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COIMBRA

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**THE IMPACT OF THE SPEED OF
INTERNATIONALIZATION ON THE
INTERNATIONAL PERFORMANCE OF SMEs
EVIDENCE FROM PORTUGAL**

**Dissertação no âmbito do Mestrado em Gestão orientada pelo
Professor Doutor Fernando Manuel Pereira de Oliveira Carvalho e
pelo Doutor Ângelo Miguel Rodrigues Cabral e apresentada à
Faculdade de Economia da Universidade de Coimbra**

junho de 2023

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Resumo

Objetivo: O principal objetivo desta dissertação de mestrado passa por estudar os efeitos que a velocidade de internacionalização das micro, pequenas e médias empresas (PMEs) têm no seu desempenho internacional. O tempo em que a empresa entra no mercado internacional e se expande para novos mercados pode influenciar o nível de desempenho internacional.

Um dos objetivos da presente dissertação de mestrado é propor uma definição e conjunto de medidas do construto de velocidade de internacionalização. Neste âmbito foram usadas as dimensões de entrada no mercado internacional, escopo geográfico e escala internacional para avaliar a velocidade de internacionalização. Foi respeitada a multidimensionalidade de desempenho internacional das empresas, assim, foram usadas o desempenho financeiro, operacional e global internacional.

Design/Metodologia/Abordagem: Esta dissertação de mestrado centra-se nas PMEs portuguesas já internacionalizadas. A amostra é composta por 682 PMEs portuguesas com operações no mercado internacional. O instrumento de recolha de dados é o questionário online enviado por e-mail para diversas empresas portuguesas. Foram utilizadas medidas de autorrelato para mensurar os diferentes constructos e variáveis. O questionário foi alvo de um pré-teste com um painel de 19 indivíduos representando gestores que trabalham em empresas internacionalizadas. Para o teste das hipóteses foi usada a análise de caminho, método de regressão linear múltipla.

Resultados: As relações entre as três dimensões de velocidade de internacionalização foram estudadas e todas reportaram relações positivas e significativas entre elas. Ao testar o modelo com as três dimensões de desempenho não foram observados resultados significativos relativos ao desempenho financeiro e operacional. Tanto a velocidade de entrada como a velocidade de escopo não apresentaram resultados significativos que corroborassem uma relação direta e positiva com o desempenho global da empresa. Um dos resultados principais propõe uma relação direta e positiva entre velocidade de escala internacional da empresa e desempenho global internacional. Emergiram também, desta investigação, relações indiretas entre variáveis. A velocidade de escala internacional da empresa mostrou ter um impacto positivo na relação indireta entre velocidade de entrada internacional e desempenho global internacional, mas também, na relação indireta de velocidade de escopo internacional da empresa com desempenho global internacional. A relação indireta entre a velocidade de entrada

internacional e desempenho global internacional é, também, mediada pela velocidade de escopo e velocidade de escala de forma positiva.

Implicações/Originalidade/Valor: Esta investigação fornece resultados significativos sobre as PME's portuguesas internacionalizadas. Empresas que demoram menos a atingir um certo valor de vendas internacionais irão apresentar níveis de desempenho global mais elevados. Quanto mais cedo uma empresa entrar no mercado internacional mais rápido irá atingir um escopo geográfico diversificado e mais vendas internacionais irá realizar. Segundo os resultados desta dissertação de mestrado a velocidade de internacionalização é importante para as PME's conseguirem alcançar certos benefícios. Os gestores devem ter em consideração as dificuldades que uma PME pode enfrentar no mercado internacional. Porém, devem avaliar as suas capacidades de modo a capitalizarem ao máximo as oportunidades que uma rápida internacionalização proporciona.

Palavras-chave: velocidade de internacionalização, velocidade de entrada, velocidade de escopo, velocidade de escala, performance internacional

Abstract

Purpose: The primary goal of this master's thesis is to investigate the effects of the speed of internationalization of micro, small, and medium-sized enterprises (SMEs) have on their international performance. The timing of the company's entry into the international market and pace of expansion into new markets can have an impact on SMEs' level of international performance.

One of the goals of this master's thesis is to present a definition and set of measures for the concept of speed of internationalization. In this context, the dimensions of entry into the international market, geographic scope, and international scale were used to assess the speed of internationalization. Since the companies' international performance is a multidimensional concept, financial, operational, and overall international performance were used.

Design/methodology/approach: This master's thesis focuses on already internationalized Portuguese SMEs. The sample consists of 682 Portuguese SMEs with international operations. The data collection instrument is an online questionnaire distributed via e-mail to several Portuguese businesses. The various constructs and variables were measured using self-report measures. The questionnaire was pre-tested with a panel of 19 managers from internationalized enterprises. Path analysis, a multiple linear regression method, was used to test the hypotheses.

Findings: The relationships between the three dimensions of internationalization speed were studied, and all found to be positive and significant. When the model was tested with the three performance dimensions, no significant results were observed in terms of financial and operational performance. Both entry and scope speed did not produce statistically significant results that support a direct and positive relationship with the company's overall performance. One of the key findings suggests a direct and positive relationship between firm's international scale speed and international overall performance. This investigation also revealed indirect relationships between variables. Firm's international scale speed was found to have a positive impact not only on the indirect relationship between firm's international entry speed and international overall performance, but also on the indirect relationship between firm's international scope and international overall performance. Scope speed and scale speed both positively mediate the indirect relationship between firm's international entry speed and international overall performance.

Implications/Originality/Value: This study yields important findings about internationalized Portuguese SMEs. Companies that take less time to reach a certain level of

international sales will perform better overall. The earlier a company enters the international market, the faster it will achieve a diverse geographic scope and more international sales. According to the findings of this master's thesis, the speed with which SMEs internationalize is critical for achieving certain benefits. Managers must consider the challenges that a SME may face in the international market. They must, however, assess their capabilities in order to fully capitalize on the opportunities presented by rapid internationalization.

Keywords: speed of internationalization, entry speed, scope speed, scale speed, international performance

List of Abbreviations, Acronyms, and Symbols

AGE	Firm's Age
β	Standardized Regression Coefficient
BG	Born Global
BAG	Born-Again Global
BG	Born Global
CAE	Classificação Portuguesa das Atividades Económicas
CEOs	Chief executive officers
FDI	Foreign Direct Investment
FS/TS	Foreign sales to total sales
LAN	Learning Advantage of Newness
R&D	Research and Development
ROA	Return on Assets
ROI	Return on Investment
SA	Sector of Activity
SIZE	Firm's Size
SMEs	Small and medium-size enterprises
SoI	Speed of Internationalization

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Introduction

The current dissertation is grounded research on international business that was prepared within the context of the Master in Management at the Faculty of Economics at the University of Coimbra. The internationalization of small and medium-sized enterprises (SMEs) is an important topic, and numerous approaches have been developed to better understand this process (e.g. Batsakis et al., 2021; Jie et al., 2021; Kang et al., 2022; Kriz et al., 2023). This study investigates the relationship between the speed of internationalization and the international performance of SMEs.

In light of recent studies on firm's internationalization, one of the main focuses today is its temporal dimension (e.g. Cheng et al., 2020; Neubert, 2022). Issues concerning the time it takes to occur the entry into a foreign market and the rate at which it occurs the development of the internationalization process following the first entry have been raised. Not only has the speed of internationalization (SoI) become increasingly important in research, but its relationship with company performance has also been a major focus in several studies (e.g. Hilmersson, Schweizer, et al., 2022; Williams and Crook, 2021; Wu and Zhou, 2018). Managers must understand the effects of SoI on company performance since the speed at which a company can penetrate the international market can determine its success (Cheng et al., 2020). Furthermore, the pace of internationalization after entering an international market may have a significant impact on the company's overall performance.

In recent years, some authors have theorized about the effects of SoI on performance and how their relationship is demonstrated. Whether if the relationship is defined as direct or indirect (Williams and Crook, 2021), whether it has a U-inverted shape (Hilmersson, Schweizer, et al., 2022), or even, a S-shaped relation (Phan et al., 2020), whether or not there are variables that can positively or negatively mediate the relationship (e.g. Genc et al., 2019; Kang et al., 2022).

Despite all efforts to properly understand this relationship, many questions remain unanswered. One of them is the academy's disregard for the multidimensionality of the variables present in the relationship under study (Hilmersson, Pourmand Hilmersson, et al., 2022). This factor has been frequently overlooked, resulting in a lack of agreement, not only, on the definition of SoI but also how to measure SoI and performance. Other gaps on the research include not using SoI as an independent variable and ignoring the pre-entry period in the international market when measuring it (Hilmersson et al., 2017). Given that there is

no agreement on how to measure and define SoI, studies fail to report the full reality of the relationship between this variable and international performance.

The purpose of this research is to fill these gaps and give a clear view of the effects that SoI have on firm performance. First and foremost, the concept of SoI must be established. We have done a literature review to expose the various periods to be considered when evaluating this concept. We consider both the pre-entry and post-entry periods, without dismissing its multidimensionality. Thus, we concluded that there are three critical milestones to consider when discussing the internationalization process: entry into the international market, a diverse geographic scope, and a significant representation of international sales in terms of total sales. Considering that this study is about speed, we must consider how long it takes the company to achieve each of the objectives so that we can make a general assessment of its SoI. Thus, there are three dimensions in terms of speed: entry speed, scope speed, and scale speed. Second, following a review of the literature on the concept of international performance, it must be understood the relationship between the two variables. A set of hypotheses is presented that suggest a positive relationship between SoI and performance.

In order to test our hypotheses, we used a database of 682 Portuguese SMEs who agreed to fill out a questionnaire. Following an examination of the responses, one of our main results is that the proposed direct and positive relationship between scale speed and international performance is supported. In addition to this direct relationship, an indirect relationship between entry speed and international performance was corroborated, mediated by scope speed and scale speed. Furthermore, scale speed mediates an indirect relationship between scope speed and international overall performance.

Concerning the structure of this master dissertation, the first chapter of this study contains a literature review on the role that speed plays in various theories of internationalization, the definition, and measurements of SoI and the existing literature about firm performance. The hypotheses proposed for this investigation are presented in the second chapter. The methodology is described in detail the sections that follow. The results are presented and discussed in chapters four and five. The final two chapters offer the conclusion, limitations of the current investigation, and future research avenues.

1. Review of the Literature

1.1. The role of speed in internationalization theories

The process of internationalization is not static; it is in perpetual change and growth. Thus, the process of a company's internationalization is defined as "[...] the process of adapting firms' operations (strategy, structure, resource, etc.) to international environments." (Calof and Beamish, 1995, p. 116). Consequently, a company's internationalization process is not complete when it enters the foreign market.

Because of its significance, internationalization of businesses has been the subject of numerous studies covering a wide range of topics (e.g. Bell et al., 2003; Dunning, 2000; Johanson and Vahlne, 2009). Theories of internationalization can be classified into various categories (Rask et al., 2008). According to Morais and Ferreira (2020), they can be classified into three distinct categories. Those regarded as more traditional, such as the Uppsala Model, which employs an incremental approach. Those who admit having an international entrepreneurial spirit and an innate desire to internationalize (Phillips McDougall et al., 1994), as in the case of Born Global (BG). Finally, those who value contacts made throughout the process and prioritize business networks as a means of explaining the rate of internationalization (Neubert, 2022).

Since the 1970s, the internationalization process has been examined (Johanson and Vahlne, 1977), consequently, the perspective on how it develops has been changing and complementing itself (Neubert, 2022). Concerns and strategies began to shift as the world evolved and changes impacted the external environment (G. A. Knight and Liesch, 2016). More traditional perspectives that predicted slower internationalization to protect the company from high risks were suppressed by theories developed that focused on companies that internationalized almost instantly (Neubert, 2022). According to Rask et al. (2008), this theoretical pluralism may be relatable to fragmentation within the business economics research domain.

Thus, we will now present some of the most commonly used theories to understand this process and observe the different role that speed plays in their approaches.

1.1.1. Uppsala Model

The Uppsala Model is the first theory presented, and it is based on a 1977 study by Johanson and Vahlne. The authors sought to identify a pattern in the internationalization process of Swedish companies. According to the findings of the study, internationalization

is a slow and gradual process (Johanson and Vahlne, 1977). As the company develops new experiences and knowledge in an international environment, its external involvement increases (e.g. Johanson and Vahlne, 1977; Johanson and Wiedersheim-Paul, 1975). It is considered as a learning process (Johanson and Wiedersheim-Paul, 1975) in which gradual resource commitment generates the necessary knowledge to make decisions about the next steps in the internationalization process.

Johanson and Wiedersheim-Paul (1975) introduce the concept of *establishment chain* after verifying that the companies in the chosen sample made identical evolution decisions. Thus, there is a gradual allocation of resources, and the authors propose that it occurs in the following manner, (Johanson and Wiedersheim-Paul, 1975):

- (1) sporadic exports,
- (2) exports through an intermediary,
- (3) passing through sales subsidiaries,
- (4) finally, production subsidiaries.

In this manner companies can adapt to international environment while also protecting their resources. Several factors will influence how the internationalization process unfolds. Johanson and Vahlne (1977) classify them as aspects of state, which refer to resource allocation and knowledge of the international market, and aspects of change, which involve to commitment decisions and execution of current operations. This process does not aim to achieve an optimal resource allocation; rather, it is a gradual and dynamic process in which aspects of state and change interact and complement each other depending on the circumstances (Johanson and Vahlne, 1977).

