relationship between causal logic and international brand orientation ($\beta = 0.234$, $t = 3.429$, $P = 0.001$) supported by ($f^2 = 0.051$), $Q^2 (0.046)$, and the bias-corrected confidence interval (0.093 - 0.367), as reported in Table 5. We realised that, when the mediation of causal logic was included, the direct effect of international marketing planning experience on international brand orientation changed from being significant in Model 1 ($\beta = 0.259$, $t = 2.516$, $P = 0.012$); ($f^2 = 0.038$); ($Q^2 = 0.017$); bias-corrected confidence interval (0.056 - 0.461) to become non-significant in Model 2 ($\beta = 0.103$, $t = 1.017$, $P = 0.309$); ($f^2 = 0.006$); ($Q^2 = -0.012$) and bias-corrected confidence interval (-0.096 - 0.307). The inclusion of zero in the confidence interval indicates that relationship between international marketing planning experience and international brand orientation was solely indirect. There was thus full mediation, according to Zhao et al. (2010), or complete mediation as it is labelled by Frazier et al. (2004).

Furthermore, when we included the mediator of effectual decision-making logic in the hypothesised Model 2, we noted first that there was a significant positive relationship between international entrepreneurial experience and effectual decision-making logic ($\beta = 0.467$, $t = 9.449$, $P = 0.000$); ($f^2 = 0.282$); ($Q^2 = 0.028$); and the bias-corrected confidence interval (0.366 - 0.560) as reported in Table 5. Effectual logic furthermore had a positive significant effect on international brand orientation ($\beta = 0.152$, $t = 2.384$, $P = 0.017$); ($f^2 = 0.024$); bias-corrected confidence interval (0.029 - 0.275), as reported in Table 5. When we included the mediator of effectual logic in our hypothesised Model 2, the significance of the direct relationship of international entrepreneurial experience on international brand orientation was reduced somewhat from Model 1 ($\beta = 0.302$, $t = 2.920$, $P = 0.004$) to Model 2 ($\beta = 0.239$, $t = 2.381$, $P = 0.017$) but remained significant, with an adequate effects size ($f^2 = 0.026$), and adequate predictive relevance ($Q^2 = 0.038$) and a bias-corrected confidence interval of (0.046 - 0.436). There being no zero in the bias-corrected confidence interval, there was partial mediation according to Frazier et al. (2004) and complementary mediation in the terms of Zhao et al. (2010).

It is also evident in Table 5 that the inclusion of decision-making logics in the relationship between international experiences and international brand orientation strengthened the predictive relevance of international brand orientation. In Model 1: $R^2 = 0.335$; $Q^2 = 0.278$. Introduction of decision-making logics (Model 2) improved predictive relevance: $R^2 = 0.411$; $Q^2 = 0.349$.

Lastly, we turn to Hypothesis 3, which posits that international brand orientation positively affects the financial performance of internationalising SMEs. It can be seen in Table 5 that international brand orientation and financial performance did exhibit a positive significant relationship ($\beta = 0.208$, $t = 3.454$, $P = 0.001$). The effect size was adequate ($f^2 = 0.048$), and the bias-corrected confidence interval was 0.085 - 0.321. Hypothesis 3 is thus well supported.

4.2.2. Control variables

The findings relating to control variables show that whether a company is B2C or non-B2C oriented affects international brand orientation ($\beta = 0.196$, $t = 3.69$, $P = 0.000$), which is in line with earlier studies (e.g., Chang et al., 2018; Reijonen et al., 2015). International brand orientation seems to be more important for B2C firms, which can be understood from their often larger number of target customers and smaller value of sales orders compared to B2B firms making branding particularly effective for reaching their international customers. When examining further the influence of B2C on financial performance we find no significant effect. Furthermore, an examination of all the other

control variables (i.e., number of employees, firm age, international business experience, earliness of internationalisation, international institutional uncertainty and degree of internationalisation) show that none of those control factors has a significant effect on either international brand orientation or financial performance.