Another concept introduced in this model was *psychic distance* which is defined "[...] as the sum of factors preventing the flow of information from and to the market. Examples are differences in language, education, business practices, culture, and industrial development." (Johanson and Vahlne, 1977, p. 24). Companies tend to choose psychologically closer locations to begin their operations abroad in order to reduce risk (Johanson and Vahlne, 1977).

The Uppsala Model, like any other theory, has received criticism. One of them is because of its determinist nature (Forsgren, 2002). One of the primary principles of this theory is that businesses can only learn and extract information from abroad if they live the experience in the first-hand (Johanson and Vahlne, 1977). This slows down the entire process because it is too risky to commit a substantial portion of the resources in an unknown environment. Forsgren (2002) argues that knowledge does not always have to be obtained

directly. In fact, the company can imitate strategies or even create a business network where members share information (Glowik, 2020), reducing high risks. Another factor that Johanson and Vahlne (1977) identify as a significant risk for businesses is the factor of long psychic distances. However, due to globalization, previously perceived barriers to internationalization are no longer as significant (Escandon-Barbosa et al., 2019). The Internet, for example, has brought the entire world closer together (Z. Deng et al., 2022). The presented criticisms can be classified as factors that accelerate the process theorized in the Uppsala Model.

To respond to the criticisms, Johanson and Vahlne (2009) revise their original article on the Uppsala Model and adapt it to changes in the economic environment. One of the first criticisms they address is the source of knowledge, assuming that companies can acquire key knowledge for internationalization through a business network. Indeed, Johanson and Vahlne (2009) agree that businesses should join business networks.

Although the variables remain divided into state aspects and change aspects there are some changes in the model. The first change is observed in the knowledge variable, now represented as *knowledge opportunities*, highlighting the ability of companies to recognize an opportunity (Johanson and Vahlne, 2009). Commitment decisions are now taken into account within the *business network*, and the most important activities are specified, such as *learning and trust building* (Johanson and Vahlne, 2009). Finally, once inserted into a business network, the commitment to the market now becomes a *commitment to the network* (Johanson and Vahlne, 2009).

In this most recent revision, some of the variables are also changed (Vahlne and Johanson, 2017). The first to change is the knowledge variable in the state aspect to capabilities. The authors define *capabilities* as “[...] the ability to use resources for a particular purpose.” (Vahlne and Johanson, 2017, p. 1096). This idea therefore relates to the company's distinctive advantages (Vahlne and Johanson, 2017).

Moving on to the change variables, we have the *commitment process*, which the authors define as the distribution of resources. Following, *knowledge development process*. This concept is the same as described in the 2009 article on learning, building, and trusting connections (Hult et al., 2020). At last, the *commitment/performance* can be regarded as being involved in the activities of the branches in order to have resources allocated in their function with future prospects and what has been accomplished (Vahlne and Johanson, 2017). The two components are vital and work together to determine the next step the organization should take (Vahlne and Johanson, 2017).

The internationalization process is viewed as slow in the original Uppsala model. Although the authors do not rule out the possibility of accelerating a company's internationalization, they admit that it is less risky if done cautiously and gradually.

1.1.2. Born Global

The term 'Born Global' (BG) first arrived on the scene in the 1990s. According to the findings of a study conducted by the consultant McKinsey&Co, internationalization does not have to be done in stages (Braunerhjelm, 2019). This model sees internationalization as innate to a company's journey (Phillips McDougall et al., 1994).

Over the years, many attempts have been made to provide a set of criteria to define BG (Dzikowski, 2018). These characteristics can include the company's age when it first moves to the international market, the percentage of revenues earned abroad, or the variety of markets in which the company operates (Dzikowski, 2018). Despite this, we can identify three general criteria: the company must be a micro, small, or medium-sized enterprise (Berber et al., 2018); the company must have gone international within the last three years of existence (e.g. Ibeh et al., 2018; Williams and Crook, 2021); and the ratio of foreign sales to total sales has to be significant (Berber et al., 2018). The last criterion can range from FS/TS at 20% to 75% (Knight and Cavusgil, 2004). Despite this disagreement, we used the widely accepted definition of a BG as a SME that internationalizes within three years and achieves an FS/TS of 25% during that period (Knight and Cavusgil, 2004). It is important to note that in order to be a BG company, must satisfy all of the criteria simultaneously (Berber et al., 2018).

The speed at which the internationalization process occurs is one of the primary differences between the gradual and BG models (Paul and Rosado-Serrano, 2019). Internationalization is considered as a stage in the company's life cycle by BG companies. In this way, they attempt to achieve sustainable performance without wasting resources from an early age (Knight and Cavusgil, 2004). To survive in an extremely competitive international market, these companies must be highly skilled at recognizing and capitalizing on all available opportunities (Nordman and Melén, 2008). These companies are sometimes linked to international entrepreneurship because they seek opportunities in the foreign market to achieve competitive advantages (P. McDougall and Oviatt, 2000).

A number of internal and external conditions were required for these businesses to emerge (Escandon-Barbosa et al., 2019). One of the most researched internal factors to explain these companies' accelerated entry into the international market is the entrepreneur's

experience and cognition (e.g. Phillips McDougall et al., 1994; Vlačić et al., 2022). What is argued is that the specific characteristics of the company's founder have a significant impact on its development, particularly in young businesses that internationalize incredibly early (Knight and Liesch, 2016). In terms of external conditions, we can once again point to globalization and technological advancements that have made entering the international market less difficult (Escandon-Barbosa et al., 2019). As advantageous factors for BGs, the emergence of market niches, improved access to financing, and ease of transfer of technological resources (P. P. McDougall e Oviatt 1996). In terms of knowledge, it became apparent that human resources were getting increasingly specialized (Escandon-Barbosa et al., 2019), as well as an internationalization of knowledge, which resulted in a demand for more specialized products (P. P. McDougall and Oviatt, 1996).

Given that niche markets are a target for BGs, it is vital that they offer specialized products/services and stay up to date on the latest innovations (Bell et al., 2003). They are typically found in technology-intensive industries due to their target audience (Paul and Rosado-Serrano, 2019). To meet the needs of the intended customers, the company must have knowledge of the tasks to be completed in addition to specialized systems (G. A. Knight and Liesch, 2016). Knowledge is a key concept to born global companies, Bell et al. (2003) categorizes them into two groups, knowledge-based and knowledge-intensive companies. To ensure competitive advantages, knowledge-based firms employ knowledge gained from its own experience as well as information transmitted by other parties, such as members of the business network (Bell et al., 2003). As a result, there is a set of information obtained both directly and indirectly that serves to develop company strategies. Information of the international market, international experience, and even more personal aspects such as managers' academic progress or cognitive type can all contribute to the process's success (e.g. Hughes et al., 2019; Knight and Cavusgil, 2004; Vlačić et al., 2022). On the other hand, knowledge-intensive companies invest in the development of new technologies and processes (Bell et al., 2003). This means that these businesses are pillars of new knowledge, which helps them increase their productivity.

Knowledge, according to this theory as well, is one of the most important aspects of a company's internationalization. For that reason, companies that develop new processes or technologies will have a unique and valuable resource that will accelerate the entire internationalization process (B. M. Oviatt and McDougall, 1994). Despite achieving significant competitive advantages, great risks can be associated with them. In general, knowledge-intensive businesses compete in high-tech environments with very high research

and development (R&D) costs, as well as highly complex products and processes that can become obsolete very quickly (Monferrer et al., 2015). For this reason, knowledge-based firms have a tendency to internationalize more quickly than the knowledge-intensive ones because of the time and investment made to keep up with the high levels of innovation (Bell et al., 2003).

As in the Uppsala Model, knowledge is an important factor for BGs. A company does not have to go to international markets to acquire knowledge. BGs that have a specific target market with specific needs end up investing in R&D to satisfy those needs. The more knowledge that is shared and developed, the better their chances of gaining a competitive advantage in an international market are. This factor is significant because recognizing these opportunities can ensure a faster speed throughout the internationalization process. The more competitive advantages a company has, the easier and faster it will be able to achieve certain objectives in the international market.

1.1.3. Born-again Global

We already examine one model that claims that companies go through a more gradual internationalization process and another that argues that internationalization is something innate to the company that occurs at a faster, almost instantaneous rate. However, the internationalization process does not have to be always incremental or always accelerated. Bell (1995) argues that internationalization is not linear and is influenced by a variety of factors. The company may go through various periods with varying speeds, thus, born-again global (BAG) framework first emerged in the late 1990s (Stieg et al., 2017).

Some companies are formed without a defined international strategy, and because the occurrence of an event, they end up accelerating their entry into and expansion into the international market (Bell et al., 2001). An investigation conducted by Bell et al. (2001) identified a group of companies that could not be classified as either a BG or a more traditional company. When it comes to the internationalization of businesses, BAG companies are a distinct type. These businesses begin their journey in a more traditional manner. They begin with a strategy entirely focused on the domestic market (Bell et al., 2003), without a perspective to enter a new market due to the high risks of a more accelerated strategy. The distinctive feature of these companies' internationalization is the result of a critical moment that causes a radical shift (Bell et al., 2003). That is, following a critical event, a company that was initially focused solely on the domestic market now has a strategy focused on the international market and the success of its internationalization.

This strategy adjustment is more reactive than proactive (Bell et al., 2003). This means that something happens that demands a paradigm shift, such as management changes or the acquisition of other companies (Bell et al., 2003). When faced with a critical moment of structural change, more 'traditional' companies experience exponential growth over the next 2-5 years (Bell et al., 2001). In some cases, the foreign return represents more than 50% of the total turnover (Bell et al., 2001).

A company can be classified as a BAG based on two criteria (Schueffel et al., 2014). In its early years, the company focuses on the domestic market only, occasionally exporting but never reaching an FS/TS of 25% (Schueffel et al., 2014). The other criterion is a significant change in the company's management. Following a critical situation, the company goes international and achieves an FS/TS value of at least 25% in just three years (Schueffel et al., 2014). Therefore, for a company to be considered a BAG type, it must have a domestic market strategy at the start of its life cycle, and, after a critical event, it must switch to an international market strategy and achieve values similar to a BG.

A critical incident, such as an acquisition, a change in management, or even customer follow-up, can change the company's direction (Bell et al., 2001). All of these examples of critical events can lead to the development of new processes, the use of more advanced technologies, and the development of more specialized products. In this way, a company that had a slower start can reformulate itself into one that internationalizes quickly. Their objectives are linked not only to the desire to gain a competitive advantage but also to the exploration of the new business network into which they are inserted (Bell, 2003). The pace of internationalization is quick, but it occurs in a later stage (Bell et al., 2001).

There has not been a lot of research done on BAG companies (Schueffel et al., 2014). Despite that, Bell et al. (2001) argues that BG firms are not a condition "per se", which implies that it can be employed by businesses as a strategy to generate value. This means that the global vision present in BG-type companies can be implemented in companies that previously did not prioritize it. Companies can still quickly internationalize even though they have spent years developing a domestic market-focused strategy (Schueffel et al., 2014). In the BAG theory, the speed of internationalization is slow and incremental in the first stage, similar to traditional theories, and fast in the subsequent stages, similar to BGs.

1.1.4. Network Theory

In the 1980s, a new approach to firm internationalization emerged, with a focus on business networks (Johanson and Mattsson, 1986). According to Forsgren (2002), one of the concerns that businesses should have regarding internationalization is the development of trustworthy connections with partners and customers. Markets can be thought of as complex business networks that are linked together (Johanson and Vahlne, 2009). So, the company must aim to enter one in order to successfully internationalize.

There are various paths to a position in a business network. Johanson and Mattsson (1986) identify three. By international extension, the company achieves new positions in various international business networks; by penetration, the company already has a position in the business network and seeks to expand it; and by international integration, the company improves the coordination of the various positions it already has. The company can also hold different positions within a business network. The *insider* is someone in a relevant position in the network, therefore, the company will be well established in the surrounding environment (Johanson and Vahlne, 2009). On the other hand, the *outsider* is a business that is struggling to expand and has little significance (Johanson and Vahlne, 2009).

There is interdependence among the actors in the business network. In this way, the degree of internationalization of the network into which a company is inserted will influence the company's internationalization process. In an international context, network theory assumes that a company's position in the business network determines its long-term strategic orientation (Neubert, 2022).

Johanson and Mattsson (2015) present four scenarios that can occur when these two factors are combined. The *Early Stage* occurs when the company does not have many relationships and those that it does have, are not particularly important (Johanson and Mattsson, 2015). Furthermore, the remaining members of the business network lack relevant relationships in the international market, limiting their knowledge of it. As a result, if the market chosen for the start of the internationalization process is very different from the domestic market, the company will struggle to adapt. If the foreign market is similar to the domestic market, the company will proceed to *Lonely International* (Johanson and Mattsson, 2015). At this point, the company has gained knowledge of the international environment and has established relationships with different national networks. This is significant because it is able to gain a competitive advantage and negotiate resources with other network elements. The *Late Starter* situation is identified when the company is not yet

internationalized, but its partners and suppliers are. The company is at a disadvantage in this case when compared to its main competitors (Johanson and Mattsson, 2015). This is because the firm will enter the international market at a later stage despite all the knowledge that has on it, which means the company will be unable to gain a competitive advantage. Nonetheless, the company has trusted relationships with actors in the international market, which puts it in a better position than Early Starter. Finally, there is *International Among Others*. Both the company and the business network have gone international, and knowledge has been shared, allowing for easier expansion and penetration into new markets (Johanson and Mattsson, 2015). However, there are drawbacks because interdependence is high, and making decision-making difficult.