4.3. Further analysis

We carried out three further tests of the robustness of our proposed model. First, a model was constructed in line with our hypothesised Model 2, plus we assessed also the effect of international marketing planning experience on effectual logic, and the effect of international entrepreneurial experience on causal logic. The resultant path coefficient reveals that international marketing planning experience has a positive significant influence on effectual logic ($\beta = 0.244$, $t = 2.560$, $P = 0.011$) whereas the effect of international entrepreneurial experience on causal logic is not significant ($\beta = 0.122$, $t = 1.456$, $P = 0.146$). Nonetheless, the specific indirect effect shows a non-significant mediating effect of causal logic in the relationship between international entrepreneurial experience and international brand orientation ($\beta = 0.028$, $t = 1.238$, $P = 0.216$) while the mediating effect of effectual logic is also not significant ($\beta = 0.037$, $t = 1.719$, $P = 0.086$) in the relationship between international marketing planning experience and international brand orientation.

Second, we assessed the direct effect of international experiences and decision-making logics on financial performance. The results showed that international marketing planning experience had no significant direct effect on financial performance ($\beta = 0.098$, $t = 1.909$, $P = 0.363$) and nor did international entrepreneurial experience ($\beta = -0.053$, $t = 0.533$, $P = 0.594$). Neither causal nor effectual logic had a significant positive direct effect on financial performance: ($\beta = 0.044$, $t = 0.506$, $P = 0.613$) and ($\beta = -0.076$, $t = 0.928$, $P = 0.354$) respectively. We can therefore conclude that none of the competing models seems to explain the phenomena of interest better than the hypothesised Model 2.

Third, we examined international institutional uncertainty to ascertain whether or not it played a moderating role between decision-making logics and international brand orientation. The results were negative in both of the relationships: for causal logic ($\beta = -0.015$, $t = 0.240$, $P = 0.810$); for effectual logic ($\beta = 0.037$, $t = 0.617$, $P = 0.538$) respectively. This further demonstrated that our hypothesised Model 2 provides a clearer insight of the phenomenon under investigation.

5. Discussion

5.1. Summary

Our study has investigated the relationship between firm-specific cumulative international experience, decision-making logics, and the international brand orientation of internationalising SMEs. We adopted effectuation theory (Sarvasvathy, 2001), the brand management (Heding et al., 2020) and the brand orientation concept (Baumgarth, 2010; Urde, 1999) to develop a theoretical framework.

The results of our study indicate that the causal form of decision-making logic mediates the relationship between international marketing planning experience and international brand orientation, which corresponds to the classical principles of international brand management. The brand literature has traditionally stressed the importance of planning in managing the brand by setting objectives and securing adequate resources for the implementation of branding. Our further contribution is in finding that greater experience of international marketing planning facilitates the application of causal decision-making logic, which in turn leads to a stronger international brand orientation. That process is fully mediated by causal logic. It is not sufficient merely to have international marketing planning experience; learning from it must be absorbed into the actions of the enterprise. This further requires the application of causal decision-making logic that is based on

first determining goals and then formulating international plans. The environments in international markets differ in many respects, meaning that decision-makers have to deal with a more complex decision-making situation with regard to branding than would be the case in domestic markets. This fact, reinforced by the strategic nature of branding, emphasises the importance of accumulated international marketing planning experience as a basis for decision-making. This finding supports recent research establishing that longer exposure to international markets and the consequent accumulation of international experience build routines and processes (such as decision-making) that can help to address issues arising in a constantly fluctuating international environment (Freixanet & Renart, 2020).

Our study has also found that effectual logic partially mediates the relationship between international entrepreneurial experience and international brand orientation. This corresponds to the newly emerging principles of entrepreneurial international brand management that build on the flexible, innovative, and co-creative aspects of brand management. We found that international entrepreneurial experience supported the application of effectual logic, which in turn promotes an international brand orientation. In this situation, effectual decision-making logic relies on making an inventory of means for including resources and partners operationally, imagining possible future strategic directions, and thereby developing a co-created international brand orientation. This is consistent with the current thinking in brand management that the firm needs to transfer some control of the brand to stakeholders from outside the firm. The mediation is only partial, however, in that international entrepreneurial experience itself was also found to have a direct relationship with international brand orientation despite simultaneously considering the mediation effect. International experience creates sources of reference through which knowledge is acquired of actions and initiatives that have worked earlier in international markets and also of what has not worked. The associated reasoning helps to develop an international brand orientation.

Our findings show that merely having a stock of international marketing planning and entrepreneurial experience is not always enough. Managers and planners need to understand the intervention mechanism within the decision-making logics. A firm's accumulated international experience favours the application of a particular logic, which in turn generates an international brand orientation. Depending on whether the available international experience is concerned with marketing planning or entrepreneurial initiatives, an internationalising SME can proceed toward the achievement of a sound brand orientation by way of either the causation or effectuation variants. The available literature of effectuation theory largely investigates external contingencies and the ways in which the two decision-making logics contribute to addressing such issues: for example Kalinic et al. (2014) and Yang and Gabrielsson (2018). The role of internal resources, specifically international marketing planning experience and entrepreneurial experience, were previously unexplored despite their obvious importance in the development of brand orientation.

We also found that a higher level of international brand orientation enhanced financial performance among internationalising SMEs. This finding accords with our review of the literature in the form of an expected result supported by a number of prior studies based on subjective measures in a domestic context and by a few in the international context. Nonetheless, our results suggest that the inclusion of decision-making logic in the relationship between international brand orientation and cumulative international experience strengthens the relationship with financial performance. Moreover, our study is, to the best of our knowledge, the first to use objective external accounting data to determine the latter relationship in internationalising SMEs. By using such data we have avoided any biases related to self-reported data, thereby responding to earlier calls to use objective data in branding studies in order to minimise 'respondent cognitive errors' (Huang & Tsai, 2013).

5.2. Theoretical implications

A large proportion of existing research on international branding has studied the question of whether customers prefer local or global brands (e.g., Davvetas et al., 2020; Steenkamp et al., 2003), whether the brand should be standardised or adapted, and if cultural differences matter (e.g., Talay et al., 2015). However, very little research has addressed the relevance of an international brand management or orientation to the success of an internationalising SME in particular. That is surprising, given the potential importance of international brands to internationalisation among resource-constrained SMEs.

Our study contributes to the current body of knowledge in several ways. First, it integrates effectuation theory, from the field of entrepreneurship, into international brand research and investigates the relationships among firm-specific international experiences, decision-making logic, and international brand orientation. In the process, it has identified two international brand management approaches to attaining an international brand orientation: classical or entrepreneurial international brand management. Brand management at the international level differs from the domestic equivalent in many respects, particularly with regard to the customers who purchase the global brand. International market segments may differ in terms of attitude and loyalty, and there may be differences in both local culture and local brand options (e.g., Kim, Moon & Iacobucci, 2019). This means that the development of an international brand orientation must incorporate international values, norms, artefacts, and behaviour that are involved in the uncertainties and complexities of the international markets concerned. Our study thus contributes to international business and branding research by outlining the two main international brand management approaches available to an internationalising SME seeking to become an international brand-orientated firm. While a few past studies in an international setting have investigated, for instance, global brand architecture (Townsend et al., 2009) and brand advantage (Spyropoulou et al., 2011) for internationalising firms, the two approaches to international brand management at the heart of our study have not been investigated. Moreover, the entrepreneurial approach it develops adds to the existing literature exploring new ways to manage the brand under increasing demands for flexibility, innovativeness and co-creation with the firm's stakeholders.