As a result, this theory acknowledges that the company's internationalization process is influenced by the business network in which it is located. Trust breeds commitment, the desire to maintain a relationship and even make minor sacrifices for the sake of the other party. In this way, the company can accelerate its internationalization process. True, this trust is neither blind nor eternal, but there is a level of commitment that persists when there is a long-term interest (Johanson and Vahlne, 2009).

1.2. Speed of Internationalization

Although the study of speed of internationalization (SoI) is critical for businesses in better defining their strategies, the emphasis on studying the dimension of time in the internationalization process only began in the mid-1990s (Welch and Paavilainen-Mäntymäki, 2014). Speed and time are factors that can determine a company's survival and success in an international setting (Chetty et al., 2014). It is critical that these concepts be well defined and studied in a variety of ways. Despite the fact that many authors test SoI in various contexts (e.g. Casillas and Acedo, 2013; Cesinger et al., 2012; Chetty et al., 2014; García-García et al., 2017), they use different definitions of the variable. Thus, there is no agreement, and each investigation will produce results that differ from what could be the full reality.

Each company defines its international strategy based on its objectives, which can differ from one company to the next, for that reason, will opt for different internationalization models. Furthermore, companies with similar goals may differ in their capacity to achieve them, causing the SoI to differ from one company to the next. This means that SoI is a highly complex concept that is unique to each company, even if they share similar goals. To better understand the differences in speed that each company takes, Oviatt

and McDougall-Covin (2005) propose three fundamental aspects, the company's ability to detect opportunities; quick decision-making in order to take advantage of potential pioneering advantages; and commitment to the market. Knowledge is essential for the three fundamental aspects.

It is necessary to have some knowledge of the foreign market in order to make decisions which can improve their success rate (Chetty et al., 2014). In addition, many authors stress the importance of learning ability in achieving a faster rate of internationalization (e.g. Hutzschenreuter et al., 2016; Kang et al., 2022; Zhou and Wu, 2014). This happens because a company's ability to absorb information will help it adapt to new environments and optimize its ability to detect opportunities (Kang et al., 2022).

Therefore, knowledge can be acquired in two ways (Hutzschenreuter et al., 2016). Direct learning is done in the first person. Through personal experience and observation of the outcomes of actions taken (Hutzschenreuter et al., 2016) companies can identify certain patterns and actions that have positive outcomes, allowing them to gain valuable knowledge to their internationalization. Companies who plan to learn about the unknown through trial and error can expect their internationalization process to be slower. The stages of the entire internationalization process will take longer, and there may even be situations that are detrimental to the organization (Johanson and Vahlne, 1977). This means that the time required for a company to achieve a specific goal will be extended, and the time between objectives will also be longer. On the other hand, we have indirect learning, which is knowledge obtained through third parties (Hutzschenreuter et al., 2016). Suppliers, customers, and partners can share information that might benefit and speed up the company's internationalization process. Companies join a business network in order to share and acquire information and strengthen trusting relationships (Johanson and Vahlne, 2009). Furthermore, the interdependence and strong relationships formed between partners and customers (Hilmersson, Pourmand Hilmersson, et al., 2022) will reduce the risk of entering into new markets (Hutzschenreuter et al., 2016). This means that the company will be able to use the experience and knowledge of the other members of the network in the interest of achieving better results (Hutzschenreuter et al., 2016). There is a need to completely comprehend how to balance the opportunities that a company identifies with the resources that it has available (Chetty et al., 2014).

The way in which the company acquires the necessary knowledge for its internationalization strategy may be one of the factors influencing the overall speed of the

internationalization process. Although knowledge plays a vital part in SoI, it does not define it.

1.2.1. Defining and measuring the SoI

As previously mentioned, there are many approaches to define and measure the speed of internationalization. Some are more simplistic (Vlačić et al., 2022) and others focus only on one of the aspects of internationalization (Batsakis et al., 2021).

Acedo and Jones (2007) define SoI as the time between the creation of the company and its first operation abroad. That is, how long it took the company to enter the international market since its inception (Cesinger et al., 2012). In this way, the speed at which a certain company has internationalized is achieved by subtracting the year of its creation from the year in which the first activity abroad was carried out (e.g. Hsieh et al. 2019; Vlačić et al., 2022). This definition is widely criticized for its overly simplistic approach to internationalization (e.g. Chetty et al., 2014; Cheng et al., 2020). It sees this concept as nothing more than companies succeeding in entering the international market while ignoring their progress outside of national borders and their longevity. They end up studying internationalization as one-dimensional (Chetty et al., 2014), which is not accurate. Internationalization can be studied in multiple terms, for example, of international intensity (Batsakis et al., 2021), international diversity (Hilmersson, Schweizer, et al., 2022), or even distance covered (Pacheco, 2019). It means, therefore, that this definition and measure do not represent the complete reality of an internationalization process.

Another way of determining SoI is to use the average rate of global expansion (e.g. Batsakis et al., 2021; Chetty et al., 2014). The speed of expansion can be measured with the number of subsidiaries (Chetty et al., 2014), as it can be a way of perceiving how many operations the company has running simultaneously in various external environments. It is determined by dividing the number of subsidiaries by the number of years after the initial expansion (e.g. Chetty et al., 2014; Hilmersson et al., 2017). Speed of international expansion can also be assess dividing the number of countries registered by the time since the first sale abroad (Hilmersson, Schweizer, et al., 2022), or it could be projected as the yearly average of new markets entered since the company's founding, along with the average rate at which international sales activities have grown in scope over time (Hilmersson, Pourmand Hilmersson, et al., 2022). In this way, the geographic diversity of a company can be observed.

In the existing literature, SoI is defined not only by the number of subsidiaries and markets, but also by a more financial approach, such as the use of foreign direct investment (FDI) (García-García et al., 2017). It can be measured "[...] as the cumulative number of new countries that the firm has entered through FDI as of a given year divided by the number of years elapsed since it entered the first foreign country." (García-García et al., 2017, p. 97).

The value of business networks in terms of internationalization speed can also be highlighted in some approaches (e.g. Hilmersson, Schweizer, et al., 2022; Neubert, 2022). By leveraging the expertise of network partners, the firm can overcome some of the challenges posed by the uncharted. Therefore, the moment it joins the network can be crucial (Hilmersson, Schweizer, et al., 2022). Timing of entry can be measured "[...] by subtracting the year an SME had its first sales in the network opened from the year the foreign network was for international trade [...]" (Hilmersson, Schweizer, et al., 2022, p. 2). In this case, international behaviour will be dictated by the network into which it is introduced. So, the SoI will be higher if there is a stronger relationship with the network.

In all of these ways of approaching the subject, the definition of speed is forgotten. The two most important dimensions for determining speed, distance and time, are completely overlooked (Casillas and Acedo, 2013). Speed, in terms of pure physics, "[...] refers to an object's change of position or its movement. Speed includes the time it takes to travel a specific distance." (Chetty et al., 2014, p. 634). Thus, all the authors mentioned above failed to capture the evolution of internationalization over time.

The concept of SoI is so complex and open to so much debate in academia that authors may use the same metrics for different concepts or different measures for the same concept (Hilmersson et al., 2017). Given that there is no agreement on the definition of SoI or the dimensions that comprise it, finding a measure that fits the reality of an internationalization process becomes more difficult. In order to respect the concept of speed and, likewise, the evolutionary process of internationalization, we adopted the definition of Casillas and Acedo (2013). We use the definition that physics provides for speed, that is, the distance travelled, and the time required to travel it (Chetty et al., 2014). However, we adapted this definition to the internationalization process, so that instead of using distances we use predefined goals (Casillas and Acedo, 2013). Therefore, we consider SoI "[...]" as a relationship between time and a company's international events, which involves identifying 'milestones' [...]" (Casillas and Acedo, 2013, p. 16). Not only is the time dimension displayed, but so are the various objectives that might be defined based on the company's vision. We noticed that each of the measures presented above chooses a different critical

point. That is, it sometimes considers the company's age when it first entered the international market (Acedo and Jones, 2007), and other times it uses subsidiaries (Chetty et al., 2014) as a focal point or even ways of investing (García-García et al., 2017). As a result, we recognize that the internationalization process has multiple phases, each of which plays an important role in its evolution. For this reason, we cannot dismiss any of them when analysing the SoI that concerns the entire process rather than just parts of it.

1.2.2. Identifying “milestones”

To recognise the two dimensions of time and distance (Casillas and Acedo, 2013), it is necessary to understand which "times" and "moments" to analyse.

Jones and Coviello (2005) argue that time is a key dimension to take into account when analysing the internationalization process. It should be noted that time is critical throughout all internationalization process, not just in specific events. Internationalization is a series of "moments" with distinct rhythms. As mentioned, the internationalization process goes beyond the stage that the company choose when and where to go abroad. There are numerous additional stages that can be reached. In this way, the distance dimension in the SoI assessment can take place at various events in the process. Depending on the "moment" selected to the analyse, a more pronounced change may or may not be observed. That being said, each one will have its own time associated (Jones and Coviello, 2005). We can analyse a shorter period of the internationalization process and draw conclusions about what was successful or not by using each specific moment to be reached as an object of study (Casillas and Acedo, 2013). However, we also can draw conclusions about the evolution of the internationalization process by analysing multiple moments over a longer period of time (Casillas and Acedo, 2013).

Following that, we can encounter various speeds during the same process of an organization's internationalization (Casillas and Acedo, 2013). For example, "[...] (1) the speed of the growth in a firm's international commercial intensity; (2) the speed of its increase in commitment of resources abroad; and (3) the speed of the change in breadth of its international markets." (Casillas and Acedo, 2013, p. 19). Therefore, we can assume different measures and indicators, such as increased international sales or a diverse range of countries and cultural distances (diversity), to analyse a firm's internationalization process (Pacheco, 2019).

Since internationalization is a process with multiple decisions and phases, two distinct periods can be identified (Prashantham and Young, 2011). The first period relates to

the year of the company's creation until its first activity abroad (entry speed) (Casillas and Acedo, 2013). The second is referred to as the post-entry period (Prashantham and Young, 2011) and is concerned to the time since the first activity abroad to subsequent ones (Casillas and Acedo, 2013). In the post-entry period, companies typically have two main goals. They are the ability to extend to culturally more distant areas and the ability to increase their foreign sales (B. Oviatt and McDougall-Covin, 2005).

To evaluate the SoI while taking into account the various objectives that may exist both before and after the entry into the international market, we consider the following line of thought,

First, there is the time between the discovery or enactment of an opportunity and its first foreign market entry. Second, [...] how rapidly do entries into foreign markets accumulate and how rapidly are countries entered that are psychically distant from the entrepreneur's home country? Third, [...] how quickly does the percentage of foreign revenue increase? (Oviatt and McDougall-Covin, 2005, p. 541)

These suggestions allowed us to distinguish between three different types of *milestones*, entering the international market, achieving geographic diversity, and achieving a certain percentage of sales in the international market. With these goals set we can reach three different types of speed: entry speed, scope speed, and scale speed, respectively.

Entry speed

Entry speed illustrates how long it takes for a company to discover an opportunity abroad (Oviatt and McDougall-Covin, 2005). Is determined as the number of years from its inception to its first activity in a foreign market (Williams and Crook, 2021). Those who expand internationally within 0 until 3 years after their creation are, usually, considered young and have a rapid internationalization process (e.g. Autio et al., 2000; Kuivalainen et al., 2007; Williams and Crook, 2021). Although this time interval is utilized by various authors, others prolong it slightly (Freixanet and Renart, 2020). Those that need 3 to 7 years to establish themselves in the foreign market are classified as intermediate (Williams and Crook, 2021). As a result, firms who opt to enter new markets after 7 or more years are labelled as having a late internationalization (Williams and Crook, 2021).

Scope speed

When we talk about the scope speed in this investigation, we are referring to the speed of international expansion. Scope speed is related to the time it takes a firm to have activities in a certain number of locations (Casillas and Acedo, 2013). This metric is

important for determining the SoI since the diversity and cultural distance of foreign markets can be used to evaluate the firm's internationalization process (Casillas and Acedo, 2013).

The method by which this variable is measured has generated some debate in the academic community. It can be measured using group of countries/markets by region (Patel et al., 2016) or based on the number of countries in which the company operates (Wu and Zhou, 2018). We may fail to assess the diversity of a firm's geographic scope if we solely use the number of countries in which the company operates (Qian et al., 2008). This is due to the fact that we can be analysing a company that only operate in countries within the same region, and a region is "[...] characterized by similarities in culture, customer needs, regulatory environment, and the level of social and economic development." (Cerrato et al., 2016, p. 288). Now, if we only use countries to assess the geographic diversity of the company, we may be analysing culturally similar locations without a representation of diversity. To fully comprehend the breadth of a company's operations, the number of countries and regions in which it operates must be considered.

Scale speed

Last, we took into account the volume of international sales that we classified as scale speed. The scale speed refers to the development of sales that a company may get from foreign markets. This dimension evaluates the depth of internationalization and the company's dependence on international markets (Cerrato and Fernhaber, 2018).