To the best of our knowledge, our study is also the first to examine the mediating effect of effectuation and causation logic on such resources as experience and brand orientation, in the general and international marketing contexts. It is interesting to note that both logics may support the attainment of a high level of international brand orientation, but the extent of that support depends on the available international experiences within the firm. Our findings thus contribute primarily to international business research by suggesting how firms can develop strong brands in international markets that are complex, heterogeneous in terms of segments and cultures, and often uncertain. That contribution is to explain the importance of the two decision-making logics building on effectuation theory and clarifying under which internal conditions each should be applied.

Furthermore, earlier research has established that firms' internal resources, such as experience and knowledge, are important inputs to their brand orientation (Chang et al., 2018). We contribute further by showing that the type of international experience a firm has, be it of international marketing planning or of international entrepreneurial initiatives, can influence whether a causal or effectual decision-making logic should be applied in the building of brand orientation by internationalising SMEs. The first of those forms of experience gives the decision-maker a rich set of skills with which to analyse varying market situations and environments country-by-country, prepare budgets and conduct planning in a transnational setting, and implement marketing programmes across markets. We conclude from our findings that experience of international marketing planning can benefit decision-makers using a causation decision-making logic on the way to developing their

international brand orientation. International entrepreneurial experience gained in establishing new ventures, allied with that relating to new market entry and development, will be useful to a firm applying effectual decision-making to developing an international brand orientation. That approach requires full exploitation of existing means, in the form of previous international entrepreneurship knowledge and network contacts, to operate in a complex international environment. Such activity brings a new understanding of the importance of that experience and the application of effectual decision-making logic to the co-creation of brands with external stakeholders. Our findings suggest strongly that both causation and effectuation logics positively affect international brand orientation. We can therefore conclude that neither of the decision-making logics is more efficient than the other in developing an international brand orientation. It is therefore critical to examine the level of international experience a firm has and apply the most suitable decision-making logic. Previous studies in the international business setting have investigated the importance to internationalisation firms of experience and knowledge (Freixanet & Renart, 2020; Johanson & Vahlne, 1977), but we examine two rarely explored firm-specific international experiences that are particularly important for internationalising SMEs, in the form of international marketing planning experience and international entrepreneurial experience. Other authors have called for more research to facilitate a better understanding of international entrepreneurial experience and the effects of its constituent elements (Politis, 2005; Reuber & Fischer, 1999).

We can now shift the focus of the discussion from external contingencies and appropriate decision-making logic to internal resources and optimal effectuation decision-making logic. We extend effectuation theory to the domain of international branding in order to understand how SMEs can make optimum use of accumulated international experience to develop an international brand orientation. Our work thus aligns with recent calls to scrutinise the mechanisms by which effectuation occurs, and their implications (McKelvie et al., 2020).

Lastly, our study confirms findings derived from the prior literature, mainly concerned with the positive influence of brand orientation on performance in a domestic market: for example Baumgarth (2010); Huang and Tsai (2013), and Laukkanen et al. (2013). Our assumptions were based on antecedents including international experience and decision logics, and the international brand orientation itself aligning with the qualities stipulated in the resource-based view. Nevertheless, it is not self-evident that a strong brand orientation always leads to a high level of performance in complex, dynamic, and (particularly) competitive international markets. Indeed, we found only one study indicating that financial performance improves among internationalising firms with a strong brand orientation (Wong & Merrilees, 2007). It is moreover important to notice that existing studies measure performance in terms of subjective metrics whereas our own deviates from that pattern in capturing objective measures of performance, such as those to be found in external accounting data, namely ROE and EBIT. Other authors have called for a more comprehensive understanding of organisational performance, such as the effect of investor returns (Katsikeas et al., 2016). Our study has addressed this gap in the knowledge by examining the effect of international brand orientation on those financial data over a three-year period. We have thus further augmented the literature of international brand orientation and performance, which previously lacked objective performance metrics.