The ratio of foreign sales by total sales can be used to evaluate a company's international intensity (Casillas and Acedo, 2013). Apart from being used in this study to assess one of the companies' goals, this metric can also be used as a requirement for identifying specific companies (Cerrato and Fernhaber, 2018). Companies can be identified as BG when 25% of their total sales come from abroad and they go global within 3 years of being founded (Kuivalainen et al., 2007). Although this value is the most recurrently used, others may consider a different value (MorganThomas, 2009). Zahra et al. (2000) considers that if a company reaches 5% of international sales is a good indicator of rapid growth. However, this may not be significative in the overall business. Hence, Rennie (1993) argued that on the total sales, 75% should be from international sales.

1.3. Firm Performance

There are multiple ways to assess a company's performance (Gerschewski and Xiao, 2015). According to Cheng et al. (2020), one measure to assess the success of the international process's speed is the firm's performance and it can evaluate performance based on the success of its export activities, international sales, and profitability. Performance is a complex concept with heterogeneous definitions (Cabral et al., 2020).

The performance of businesses has always been an important subject of study, and with the globalization of the world, its emphasis has increased (Zahoor and Lew, 2022). With stronger competition in the market, it is critical for managers to have a set of metrics to assess company performance. However, the measures to be used are extremely diverse, and there is a lack of consistency in how to approach the concept of performance (Singh et al., 2016).

Since the 1950s, the concept of performance has been evolving (Taouab and Issor, 2019). Performance "[...] may be abstract, or general, less or clearly defined." (Taouab and Issor, 2019, p. 94), and may differ in measurement method depending on the situation on which managers are interested in. Overall, performance "[...] can mean anything from efficiency to robustness or resistance or return on investment, or plenty of other definitions never fully specified [...]" (Lebas, 1995, p. 23) can be evaluated as a combination of aspects "[...] such as piloting, evaluation, efficiency, effectiveness, and quality." (Taouab and Issor, 2019, p. 96). Once again, it is clear that evaluating the company's performance can be done on a single or multiple levels. This indicates that not only financial performance, but also non-financial performance must be studied (Hult et al., 2008).

Multiple indicators can be used to obtain the information needed to evaluate the firm's performance (Hult et al., 2008). If the financial performance is the one to be assess, indicators, such as profit (Powell, 2014) are used. However, if the behavioural and organizational components are the primary focus for evaluating performance, indicators such as employee satisfaction and adaptation to the unfamiliar environment (Hansen and Wernerfelt, 1989) will be regarded. Furthermore, different measures can be used and discarded within the same performance dimension to be evaluated. While some authors, such as García-García et al. (2017), believe that sales should not be used as an indicator because it only displays short-term performance others, such as Cheng et al. (2020), believe that this parameter can be used to determine a company's performance level. Of course, there may be cases where company performance can be assessed using a single dimension (Hanse and

Wernerfelt, 1989). However, it is recommended that multiple dimensions and measures be used to derive a clear assessment of the company's state (e.g. Diamantopoulos and Kakkos, 2007; Hult et al., 2008). Furthermore, like SoI, performance is a multidimensional concept; when we consider only one dimension, we ignore this aspect.

Performance, as expressed above, refers to a group of items that evaluate the state of the firm. Each dimension of performance will have its own set of indicators. As a result, its evaluation will need to be categorized into sections that represent the different objectives of each company (Gerschewski and Xiao, 2015). We can then differentiate between financial performance, operational performance, and overall effectiveness (Hult et al., 2008). While financial performance can be measured using return on assets (ROA), profit and earnings per share (Ramzan et al., 2021); overall effectiveness can be measured by the company's reputation and survival (Hult et al., 2008). And they all have different indicators, for example,

Financial performance centers on outcome-based indicators assumed to reflect economic goals, inclusive of accounting-based and market-based metrics [...] Operational performance includes both product-market outcomes (including market share, efficiency, new product introduction and innovation, and product/service quality) and internal process outcomes (productivity, employee retention and satisfaction, and cycle time). [...] overall effectiveness reflects a wider conceptualization of performance, and includes reputation, survival [...] (Hult et al., 2008, p. 1066).

Lamb et al. (2022) identifies several approaches to select performance measures. Companies are able to choose between financial and non-financial measures, quantitative and qualitative measures, objective and subjective measures. It is well known that there is no agreement on the proper parameters for classifying a company's performance (Jiang et al., 2020). Regardless of this dispute, the goal of these measurements is to attempt to assess the efficiency and effectiveness of the outcomes of the choices taken (Franco-Santos et al., 2007). Knowing the company's performance levels, in this way, helps managers understand which activities are meeting previously defined objectives and which require improvement (Lebas, 1995).

1.3.1. International Firm Performance

One of the advantages of internationalization is that it makes firms more efficient (Loecker and Goldberg, 2014). Understanding how companies with operations in various parts of the world measure their performance levels appears to be an important topic for determining which strategies to employ (Taouab and Issor, 2019). According to Zahoor and

Lew (2022), a company's international performance evaluates its success in foreign markets. This success can be assessed “[...] as the extent to which financial and other goals are achieved as a function of business strategies.” (Knight and Cavusgil, 2004, p. 129).

First, we must address the debate over the use of objective and subjective measures in performance evaluation (Lamb et al., 2022). In terms of measuring firm performance, it should be highlighted that the existing literature is distinguished by the prevalence of research that employ subjective measures rather than objective ones (Singh et al., 2016). There is no agreement on which measure best shows the level of performance. If we only use one type of measure, whether objective or subjective, we risk not being able to obtain meaningful answers (Hult et al, 2008) because the study may involve viability risks.

Another issue with taking full advantage objective measurements is that certain data can only be obtained through interviews/surveys with CEOs or managers. In the case of evaluating the financial performance of SMEs, these values are not publicly exposed, requiring the managers' consent to access the necessary information (Lamb et al., 2022). This has been identified as a barrier because the data can be manipulated or denied by the respondents (Hult et al., 2008). In addition to the consent issue, we can encounter difficulty obtaining information from companies that have operations in multiple locations. This issue can be explained by a lack of disclosure or to the difficulty of comparing different types of financial reports from different companies and locations (Singh et al., 2016). Thus, if the survey is conducted objectively, respondents may be hesitant to provide information on more sensitive topics (Cabral et al., 2020). Objective measures are difficult to obtain (González-Benito and González-Benito, 2005) from SMEs and when the instrument of data collection is interviews or surveys. However, if this is provided in a more subjective manner, with the answer presented on a scale, for example, they may be more willing to release it (Cabral et al., 2020).

Moreover, subjective measurements can help with the evaluation of more complex performance metrics, such as the evaluation of employee satisfaction (González-Benito and González-Benito, 2005). Managers frequently use subjective measures to assess company performance because they allow for comparisons between companies and different contexts (Siti Nur 'Atikah Zulkiffli and Nelson Perera, 2011), overcoming the issue of companies with a diverse geographical scope. Neither subjective nor objective measures can assess the totality of a company's international performance. The use of both types of indicators allows firms with different aims to be compared (Hult et al., 2008). The use of subjective measures overcomes the difficulties of obtaining specific information, allowing for a more accurate

representation of the company's situation, making them highly valued and considered as dependable (Singh et al., 2016).

One of the examples given to expose the variety of performance's indicators is the evolution of capabilities gained via experience (Jie et al., 2021). To have an impact on a company's international performance, a capability must be transferrable from one market to another (Teece et al., 1997). That is, it must be able to adapt and evolve in response to its environment. Marketing skills are one of those that have received the most attention from academics (Jie et al., 2021). When a company enters a foreign market, it must be quick to spot opportunities and readily able to transfer its capabilities in order to make them a competitive edge. We can identify a set of crucial variables for successful internationalization contained within marketing capacities. That can be "[...] network capabilities, outside-in capabilities, inside-out capabilities and spanning capabilities." (Blesa and Ripollés, 2008, p. 660). Therefore, questions about new relationships, the effectiveness of human resource management, or the creation of a high-quality service for the end user can be used to evaluate the transfer of marketing capabilities and what they represent for international performance (Blesa and Ripollés, 2008). This example illustrates how some aspects of the business can be evaluated more subjectively than others. In this manner, supervisors' perceptions of each department's execution are put to use (Blesa and Ripollés, 2008).

Concerning the debate over the use of quantitative and qualitative indicators, "[...] when it is not possible to apply the two assessments together, it is up to the managers responsible for such evaluations to identify the type of evaluation to be used in accordance with the objectives [...]" (Macchi Silva and Ribeiro, 2021, p. 1474). However, self-reported measures usually are bias (Cabral et al., 2020). Both qualitative and quantitative data have benefits and drawbacks. However, when analysing qualitative data, more time is required than when analysing quantitative data (Macchi Silva and Ribeiro, 2021).

1.3.2. Performance Dimensions

In this approach, we embrace the concept of performance's multidimensionality, as it can be related to a diverse range of goals. Furthermore, each organization has its own goals (Knight and Cavusgil, 2004) that may necessitate indicators that differ significantly from those used for economic goals. As a result, we employ Hult et al. (2008) perspective, according to which the study of a company's international performance may be evaluated

using the financial, operational, and overall efficacy dimensions. We are able to capture both financial and strategic goals in this manner (Cabral et al., 2020).

One practice to keep investors and stakeholders informed about the company's status is to present the profit and expense report on a constant schedule. The *financial performance* can be evaluated using market-based metrics, accounting metrics like ROA, or even sales growth (Pacheco, 2019). It is believed that these measures allow for the identification of goals and their progress toward its accomplishment (Kopecká, 2018). Although these are objective metrics, they can be made subjective so that the respondent feels more at ease providing this information (Sousa, 2004). As with financial indications, a scale of five or seven points can be presented (Sousa, 2004). The respondent may be more comfortable answering if the question just asks them to rank their level of satisfaction in respect to objective values.

Operational performance is also an important component to research because it can be measured using internal and external indicators (Hult et al., 2008). If the company has high levels of operational performance, it will be able to increase distribution capacity and manufacture higher-quality items (Truong et al., 2017). Thus, external measures such as the innovation factor, that can be measure as the number of times a new product/service is introduced (Donbesuur et al., 2020) or market share may be used (Hult et al., 2008). Although we are evaluating the company's performance in an international context, we cannot simply look at its external situation. For the final performance evaluation, it is also necessary to evaluate the company's internal environment. It should be mentioned that if the operational performance is high, it is predicted that there are success factors for a greater financial return would be found (Hult et al., 2008). In this way, indicators such as leadership satisfaction or human resource management are applied (Samson and Terziovski, 1999).

Finally, the manager's perspective must be used in order to comprehend the firm's *overall performance*. We can consider how the company's performance stacks up against those of its main competitors and how satisfied managers are with the result (Cabral, 2020). This allows us to gain a broad understanding of the company's performance, and yet depending on the time frame used for the analysis, we can also gain historical perspective (Cabral, 2020). Which allows us to determine whether the company's performance has improved or not.

1.4. Control variables

Control variables are an important concept in business studies. They support researchers in isolating the effects of the independent variable on the dependent variable and ensuring that the study's results are valid and reliable (Nielsen and Raswant, 2018). Researchers can more accurately determine the relationship between variables of interest by holding certain variables constant.

Researchers typically review the literature to determine which control variables are used for which models (Curado et al., 2023). The control variables will vary depending on the object of study. Control variables such as manager age, gender, or even the type of education they received are used in leadership studies (Bernerth et al., 2017). In several management domains, such as organizational behaviour, entrepreneurship, and marketing, more generalized control variables such as company size, age, and industry are also used (Curado et al., 2023).

2. Hypotheses Development

2.1. Entry Speed and Performance

The speed with which a company enters a foreign market is an issue that has sparked discussion over its benefits and liabilities (e.g. Autio et al., 2000; Williams and Crook, 2021). The time it takes to enter a foreign market is critical since younger enterprises can learn faster and increase their strategic resources (e.g. Mohr and Batsakis, 2017; Hilmersson, Pourmand Hilmersson, et al., 2022) if it happens at a faster pace. For instance, Zhou et al. (2012) argues that early internationalization can improve performance, particularly organizational performance. According to their point of view, the age at which a company internationalizes is related to the improvement of its operational capabilities, particularly marketing capabilities. Organizational performance is critical, with financial and non-financial indicators, and is viewed as the pivot point for a company's survival (Singh et al., 2016).

Knowledge is a fundamental aspect to the internationalization process (e.g. Autio et al., 2000; Johanson and Vahlne, 1977). The ability of the organization to learn new routines and specifics of each new market may explain why companies with homogeneous strategies have diverse performance outcomes (Kang et al., 2022). For the adaptation to the new environment to be successful “[...] firms have to learn how to combine their own knowledge base with additional knowledge gathered from foreign markets that could eventually be transferred to other countries.” (García-García et al., 2017, p. 98). Companies that internationalize earlier have the ability to use the learning advantage of newness (LAN) (Autio et al., 2000). Younger businesses have little or no established routines and don't have a propensity to how they should operate in particular situations (Kang et al., 2022), which means that they can fully benefit from LAN. Huang et al. (2020) identified three major learning advantages that companies that internationalize at a younger stage can have over those that internationalize at a later stage.