5.3. Managerial implications

The findings of our study have strong managerial significance for internationalising SMEs with ambitions to develop their international brand orientation and achieve improved financial performance in highly competitive, dynamic and increasingly global markets. Managers and

planners in such firms should focus on developing their international brand orientation by building on four specific dimensions: values, norms, artefacts, and behaviour. It is particularly important to do so because our study has shown that an international brand orientation can be expected to stimulate profit growth. They should recognise the nature and strength of their experience, whether with regard to international marketing planning or international entrepreneurial activities, in order to choose the most appropriate decision-making logic when developing an international brand orientation. If they have strong international marketing planning experience, the use of causation decision-making is advisable, while strong international entrepreneurial experience would suggest the business would benefit from the use of effectuation logic.

Efforts to strengthen brand orientation are to be encouraged, as our results show that will lead to improved financial performance. Managers and planners should develop their decision-making skills so that they can intelligently adopt either causation or effectuation logic, depending on their accumulated firm-specific international experience, and work towards strengthening their firm's international brand-oriented status. Superior performance furthermore attracts investment (Morgan et al., 2009), which can be allocated by SMEs to overcoming resource constraints (Zahra, 2005) and thereby allow them to grow and perform competitively in international markets.

5.4. Limitations and further research

Our sample was drawn from firms established in Finland, which has a small but open economy. Although we expect our results to benefit firms from other countries, especially those in a similar business setting, we suggest that studies could be conducted in other small and large countries to establish whether or not the results will hold in other environments. Future studies could also compare SMEs with larger firms and newly established start-ups that are in the process of internationalisation in order to determine if there are differences in the form of decision-making in relation to international brand orientation. Longitudinal research designs would furthermore permit investigation of the way in which and extent to which international brand orientation changes as an internationalising SME becomes larger or older. In addition, the effects of the combination of different resources, such as various cumulative experiences of a firm or its top management team, or the decision-making logics employed, could be a fruitful avenue for further research. It is also possible that the optimal combination of resources and/or decision-making logics will vary over time. Future studies should also make use of performance metrics other than those in our study (for instance, brand equity using data from branding consultancies and other sources) in order to identify the impact of international brand orientation from an outside perspective.

Finally, while our paper focuses on the strategic orientation of an international brand orientation, future studies could integrate such additional strategic international orientations as a market, entrepreneurial, innovation, or employee orientation into their models. It would be interesting to compare international brand orientation with other international strategic orientations and to identify the optimal combination of the different strategic combinations. The most appropriate pattern might also depend on other variables, such as the stage of a firm's internationalisation process or such market factors as the growth stage of the industry in which it operates.

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Appendix 1

Descriptions of the constructs and associated items.

Constructs	Mean	S.D.	OL	VIF
International Brand Orientation (Second-order reflective construct) adapted from Baumgarth (2010). $A = 0.941$ $CR=0.948$ AVE=0.568				1.057
Our international brand stands for a set of core values.	5.170	1.515	0.885	1.000
Our international brand's values, identity, and promise are well defined.	4.711	1.569	0.870	1.000
Our international brand is differentiated from the brands of our competitors.	4.838	1.614	0.810	
We recognise our brand as a valuable asset and strategic resource, which we continually develop and protect.	4.949	1.589	0.867	
We check regularly that the corporate design guidelines of our international brand are adhered to.	3.796	1.777	0.922	1.000
Our policy is to pay explicit attention to the integration of all communication methods in our international brand communications	3.906	1.678	0.882	
Our company has a detailed written specification for our international brand position.	3.204	1.691	0.836	
Our marketing material reflects our international brand and its positioning.	4.651	1.586	0.880	
Our stands at international trade fairs reflect our brand.	4.434	1.877	0.858	
'Stories' in our company reflect the positioning of our brand abroad.	4.613	1.713	0.893	
We invest in image advertising abroad.	3.081	1.708	0.810	1.000
We teach our employees about the international brand.	3.277	1.672	0.685	
We instruct new employees about the positioning of our brand abroad.	3.472	1.734	0.895	
The values represented by our international brand influence our day to day behaviour	4.400	1.719	0.910	
Effectual decision-making logic (in an international context) (Second-order reflective-formative construct) adapted from Brettel et al. (2012), Chandler et al. (2011) and Werhahn et al. (2015). Means A = 0.843 CR=0.905 AVE=0.761	0.144	0.041		1.145
The target of our international business was vaguely defined at the beginning (Eliminated).	4.034	1.868	-	
Existing means/resources have been the starting point for our international business.	5.072	1.51	0.869	
On the basis of existing means/resources, international business targets were converged.	4.953	1.585	0.835	
Existing means/resources have significantly impacted the framework of our international business.	5.323	1.364	0.847	
Affordable Loss A = 0.817 CR=0.878 AVE=0.708	0.077	0.053		1.247
We are careful not to commit more resources to international markets than we can afford to lose (Eliminated).	4.340	1.802	-	
Considerations about potential losses are decisive in the selection of the international business option.	3.719	1.688	0.723	
The selection of the international business option is mostly based on a minimisation of risks and costs.	3.519	1.689	0.848	
Budgets are approved on the basis of considerations about acceptable losses on the international markets.	3.362	1.671	0.939	
Partnership A = 0.814 CR=0.876 AVE=0.638	0.303	0.040		1.565
We try to reduce the risks of the international business through internal or external partnerships and agreements.	4.519	1.741	0.811	
In order to reduce international risks, we start partnerships and receive pre-commitments.	4.081	1.781	0.805	
We use pre-commitments from international customers and suppliers as often as possible.	4.251	1.813	0.767	
We make decisions jointly with our international partners/stakeholders on the basis of our competences.	4.570	1.587	0.812	
Leveraging contingencies A = 0.822 CR=0.882 AVE=0.653	0.144	0.041		1.708
We always react to surprises; if necessary, the international business target is adjusted.	4.881	1.418	0.811	
We always try to integrate surprising results, even though doing so is not necessarily in line with the original international target.	4.991	1.39	0.852	
Potential setbacks or external threats abroad are used as advantageously as possible.	4.906	1.337	0.806	
We are flexible and take advantage of international opportunities as they arise.	5.472	1.322	0.760	
Co-create the future A = 0.884 CR=0.920 AVE=0.743	0.455	0.035		1.620
We attempt to influence international trends.	4.209	1.846	0.911	
We attempt to proactively design our international environment with others.	4.230	1.683	0.817	
We attempt to shape the international environment we operate in.	3.902	1.83	0.896	
We attempt to co-create future international markets.	4.583	1.86	0.820	
Causal decision-making logic (in an international context) (Second-order reflective-formative construct) adapted from Brettel et al. (2012); Chandler et al. (2011); Werhahn et al. (2015)				1.708
Goal setting A = 0.840 CR=0.926 AVE=0.761	0.257	0.11		2.160
The target of our international business was clearly defined in the beginning.	4.034	1.781	0.924	
On the basis of set international business targets, required means/resources are determined for our business.	4.115	1.598	0.933	
Returns A = 0.686 CR=0.864 AVE=0.761	0.234	0.019		2.361
Considerations about potential returns from international operations are decisive for the selection of the business options.	4.66	1.607	0.879	
Budgets for international operations are approved based on calculations of expected returns (e.g., ROI).	3.579	1.670	0.862	
Competitor analysis A = 0.883 CR=0.945 AVE=0.896	0.273	0.012		3.245
We research and select foreign target markets and carry out meaningful competitive analysis.	3.391	1.635	0.946	
We make our international decisions on the basis of systematic market analyses.	3.111	1.602	0.942	
Avoiding potential surprises A = 0.877 CR=0.942 AVE=0.890	0.280	0.011		3.842
The international business target has the highest priority; we try to avoid potential surprises (e.g., by conducting upfront market analyses).	3.553	1.579	0.944	
Through the use of upfront international market analyses, we try to avoid setbacks or external threats.	3.349	1.57	0.943	
Future predictions: A = 0.877 CR=0.941 AVE=0.889	0.224	0.015		1.542
We attempt to adjust to the international environment.	5.247	1.294	0.932	
We attempt to predict future markets abroad.	5.183	1.379	0.954	
International Entrepreneurship Experience (Reflective construct) adapted from Zhao et al. (2015). ^(a) $A = 0.890$ $CR=0.924$ AVE=0.754				2.505
International new venture start-up	3.762	2.116	0.909	
International new market development	4.187	1.84	0.854	
International new product development	4.864	1.779	0.801	
New international market entry	4.723	1.633	0.903	
International Marketing Planning Experience (Reflective Construct) adapted from Slotegraaf and Dickson (2004) ^(a) $A = 0.950$ $CR=0.961$ $AVE=0.833$				2.505
International market situation and environment analysis	3.894	1.64	0.911	