The first one is “[...] cognitive advantage [...]” (Huang et al., 2020, p. 300). The first advantage has a connection with inexperience, which can be seen as leveraged. Although contradictory, a very young company's lack of experience without domestic market routines can have a positive impact when expanding abroad. Companies that go international at a later stage in their life cycle bring with them years of experience, routines, and presumptions (Pacheco, 2019). When these companies enter the international market, they may encounter difficulties. Although they know what awaits them and how to overcome

certain challenges in the domestic market, the same strategies may not work in the international market (e.g. Hilmersson, Pourmand Hilmersson, et al., 2022; Vlačić et al., 2022). Older companies suffer from a dearth of adaptability because they lack a competitive advantage that distinguishes them from their main competitors and little flexible routine for changes (Hilmersson, Pourmand Hilmersson, et al., 2022). These specific difficulties are not as noticeable in more recent businesses. They find it easier to absorb all of the knowledge that outside influence gives them because they have almost no routine or presuppositions about how problems should be solved, or opinions formed about what is effective or not (Kang et al., 2022). Furthermore, newer businesses do not have to waste time ‘letting go’ of outdated knowledge and learning new one (Hilmersson, Pourmand Hilmersson, et al., 2022). Companies that internationalize at a younger age are able to overcome constraints more easily due to their learning flexibility and, consequently, can have an entrepreneurial edge by focusing on operational competencies (such as marketing) and therefore boosting their performance (Zhou et al., 2012). It is essential to keep in mind that this is not a rule. Neither a firm that internationalizes faster assures a good performance by gaining a pioneering advantage, nor a firm with a lower SoI is unable to gain an advantage (Mohr and Batsakis, 2017).

Indeed, some authors warn that the inexperience of newer businesses may negatively impact them by incurring additional costs (e.g. Williams and Crook, 2021; Zhou and Wu, 2014). However, the same thing happens when older companies enter the international market (Pacheco, 2019). Thus, while we acknowledge that newer companies may incur additional costs (Hilmersson, Pourmand Hilmersson, et al., 2022), companies that internationalize later tend to spend resources on releasing up space to create new routines, which also incur high costs, lowering their level of performance (Zhou and Wu, 2014). Pacheco (2019) states that the best way for companies to maximize their performance is to go international when they have a more structural understanding of how to commit their resources without incurring additional costs. They must have a certain amount of experience in order to recognize opportunities faster, but they must also have the ability to learn new skills and routines.

The “[...] political and relationship advantage [...]” (Huang et al., 2020, p. 300) is, also, important. Governments devise strategies to attract new businesses (Zheng and Warner, 2010). These incentives can be very important for small businesses trying to succeed in the external environment. Furthermore, governments can assist these companies in developing capabilities that the business network may not be able to support as much (Jeong et al.,

2019). Companies that expand into the international market are less likely to form trusting relationships with domestic partners. Because they have little contact with domestic partners, they can devote more time and resources to international market partnerships (Huang et al., 2020) that will assist them in overcoming challenges abroad. Hence, we can agree that the company should, in fact, begin their operations abroad rapidly, or enter a business network more quickly to increase their performance. Companies in a more diverse business network can evaluate the various information sources available to them and select the most appropriate one for their strategies, whereas in a longer relationship with domestic partners, a younger company may succumb to the knowledge of the more experienced companies (Huang et al., 2020).

Last one is “[...] imprinting advantage [...]” (Huang et al., 2020, p. 300). Firms that internationalize at a younger age will sense a greater effort to learn more and prioritize the foreign market (Huang et al., 2020). The competitiveness and intensity of the market are two factors that impact this drive to gain more knowledge and remain constantly innovative (Adomako et al., 2021). Managers will strengthen their decision-making and market exploration capabilities in order to remain relevant in the market in which they compete, and so performance will improve (Adomako et al., 2021).

It is clear that businesses with a higher entry speed have more opportunities to gain a competitive advantage and, respectively, improve their performance. Thus, we present our first hypothesis,

H1: “There is a direct positive relationship between the firm’s international entry speed and firm’s international performance.”

2.2. Entry Speed and Scope Speed

Entering a foreign market has several other benefits that are not simply tied to learning. By entering the foreign market sooner, the entire process and operations in the foreign market move at a faster pace (Williams and Crook, 2021). Zahra et al. (2000) admit that the company's survival will improve if it internationalizes sooner. This occurs for a variety of reasons that may have an impact on future performance levels (e.g. Batsakis et al., 2021; Mohr and Batsakis, 2017; Wu and Zhou, 2018). One of them is the company's capacity to expand more rapidly to new locations (Sleuwaegen and Onkelinx, 2014). In this situation, diversification allows them to develop a reputation and image for new clients, enhancing their chances of survival (Wu and Zhou, 2018). It is critical that a company that internationalizes early expands across many markets; otherwise, it risks missing out on

multiple chances (Freixanet and Renart, 2020). Companies that enter international markets earlier tend to have a goal of increasing their geographic diversity (Wu and Zhou, 2018).

Regardless of the benefits, geographical diversity also can raise the risk of the internationalization process. For starters, more sales points will result in greater logistical and transportation costs (Freixanet and Renart, 2020). Companies with sales points in multiple countries will face more bureaucracies and different political contexts. The help of business networks is one of the methods that small businesses who go international early discover to overcome the higher risks of geographic diversity (Nordman and Melén, 2008). The company will need more organizational capacity to keep up with all of the nuances of each external environment (Freixanet and Renart, 2020) and this task can be assisted by business network partners.

As was already mentioned, the current state of the globalized world makes entering business networks easier. Because these young companies lack specific expertise of the host country, it is vital to develop personal relationships with partners who can assist them in filling this gap. Assuming that businesses that internationalize more quickly have more sales points in very diverse markets, it should be highlighted that these businesses will also have more connections (Nordman and Melén, 2008). They will gain valuable market knowledge and improve their decision-making skills as a result of these relationships.

The potential to gain more opportunities will benefit from this diversity (García-García et al., 2017). The breadth will grow more rapidly, bringing with it additional opportunities (Mohr and Batsakis, 2017). It is argued that the sooner a firm joins the international market, the more quickly business networks with diverse backgrounds will be established. This will allow for increased sharing of expertise from various external contexts, speeding up the company's international expansion.

For these reasons, we argue that,

H2: “There is a direct positive relationship between firm’s international entry speed and firm’s international scope speed.”

2.3. Scope speed and Performance

Following the initial entry into a foreign market, two elements must be considered in order to measure the success of internationalization, they are the geographic scope and international commitment (Prashantham and Young, 2011). It is insufficient to simply begin expanding into new territory if there is no capacity to enhance understanding of the market and its potential.

A company that internationalizes at a younger age has the potential to expand more quickly and, consequently, makes better use of the pioneering advantage (Williams and Crook, 2021). By entering the foreign market sooner, the company may be able to offer something new to the market and eventually more easily capture the consumer's attention (Hilmersson, Pourmand Hilmersson, et al., 2022). This aspect of market novelty benefits the company's performance because it differentiates it from other competitors. Although this move provides a significant competitive advantage, it is also necessary to have the ability to absorb crucial information and adapt to the new environment in order for the firm to survive abroad (Kang et al., 2022).

As previously said, as globalization becomes more prevalent in society, markets grow more homogenized. Therefore, the divergences and particularities that could differentiate the internal market from the external market tend to shrink (Hilmersson et al., 2017). Despite this, there are still dangers connected to rapid international expansion. As a process with numerous decisions from various areas being made at the same time, we know that rushing one of them might be detrimental to the company's survival (Batsakis et al., 2021). This rush to enter into various markets at the same time can make the transfer process of firms' operations difficult. For example, a firm that decides to do the initial sale in a culturally distant country without any support of a network may be increasing the risk that it could prevent (Wu and Zhou, 2018).

Relatively young businesses rapidly expanding into diverse cultural contexts may face high managerial costs (Kang et al., 2022). More subsidiaries mean more operations to monitor and communicate with, which can be difficult. On the other hand, it can be argued that firms that choose to enter multiple markets at the same time create more opportunities (Mohr and Batsakis, 2017). Geographic diversity gives the company a competitive advantage over its rivals. In a wider scope, there is the possibility of exploiting the advantage of novelty in various contexts, as well as allowing businesses to explore their most valuable strategic resources (Mohr and Batsakis, 2017). Being present in several areas allows the organization to shape its strategies from multiple angles while also obtaining new opportunities and resources rather than relying on a restricted geographic reach (Preece et al., 1999).

While rapid international expansion can have a negative impact on performance, we argue that the broader the geographic reach, the greater the odds of survival.

The commitment made in each market can alleviate this side-effect of multiple operations in different locations at the same time (Batsakis et al., 2021). Companies'

internationalization strategies would have to be merged. That is, there must be a collaborative effort between change and stability (Johanson and Vahlne, 1977). A period of time is essential in order for the assimilation of the necessary knowledge of each market to be kept in the long term and, eventually, supply information that helps the firm grow into new markets (Wu and Zhou, 2018). By doing this, the business manages to learn important lessons that it can use as it broadens its geographic reach while still maintaining its flexibility and capability to adapt to new situations (Batsakis et al., 2021). While there is a concerted effort to seek out new opportunities in distant markets, there is also a higher learning cost (Wu and Zhou, 2018). The company's multiple capabilities, such as innovation or human resource management, will improve if it invests time and resources in the markets where it penetrates. We already know that capabilities like these may be used to determine whether a firm is performing well; hence, by combining rapid international expansion with high market penetration and commitment, the company will achieve better levels of performance (Batsakis et al., 2021).

When the organization extends into new environments, it will develop new routines to deal with uncertainty and overcome obstacles (Freixanet and Renart, 2020). Companies that expand across borders are able to spread expenses across countries, standardize products, make the production process more efficient, and coordinate resources for better use (Hitt et al., 1997). These opportunities will increase financial indicators of performance. An organization's business network will grow in proportion to its global reach, making it easier for it to acquire new knowledge (Hutzschenreuter et al., 2016). They will also be able to innovate longer to satisfy customer needs and outperform competitors (Hilmersson, Pourmand Hilmersson, et al., 2022).

With these, we can present our fourth hypothesis,

H3: “There is a direct positive relationship between firm’s international scope speed and firm’s international performance.”

2.4. Entry Speed and Scale Speed

When we examine firm’s international sales, we can observe the impact of the company's early entry into the overseas market. Although a company that internationalizes earlier may be perceived as unduly ambitious in the context of the environment's instability, this decision may boost its odds of survival and, with it, its prospects for significant gains (Autio et al., 2000). Companies that are not market leaders in their own country look for

alternative methods to succeed (Powell, 2014). As a result, they end up going to foreign markets extremely early in order to extract gains and ensure their survival.

Companies that internationalize at a younger age have a higher proclivity for growth (Autio et al., 2000). This means that when they are young, they will acquire an international identity (Autio et al., 2000) and be more willing to adapt to different situations and obstacles (Vlačić et al., 2022). Wu and Zhou (2018) report that actions done while the company is still in development will have an impact on future decisions. This means that companies that adopt business expansion strategies early in their life cycle are more likely to identify opportunities that increase the volume of their business. If the company decides to begin its international operations sooner this first sale will have an impact on the profitability growth plan (Autio et al., 2000).

Another link that exists between firm's international entry speed and firm's international scale speed is related to one of the essential factors of the internationalization process, knowledge. In addition to allowing for earlier and faster internationalization, knowledge intensity enables for greater growth in international sales (Morgan-Thomas and Jones, 2009). Knowledge intensity is defined " [...] as the extent to which a firm depends on the knowledge inherent in its activities and outputs as a source of competitive advantage [...]" (Autio et al., 2000, p. 913). This skill enables businesses to more readily convert and produce new knowledge (Morgan-Thomas and Jones, 2009) in order to remain inventive and competitive, hence increasing profits. One of the factors that can contribute to the success of an early internationalization is the company's focus on a niche market (Bell et al., 2003). Thus, if the company is the first to enter this type of market, it can collect high profits with an innovative strategy and agility in recognizing chances in the demands of these niches.

With an early internationalization, the firm will have a proclivity and desire to expand into new markets, which results in higher levels of foreign sales and a closer relationship with foreign markets (Baum et al., 2011). For these, we present our next hypothesis,

H4: "There is a direct and positive relationship between firm's international entry speed and firm's international scale speed"

The earlier the company enters the international market, the sooner it will achieve its international sales goal. In turn, the company's achievement of a significant proportion of international sales relative to total sales will have a positive impact on the relationship between firm's international entry speed and level of performance. The company's earlier

entry into the international market will allow it to identify more competitive advantages (Chetty et al., 2014). For instance, if the company has enough resources to benefit from these advantages at the same time, it will improve its performance. Firms can use the same resources from international sales to innovate their products (Hilmersson, Pourmand Hilmersson, et al., 2022) or hire specialized employees (Bell et al., 2003), for example.

H4a: “The relationship between firm’s international entry speed and firm’s international performance is positively mediated by firm’s international scale speed.”

2.5. Scope Speed and Scale Speed

There are differing views on whether rapid expansion is helpful to business success. Due to the decision of the first location to begin the internationalization process (Wu and Zhou, 2018) or the complexity of the interaction between subsidiaries (Kang et al., 2022) a faster approach can have severe repercussions. Batsakis et al. (2021) claims that when combined with an in-depth market involvement strategy, the negative consequences shown by other authors can be reversed. Resources committed to market adaptation will produce new resources that can be distributed to other areas. As a result, it is acceptable to state that a corporation must consider not just taking advantage of LAN when expanding to new markets, but also improving and specializing current capabilities. We can witness an increase in financial performance by using a broad geographic scope and a depth strategy in each environment (Batsakis et al., 2021). Companies that can adapt to their external environment by developing their processes and tools to absorb the information that surrounds them and incorporate it into tacit and explicit knowledge can enhance their profit (Etgar and Rachman-Moore, 2008). Companies can only benefit fully from new markets if they invest in each one of them, rather than simply growing and reaching the greatest number of markets without truly benefiting from the advantages and connections that come from them.