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Constructs	Mean	S.D.	OL	VIF
International marketing budgeting and allocating resources	3.877	1.594	0.872	
Planning international marketing programmes that meet market realities	3.596	1.622	0.931	
Implementing international marketing programmes	3.668	1.611	0.981	
International marketing programme performance tracking	3.613	1.683	0.931	
International Institutional Uncertainty (INSTUNC) adapted from Tseng & Li, 2010 A = 0.906 CR=0.940 AVE=0.841				1.027
Laws to regulate international businesses are unpredictable in foreign markets overall.	3.643	1.447	0.876	
Tax and monetary policies are unpredictable in foreign markets overall.	3.574	1.358	0.935	
Enforcement of existing laws, policies and tariffs is unpredictable in foreign markets overall.	3.655	1.392	0.937	
Marker A = 1.000 CR=1.000 AVE=1.000				1.06
Our company has been able to attract an equal share of women and men as employees.	3.745	1.775	1.000	
Number of Employees (Single Item) – Chang et al. (2018); Kawai and Chung (2019). A = 1.000 CR=1.000 AVE=1.000				1.079
Total number of people employed by the firm	4.302	1.408	1.000	
Sector (Single Item) - Chang et al. (2018) B2C = 1 B2B = 0	0.281	0.449	1.000	1.057
Firm's Age (Single Item) Chang et al. (2018); Lee et al. (2017) Number of years in existence	7.455	3.422	1.000	1.091
Earliness of International A = 1.000 CR=1.000 AVE=1.000 Calculated as: earliness of internationalisation (first entry whether in Europe or abroad – foundation year)	2.460	3.294	0.781	1.016
Internationalisation degree A = 1.000 CR=1.009 AVE=1.009 Calculated as 100 – Home Country sales	55.103	33.062	1.004	1.02
International business experience A = 1.000 CR=1.000 AVE=1.000 Year of response to survey – year of entry to foreign markets	7.174	5.416	1.000	1.03
Firm's performance (Objective/formative construct) – from AMADEUS database A = 0.877 CR=0.941 AVE=0.889 Return on equity (ROE)% change (2018–2015)/3	0.337	0.413	0.515 (0.396)	1.022
Earnings before Interest and taxes (EBIT)% change (2018–2015)/3	11,217	16,539	0.913 (0.861)	1.022

Note: Mean = mean value; SD: Standard Deviation; OL = outer loading; VIF = variance inflation factor; A = Cronbach's alpha, CR = composite reliability; AVE = average variance extracted. Reflective measurement model based on recommended criteria: Outer loading (OL) > 0.70, VIF < 3.3, AVE > 0.50, Cronbach's alpha 0.60 - 0.90, CR 0.60 - 0.90. Formative constructs based on recommendations: Outer weights (bold in brackets) is significant and < 1; and OL > 0.50; a) In this question we specifically asked the respondent as follows: "Please indicate the level of experience your firm has in various international entrepreneurship- and marketing-related activities."

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