Another advantage of rapid expansion is that organizations can gain strategic resources, such as diverse sales points dispersed across the globe (Mohr and Batsakis, 2017). It should be mentioned that companies who do not dominate the domestic market prefer to expand faster to other areas in order to achieve the projected profitability (Powell, 2014). Although it appears obvious that increasing the number of locations of sale will improve sales volume. In order to avoid damaging consequences for the business (Etgar and Rachman-Moore, 2008), it is crucial to have a clearly defined strategy. Also, with greater scope speed it is possible to employ economies of scale to boost firm efficiency as well as economies of scope to increase levels of learning and creativity (Hitt et al., 1997) at a faster

rate. Consequently, the company gains a number of benefits from a well-defined strategy for international expansion, including reduced expenses, simpler resource allocation, and more points of sale, which raises the number of interested customers.

This leaves us to our next hypothesis,

H5: “There is a direct positive relationship between firm’s international scope speed and firm’s international scale speed.”

As previously stated, one of the risks that businesses face when it comes to scope speed is the costs associated with managing multiple operations in different locations (Batsakis et al., 2021). If the company withdraws financial resources from the same operations, these costs can be levelled. That is, if the firm’s international sales are significant compared with its total sales it will have a positive impact on the relationship between international scope speed and international performance.

H5a: “The relationship between firm’s international scope speed and firm’s international performance is positively mediated by firm’s international scale speed.”

2.6. Scale Speed and Performance

We argued until now that the entry speed and scope speed are directly and positively related to the scale speed. We must still establish how this dimension relates to the company's performance.

To deliver a successful international sales speed, the company must separately develop distinct departments, as well as maintain effective communication and coordination among them (Morgan-Thomas and Jones, 2009). The company's internal capabilities improve as it faces more challenges and overcomes them by gaining valuable experience. With multiple concurrent operations and sales growth, it is critical that the company's decision-making and market analysis do not take too long. This means that it is essential, for example, for the company to stay aware of consumer wants in order to alter its service as needed (Lamb et al., 2022). Which implies that the organization must be proactive in its pursuit of new prospects (Mohr and Batsakis, 2017). One strategy to boost profitability is to acquire greater geographic variety; therefore, it is vital to demonstrate efficiency in the management of multiple subsidiaries and take advantage of the benefits of a larger operations network, such as economies of scale (Pacheco, 2019).

Other benefits can be mentioned in addition to those related to financial performance. Because the scale speed is related to the scope speed, we can assume it will

have a large business network to work with. This could be useful for product/service research and development (Belderbos et al., 2004). With improved financial performance as a consequence of geographic reach and diversity, the company will have sufficient funds to invest in R&D departments. As a result, it will have more opportunities to remain innovative (Hilmersson, Pourmand Hilmersson, et al., 2022). In a long term, this investment will result in higher profits. We argue that not only will financial performance improve, but so will efficiency performance. By encouraging the organization to improve its products/services, it is also improving its ability to adapt (Hilmersson, Pourmand Hilmersson, et al., 2022). Non-financial performance will benefit as well; customer satisfaction, good product and service delivery, and good communication and human resource management are all important when a company has a high scale speed. Therefore, the faster sales grow, the more reliable these performance indicators will become.

For these reasons we argue that,

H6: “There is a direct positive relationship between firm’s international scale speed and firm’s international performance.”

Batsakis et al. (2021) contends that firms with a high level of breadth and depth will experience a higher level of performance. They go on to say that the same thing does not happen when firms only show a high expansion rate. In fact, with international expansion, there are more points of sale, resulting in an increase in international sales (Zahra et al., 2000). This will cause the company to not only seek to enter new markets in order to take advantage of them, but also to establish a commitment to them (Batsakis et al., 2021). These factors will have a positive effect on the relationship between entry speed and international performance.

H6a: “The relationship between firm’s international entry speed and firm’s international performance is positively mediated by firm’s international scope and scale speed collectively.”

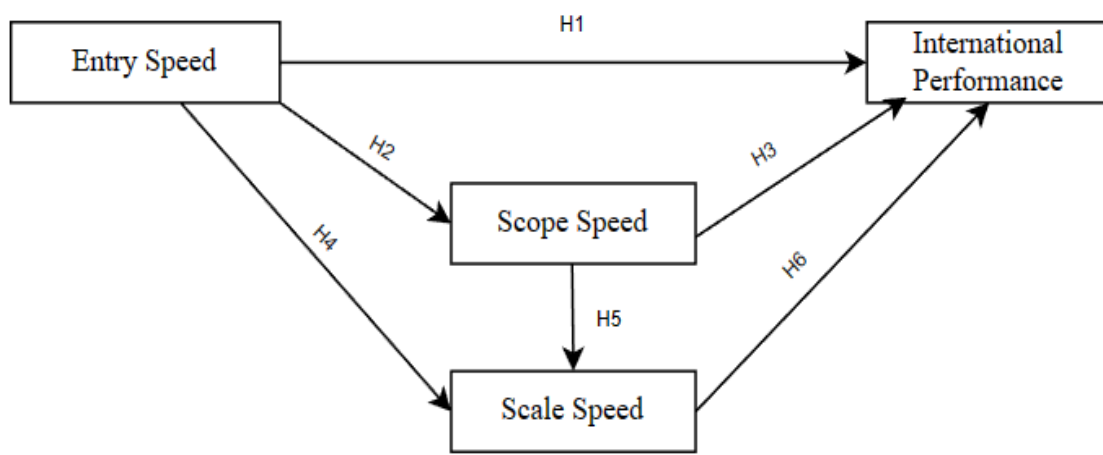
2.7. Conceptual Model

The internationalization process is different for every firm. Different firms may have different milestones which may have distinctive paces of achieving them. Using the multidimensional aspect of the speed of internationalization is valuable (Casillas and Acedo, 2013) for this research. In this case we use three different milestones and the speed that takes to achieve them to explain the internationalization process. They are entry speed, scope

speed and scale speed. This subdivision of the concept of speed of internationalization helps in the investigation of its relationship to international performance. As the concept of performance is also quite complex, dividing the speed of internationalization into three distinct phases allows us to evaluate certain indicators that are more relevant to the concerned goal.

We now present the conceptual model after the hypotheses development and explore the theorized relationship between them.

Figure 1: Conceptual Model



Note: H4a: Entry Speed → Scale Speed → International Performance
H5a: Scope Speed → Scale Speed → International Performance
H6a: Entry Speed → Scope Speed → Scale Speed → International Performance

3. Methodology

3.1. Sample and Procedure

We used data collected from Portuguese internationalized SMEs to test our hypotheses. The definition of SME provided by the European Union was used in this study. Companies that don't meet the criterium were eliminated (e.g. Cabral et al., 2020; Schueffel et al., 2014). Some data on SMEs, as mentioned during the literature review, are difficult to obtain through secondary sources. Primary sources must be used to obtain data from these types of companies (Hilmersson and Johanson, 2016). Therefore, and in order to avoid potential barriers to obtaining the necessary information, we employ a survey instrument in which companies serve as respondents.

A pre-test for the survey was conducted following this stage through an online platform. It was emailed to a small group of managers working in internationalized SMEs, 19 of whom responded. Along with the survey, the group was asked to evaluate the items' clarity, response time, survey intuitiveness, among other things. The items used to assess the concepts of the relationship under investigation are from scales developed in the literature. Because the respondents' native language was Portuguese, a translation from English to Portuguese was required. In turn, the items were retranslated from Portuguese into English to ensure that no information was lost (Behling and Law, 2000). There was no negative feedback from the pre-test group. All questions were forced to be answered except for those questions that required an affirmative answer to the prior question. So that the number of incomplete surveys was minimized.

The data was collected between the 3rd and 14th of April 2023. During this time, the surveys were sent in stages to the multiple firms. Following the first mailing of surveys to all companies, a series of reminders were sent to all companies that did not respond. Following Podsakoff et al.'s (2003) guidelines, all participants in the sample were assured that their responses would be kept anonymous and confidential. Furthermore, because there were no right or wrong answers, respondents were appeal to their sincerity.

Following an exhaustive examination of the responses, those that were incomplete or did not correspond to SMEs that had already been internationalized were removed. There was a total of 689 complete responses from international SMEs. In the case of unengaged responses, the standard deviation was calculated in Likert scales for each respondent. To avoid including monotonous respondents, seven responses were removed from the study since their standard deviation was less than 0.3 (Cabral et al., 2020). The final sample was

composed by 682 replies from international Portuguese SMEs after removing all responses that did not match the intended criteria.

3.2. Measurements

3.2.1. Speed of Internationalization

The *entry speed* will be the first to be assessed. It is calculated by subtracting the year of the company's creation from the year of its first activity abroad (Williams and Crook, 2021).

To measure the firm's international entry speed, we converted the values obtained from this subtraction into a scale of 1 to 7. So, if the company began its international operations in the same year it was founded, the result of the subtraction will be 0 and will be equivalent to a 7 on the scale used. This transformation is shown in Table 1. As a result, on a scale of 1 to 7, 7 represents companies that enter the international market almost immediately, and 1 represents those that take the longest to reach this goal.

Existing research has evaluated the *scope speed* through the division of variables (Batsakis et al., 2021). We believe that to assess this dimension the number of years required to achieve a specific geographic reach (countries and regions) goal should be used. To define a broad objective in terms of geographical scope, we follow the argument, which states that a company must export “[...]at least five countries in two regions.” (Cerrato and Fernhaber, 2018, p. 761). The average number of neighbouring countries is used to calculate one of the scope criteria (Cabral et al., 2020). However, because Portugal has only one border country, it is not considered representative (Cabral et al., 2020). Portugal is a member of the European Union, and on average, a European Union member has land borders with four other countries (Cabral et al., 2020). We believe that the four-country criterion is adequate. We use six regional blocks: “[...] (1) European Union countries; (2) other European countries (including Russia and Turkey); (3) North America; (4) Central and South America; (5) Asia; (6) Africa and Australia.” (Cerrato et al., 2016, pp. 289–290). Herewith a company should have activities in at least two regions and four countries. This variable is measured by subtracting the year of the firm's first sale abroad from the year in which the firm achieved the goal mentioned.

Given that scope speed is observed across company operations in various countries and regions, conclusions must be observed taking into consideration both situations. In this way, the longer-to-achieve objective was used to cover the achievement of the two milestones. It is not relevant which one is reached first for the purposes of this investigation.

The transformation shown in Table 1 was carried out. A scale of 1 to 7 was also used to code the results of the subtraction between the year of the goal that took the longest to achieve and the year of the first international sale. As a result, 7 represents companies that managed to reach a geographical scope considered diverse in the same year that they made their first international sale, 6 correspond to one year later, 5, two years later, 4, three years later, 3, four years later, 2, five years later and 1 represents all other companies.

The *scale speed* will be the final dimension to be investigated. We use the FS/TS ratio to evaluate the company's goal of international scale. Different businesses may have more pronounced ambitions than others. This means that when it comes to defining the scale speed goal, we will use two different levels. Thus, the company's scale speed is measured by the number of years it takes to achieve an FS/TS ratio of 25%. This value is used by several authors (e.g. Cerrato and Fernhaber, 2018; Knight and Cavusgil, 2004; Kuivalainen et al., 2007). If the company has already achieved this value, it is questioned how long it took to achieve an FS/TS ratio of 50%, which is also used to differentiate types of companies (Ibeh et al., 2018). Firm's international scale speed is calculated by subtracting the year of its first sale abroad from the year the company reached this milestone.

Since the FS/TS of 25% and 50% were used in the scale speed evaluation, the time it took the company to reach each value since its first international sale was tracked. It should be noted that because we use different values, each FS/TS value results in two different models. The results of the subtraction were converted into a scale of 1 to 7. Thus, if the company achieves the goal of 25% or 50% in the FS/TS in the same year that it makes its first sale, it is assigned a 7 on the scale. The one that takes more than six years to achieve any of the values receives a score of 1.

Table 1: Conversion of time required to achieve each goal on a scale of 1 to 7.

Years elapsed until the goal is achieved	0	1	2	3	4	5	>6
Scale 1 to 7	7	6	5	4	3	2	1

3.2.2. International Performance

As previously stated, analysing a company's international performance is quite complex and can be approached from various angles. According to Hult et al. (2008), companies were asked about three aspects of their performance.

The first is concerning to *international financial performance*. This dimension is based on results (Gerschewski and Xiao, 2015), so it employs data such as total profit (Mikic et al., 2016) or profit growth in external market (Zhou et al., 2012), ROA (Pacheco, 2019). We employ the Bigliardi (2013) scale, which considers indicators such as ROA, return on investment (ROI), productivity, sales growth, market share, and operational costs. To encourage respondents to share this type of information, they are requested to evaluate each indicator on a scale of 1 to 7 based on its importance and satisfaction (Diamantopoulos and Kakkos, 2007). We use Cabral's et al. (2020) assessment mode to calculate the company's financial performance index (FPI_i).

$$\frac{\sum_{j=1}^n IF_j \times SF_j}{\sum_{j=1}^n IF_j \times 7}$$

FPI_i is the financial performance index for company *i*;

IF_j is the importance of the financial objective *j*;

SF_j is the satisfaction of the financial objective *j*;

and seven is the maximum possible satisfaction for each objective.

The *operational performance* dimension will be examined next. At this point, the respondent will select the company's external and internal goals (Hult et al., 2008). We use the Q. Deng and Noorliza (2023) scale to evaluate operational performance, which emphasizes aspects such as client's satisfaction, problem-solving effectiveness, and product and service efficiency. Then the respondent should be able to categorize these goals based on their importance and satisfaction in achieving them (Cabral et al., 2020), also on a scale of 1 to 7. We use the same procedure as before to calculate operational performance index (OPI_i) (Cabral et al., 2020).

$$\frac{\sum_{j=1}^n IO_j \times SO_j}{\sum_{j=1}^n IO_j \times 7}$$

OPI_i is the operational performance index for company *i*;

IO_j is the importance of the operational objective *j*;

SO_j is the satisfaction of the operational objective *j*;

and seven is the maximum possible satisfaction for each objective.

We use the business's *overall performance* to assess their international performance. The overall performance can be assessed using the Jaworski and Kohli's (1993) scale. In addition, to evaluating the company's performance over the last year, its

evolution can be compared to that of its main competitors (Jaworski and Kohli, 1993). We added an overall performance assessment question in the last 3 years to allow a historical perspective of the evolution of the company's performance (Cabral et al., 2020). The respondent would rate their level of agreement with the statements on a scale of 1 to 7, as well as whether the company's overall situation was significantly worse or significantly better than that of its main competitors (on a scale of 1 to 7 respectively).

As previously stated, determining a business's international performance is a difficult task. This concept cannot be directly measured. As a consequence, we used the three presented questions, which are variables that are more easily identified, to assess the final construct of international performance. Thus, we calculated *international overall performance* as a latent variable and followed the recommendation of other authors such as Hair et al. (2014), to use at least three indicators for a construct. In AMOS, we create the latent variable and store it so that we can use it as an observable variable.

3.2.3. Control variables

Some control variables are used to test our model. We control *firm's age (AGE)*. This is accomplished by calculating the number of years in existence (e.g. Cheng et al., 2020; Pacheco, 2019), subtracting the year the company was founded from the present year. This control measure is used considering that older companies have more resources, which influences their international activity (Adomako et al., 2021).

Firm's size (SIZE) has been used as a control variable considering that it is related to the number of resources available to the firm (Cheng et al., 2020). The number of employees (Zahra, 2003) or assets can be used to calculate this variable (e.g. Pacheco, 2019; Williams and Crook, 2021). Since this study focuses on SMEs, we filtered respondents using the EU's definition. For that reason, the number of employees is used as a control measure.

Since this study does not intend to focus on a specific industry, the respondent's *sector of activity (SA)* must be controlled. We used the CAE-rev.3 classification provided by (INE, 2007) to allow respondents to easily identify the sector of activity to which they belong. We display the 21 sections presented in the document. These 21 sections were divided into primary, secondary, and tertiary sectors using a dummy variable.

4. Results

We analysed the collected data using IBM SPSS and the AMOS version 28 extension.

To test our hypotheses, we use path analysis. This is used in a variety of studies fields such as organizational behaviour, accounting or corporate finance, among others (Valenzuela and Bachmann, 2017). Path analysis is an extension of multiple regression (Streiner, 2005) and was chosen for this study because it is an effective technique for better understanding causal relationships. This method is used to represent and interpret linear relationships between variables (Deshpande and Zaltman, 1982). It not only allows for the modelling and observation of direct relationships at the same time, but also of mediating ones (Szilagyi et al., 2022).

We can identify some steps to consider when using path analysis (e.g. Streiner, 2005; Valenzuela and Bachmann, 2017). The first step in path analysis is to identify the variables that are relevant to the study and the relationships between them. With these relationships it's possible to develop a theoretical model. After gathering the necessary data to measure each variable, we can proceed to the analysis of each relationship. In order to comprehend how one variable affects another, path analysis produces path coefficients between the variables. We examine at the "magnitude" (Deshpande and Zaltman, 1982) of a predisposed relationship to see if it is justified and interpretate the results.

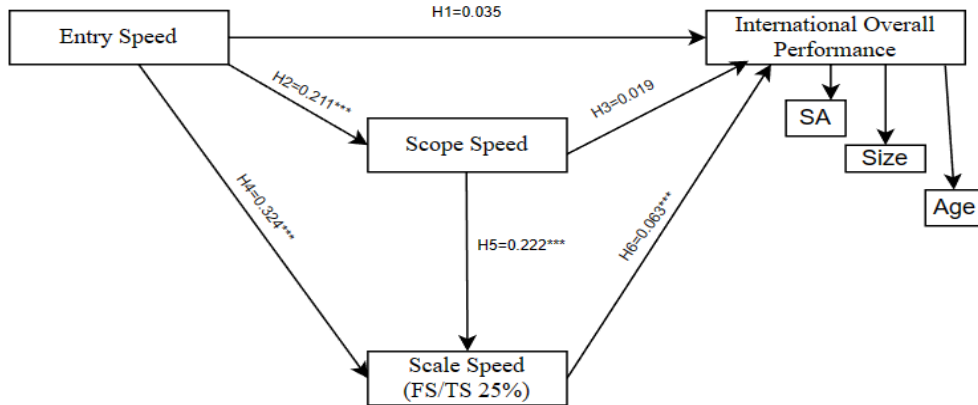
This method is useful to our research because we were able to create a graphical representation of the set of algebraic relationships between variables, allowing us to have a more intuitive visual contact; consider all possible relationships, whether direct or indirect; and understand which relationships are stronger or even viable (Salkind, 2010).

We used a p-value of less than or equal to 0.05 to support that the relationship described in each hypothesis was significant (e.g. Jukka, 2020; Zehir* and Zehir, 2019).

Although the performance variable can be studied with different dimensions, we observed that there are no significant results with two of the dimensions after testing the multivariate linear regression with all variables. In the appendix, we show Table 4 and Table 5 with the results obtained when the relationship with all of the SoI and international performance dimensions are tested. Following, we present the findings of the relationships between SoI and international overall performance.

4.1. Hypotheses Testing

Figure 2: Path analysis of the proposed research model with standardized path coefficients.



Note: *** $p < 0.001$.

Hypothesis 1 predicted a direct and positive relationship between firm's international entry speed and international performance. The path coefficient was on the hypothesised direction, however, as shown in Table 2, the p value is greater than 0.05, indicating that this relationship is not significant. Therefore, H1 was not supported ($\beta = 0.035$; $p > 0.05$). Hypothesis 2 proposed a direct and positive relationship between firm's international entry speed and firm's international scope speed. H2 was supported when tested ($\beta = 0.211$; $p < 0.001$).

The third hypothesis predicted a direct and positive relationship between firm's international scope speed and international performance. Although the path coefficient shows that the relationship is indeed positive, it is not of statistical significance as is demonstrated in Table 2. Thus, H3 is not supported ($\beta = 0.019$; $p > 0.05$).

The hypothesis 4 proposed a direct and positive relationship between firm's international entry speed and firm's international scale speed. This link is corroborated by the model testing ($\beta = 0.324$; $p < 0.001$). Hypothesis 5 claims that firm's international scope speed and scale speed have a direct and positive relationship. The path coefficient confirms the positive direction of this relationship, and it is statistically significant. As a result, H5 is corroborated ($\beta = 0.222$; $p < 0.001$).

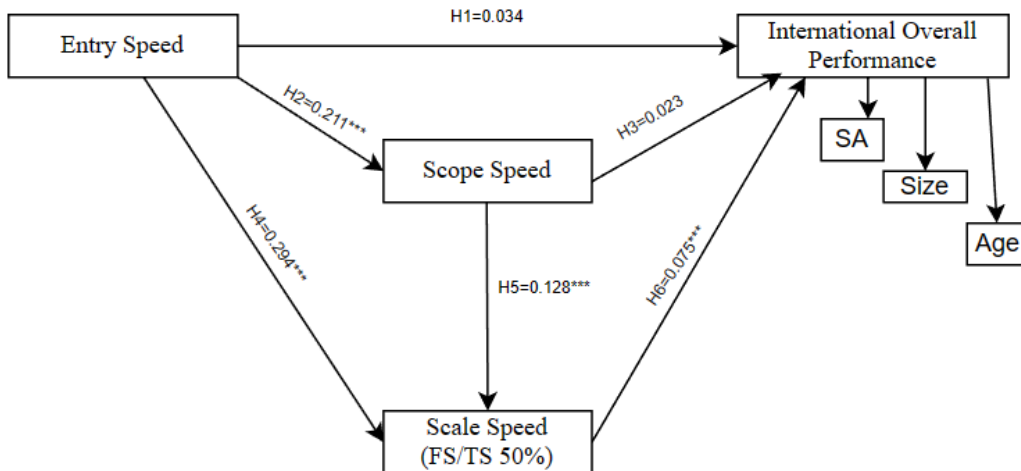
Hypothesis 6 states a direct and positive relationship between firm's international scale speed and international overall performance. This is a statistically significant relationship with a positive path coefficient, H6 is corroborated ($\beta = 0.063$; $p < 0.001$).

Table 2: Results from the model with FS/TS at 25%.

Hypothesis	Path	Estimate	C.R.	P Value
H1	Entry S.→ I. Performance	0.035	1.781	0.075
H2	Entry S.→ Scope Speed	0.211	6.059	<0.001
H3	Scope S.→I. Performance	0.019	1.028	0.304
H4	Entry S.→ Scale Speed	0.324	9.684	<0.001
H5	Scope S.→ Scale Speed	0.222	6.197	<0.001
H6	Scale S.→ I. Performance	0.063	3.296	<0.001

Because the firm’s international scale speed was also evaluated using a more rigorous standard, we tested the same model with an FS/TS of 50%. The proposed model is shown in Figure 3.

Figure 3: Path analysis of the proposed research model with standardized path coefficients.



Note: *** $p < 0.001$.

The hypothesis 1, which predicted a direct and positive relationship between firm’s international entry speed and overall performance, was disregarded ($\beta = 0.034$; $p > 0.05$). On the other hand, hypothesis 2 is supported ($\beta = 0.211$; $p < 0.001$), indicating that there is a statistically significant relationship between firm’s international entry speed and firm’s international scope speed.

The direct and positive relationship between firm's international scope speed and overall performance described in hypothesis 3 was not supported ($\beta = 0.18$; $p > 0.05$).

Hypothesis 4 was found to be corroborated, indicating that the relationship between firm's international entry speed and firm's international scale speed is statistically significant ($\beta = 0.294$; $p < 0.001$). When we examine the relationship between firm's international scope speed and firm's international scale speed, we observe that H5 is supported ($\beta = 0.128$; $p < 0.001$).

The hypothesis 6, which predicted a direct and positive relationship between firm's international scale speed and international overall performance has a positive path coefficient and is significant. As a result, H6 is supported ($\beta = 0.075$; $p < 0.001$).

Table 3: Results from the model with FS/TS at 50%.

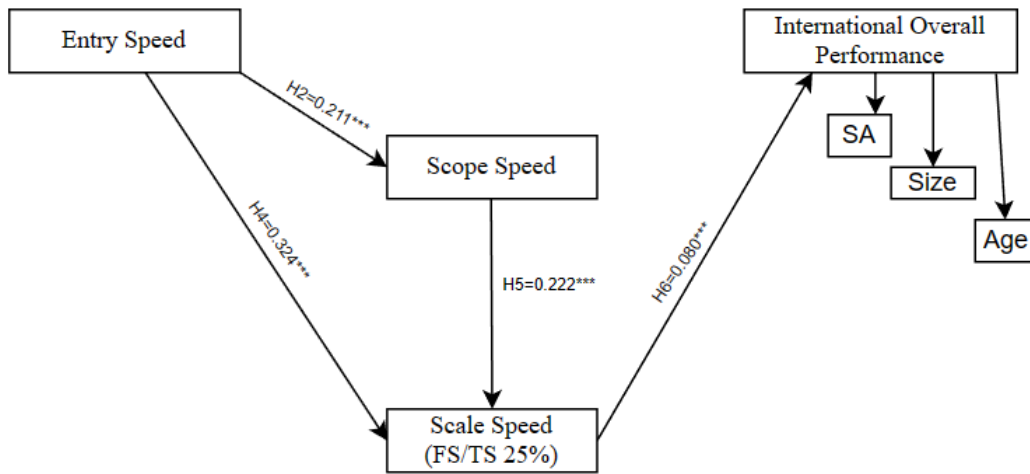
Hypothesis	Path	Estimate	C.R.	P Value
H1	Entry S. → I. Performance	0.034	1.699	0.089
H2	Entry S. → Scope Speed	0.211	6.059	<0.001
H3	Scope S. → I. Performance	0.023	1.283	0.199
H4	Entry S. → Scale Speed	0.294	9.945	<0.001
H5	Scope S. → Scale Speed	0.128	4.028	<0.001
H6	Scale S. → I. Performance	0.075	3.434	<0.001

In short, the supported assumptions of the model in Fig. 2 were also supported in the model in Fig. 3. The magnitude of the coefficients is the only difference between Table 1 and Table 2.

4.2. Accurate model

In our study, we hypothesized a direct and positive relationship between firm's international scale speed and international overall performance, which was supported by H6 analysis. Two of the originally proposed hypotheses were not supported after analysing the results obtained when testing the hypothetical model. To understand the impact that they have on the connection between scale speed and international performance, both of these relationships were consequently removed from the model. Therefore, the model without H1 and H3 has been tested. After testing the direct relationships, we are able to explore the potential effects of mediation.

Figure 4: Path analysis of the corroborated research model with standardized path coefficients.



H4a: Entry Speed \rightarrow Scale Speed \rightarrow International Overall Performance; $\beta = 0.026^*$
 H5a: Scope Speed \rightarrow Scale Speed \rightarrow International Performance; $\beta = 0.018^*$
 H6a: Entry Speed \rightarrow Scope Speed \rightarrow Scale Speed \rightarrow International Performance; $\beta = 0.004^*$
 Note: $*p < 0.05$ $***p < 0.001$.

H2, H4, and H5 maintain the same path coefficient value as shown in Figure 2. H6, on the other hand, has some differences. It is not only supported by the new test, but it also has a higher path coefficient ($\beta = 0.080$; $p < 0.001$).

In addition to having a direct and positive relationship with international overall performance, scale speed also acts as a mediator in the relationship between entry speed and international overall performance, therefore, H4a is supported ($\beta = 0.026$; $p < 0.05$). Also, firm's international scale speed acts as a mediator as well in the relationship between firm's international scope speed and international overall performance, so H5a is also corroborated ($\beta = 0.018$; $p < 0.05$). According to hypothesis 6a, scope speed and scale speed together act as mediating variables in the relationship between firm's international entry speed and international overall performance. H6a is supported ($\beta = 0.004$; $p < 0.05$).

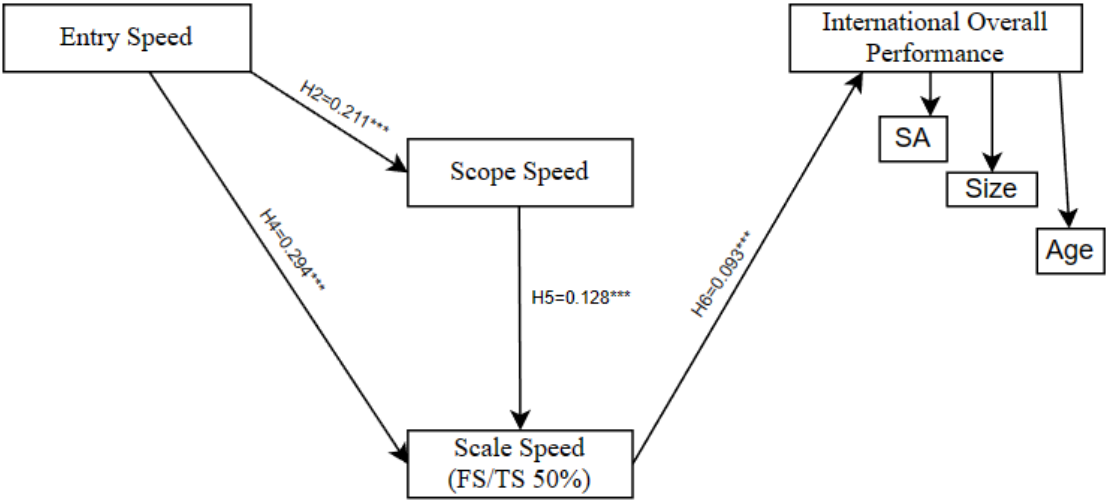
The same model was tested again, but this time firm's international scale speed was more rigorously evaluated with a 50% FS/TS.

H2, H4, and H5 maintain the same path coefficient value as shown in Figure 3. In the case of H6 ($\beta = 0.093$; $p < 0.05$), we found that its path coefficient increased in comparison to the model in which all hypotheses are tested, firm's international scale speed will have a more pronounced effect on its relationship with international overall performance.

In addition to having a direct and positive relationship with international overall performance, scale speed also acts as a mediator in the relationship between entry speed and international overall performance, therefore, hypothesis 4a is also supported ($\beta = 0.027$; $p < 0.05$) when a parameter of FS/TS of 50% is used. Hypothesis 5a argued that scale speed acted as a mediator in the relationship between firm’s international scope speed and international overall performance. After testing the model H5a is also corroborated ($\beta = 0.012$; $p < 0.05$).

When we examine the effects of firm’s international scope and scale speed together on the relationship between entry speed and international overall performance, we find that the path coefficient is small but statistically significant ($\beta = 0.003$; $p < 0.05$), therefore H6a is supported.

Figure 5: Path analysis of the corroborated research model with standardized path coefficients.



H4a: Entry Speed → Scale Speed → International Overall Performance; $\beta = 0.027^*$
 H5a: Scope Speed → Scale Speed → International Performance; $\beta = 0.012^*$
 H6a: Entry Speed → Scope Speed → Scale Speed → International Performance; $\beta = 0.003^*$
 Note: $*p < 0.05$ $***p < 0.001$.

5. Discussion

Following an in-depth analysis of the results, this section contextualizes and discusses them.

The manner in which a SME's internationalization process is carried out can have an impact on its performance. In this way, this research seeks to understand the effects of speed of internationalization on international performance. As previously stated throughout this investigation, the relationship between these two variables has been extensively theorized. It could be, even, understood as an inverted U (Hilmersson, Schweizer, et al., 2022) or even a S-shaped relationship (Phan et al., 2020). In our study, as well as in others, we found a positive relationship between firm's international scale speed and international overall performance (e.g. Cabral et al., 2020; Zahra et al., 2000). Our study, like Cerrato and Fernhaber's (2018), offers data to support the idea that the faster the FS/TS of 25% or 50% is achieved, the higher the company's overall performance level (H6). The path coefficient is positive, and the relationship is statistically significant, suggesting that the proposed hypothesis is supported. Indeed, the more external sales a company makes, the more opportunities it has, such as cost reductions (Pacheco, 2019). Considering that we chose to evaluate firm's international scale speed at two different levels, we must understand what differences occurred in the model's two separate tests. The path coefficient of hypothesis 6 is greater in the model represented in Figure 5 (FS/TS of 50%) than in the model displayed in Figure 4 (FS/TS of 25%). This means that achieving an FS/TS of 50% faster will have a more pronounced positive effect on the company's international overall performance.

Observing the direct relationships of entry speed, we have the following considerations. The results obtained corroborate both its relationship with firm's international scope speed (H2) and firm's international scale speed (H4). Consequently, the faster a company enters the international market, the greater the diversity of its scope, in this case, studied through the reach of operations in four countries and two different regions (e.g. Cabral et al., 2020; Cerrato and Fernhaber, 2018). By entering the international market earlier, the company will establish an international identity (Wu and Zhou, 2018) and gain more contacts (Nordman and Melén, 2008), which will aid in the process of adapting to new territories. Furthermore, according to Batsakis et al. (2021) the company that enters the international market quickly will obtain critical information that will allow it to accelerate the internationalization process in more territories. With regard to the relationship between firm's international entry speed and scale speed, we can state that the sooner a company

enters the international market, the sooner it begins to have significant international sales in terms of total sales value. Furthermore, because of their rapid entry into the international market, they are able to identify opportunities to reduce costs (Pacheco, 2019). SMEs that internationalize earlier profit from “[...] more benefits than disadvantages when it comes to international sales intensity [...]” (Eduardsen et al., 2022, p. 12). Therefore, we may deduce that the earlier the company enters the international market, the greater the benefits it will be able to collect, which will positively influence its international sales by differentiating itself from other companies.

Although the path coefficient of H4 is positive regardless of the value we used to evaluate firm’s international scale speed, its magnitude varies. In the relationship between entry speed and scale speed it is observed a slightly higher path coefficient in the model with an FS/TS of 25% than in the model with an FS/TS of 50%. It means that when the company's goal is to achieve 25% of international sales in relation to total sales, the positive effects of an earlier international market entry are more pronounced.

We may additionally correlate international sales success to how quickly the company achieves a diverse international scope (H5). According to the findings, the faster the company achieves a diverse geographic scope, the faster it will achieve its international sales goal. A company will have more sales points the more geographically diverse it is, which will speed up the process of reaching its goal for international sales (Mohr and Batsakis, 2017). Furthermore, a company that achieves a diverse geographic scope sooner will be associated with an international image and reputation (Wu and Zhou, 2018), allowing it to attract more customers.

Despite the fact that the tested model supported all of the hypotheses mentioned above, two relationships did not reach the same conclusion. The relationship between entry speed and international overall performance was not statistically significant (H1), even though its path coefficient is positive. In fact, many authors emphasize the difficulties that newer companies face in the foreign market. Because of inexperience or because the costs are too high (e.g. Hilmersson, Pourmand Hilmersson, et al., 2022; Williams and Crook, 2021; Zhou and Wu, 2014), companies may face a hard time in new territories. Other factors must be combined with the fact that the company entered the international market early in order for it to actually have a higher impact on the level of performance.

When we examine the relationship between scope speed and international overall performance, it reveals the same result. Companies that reach the scope milestone at a rapid pace may encounter issues, resulting in a decrease in performance levels. Newer businesses

may not be able to manage multiple target markets and operations at the same time (Wu and Zhou, 2018). To accomplish this, the company must be able to easily transfer resources, as well as have a thorough understanding of the various locations where it will be installed. These elements are acquired over time. Kang et al. (2022) argues that this lack of experience may affect their stay abroad. Entering multiple unfamiliar external environments at once can overwhelm a company's capabilities and determine its survival (Batsakis et al., 2021). Which means that newer businesses may lack the resources to manage multiple operations at the same time (Kang et al., 2022).

As previously stated, neither firm's international entry nor scope speed are directly related to the company's international overall performance. However, when the same relationships are examined with a mediation of the scale speed variable, the results differ. Our findings show that firm's international entry has a positive indirect relationship with international overall performance, which is mediated by firm's international scale speed (H4a). If the company enters the international market early and fulfils the international sales desired level, regardless of whether it represents 25% or 50% of total sales, at a fast pace it will improve its performance. In fact, newer companies that take the risk of expanding their business abroad face challenges due to potential costs and a lack of knowledge of the external environment (e.g. Vlačić et al., 2022; Williams and Crook, 2021). However, if sales from abroad reach certain levels quickly, it may increase the company's desire to invest in the international market (Liñán et al., 2020), and guarantee its survival. When we examine the relationship between firm's international scope speed and international overall performance, we see the same aspect happens. According to our findings, firm's international scale speed mediates an indirect relationship between these two variables (H5a). Batsakis et al. (2021) contends that geographic scope can result in higher levels of performance until a certain number of markets. Nonetheless, combining geographical diversity and take advantage of the various sales points in each market would improve the company's performance level (Batsakis et al., 2021).

Finally, the indirect relationship between firm's international entry speed and international overall performance can be mediated by both scope and scale speed (H6a). Despite the fact that the path coefficient is small, it is important to note the impact of two SoI components on this relationship. When the three dimensions of SoI are combined, they reveal a significant relationship with the level of international performance. Mohr and Batsakis (2017) acknowledge that companies that enter the international market early will perform better with a diverse geographic scope if also commits with the market so increase

its international sales (Batsakis et al., 2021). Companies that enter the international market earlier have a greater likelihood of achieving a wider geographic scope and a higher percentage of international sales compared to total sales. This will boost their performance because they were able to capitalize on the advantages that an early entry into the international market provided them.

6. Conclusion

The internationalization of SMEs is an extensively investigated topic, and the speed at which it occurs has recently become a focus of research. This investigation aims to clarify some of the uncertainties raised by the literature's lack of agreement on the speed of internationalization concept, as well as explore how it affects a company's performance.

This research has made significant contributions to the field of international business research. First, we executed the proposal to find the most suitable definition of the speed of internationalization. As a result, we identified three dimensions that comprise the concept of SoI. Entry into the international market, geographical scope, and international scale are critical dimensions in the study of SMEs' internationalization. The multidimensionality of this construct is thus respected throughout the study. Second, we present this construct's measurement in terms of what it represents. The existing literature on how to measure the speed of internationalization is, to say the least, dispersed. Because it is a matter of time to achieve certain goals, we propose that it be calculated using the number of years required to accomplish them. Third, this research adds to the knowledge on the relationship between the speed of internationalization and firm performance. As a result, the study regarding business internationalization is being expanded.

This investigation provided significant results of international Portuguese SMEs. According to research, companies that achieve international scale in a shorter period will exhibit higher levels of international overall performance. In addition to this direct relationship, we observed that the three dimensions of speed of internationalization are all directly and positively related. That is, the earlier the company enters the international market, the sooner it will achieve its geographic scope and scale goals.

In terms of managerial implications, this research highlights the effects that different rates of internationalization can have on international overall performance. According to our findings, SMEs can gain several advantages by entering the international market early in their lifecycle. Managers, on the other hand, must understand which opportunities to pursue as well as the risks they face. Although SMEs can benefit from certain advantages in the international market, they are also vulnerable to high risks that threaten their survival. In this way, this study illustrates some of the consequences that can occur if the international strategy is not in line with the company's capabilities.

7. Limitations and future research avenues

This research, like any other investigation, has limitations. To begin, we determine its cross-sectional nature. This factor makes establishing study causality difficult. Second, because we used a specific sample from a single country in this study, the results cannot be confirmed in other contexts. Third, since we gathered information from primary sources via surveys, there is the possibility of bias in the responses. Last, another limitation relates to a previously discussed topic, performance measures. We only used subjective measures in our study, which may have had an effect. This is because it is best to combine objective and subjective measures (Hult et al., 2008).

In terms of future research, we believe that it should first be applied in different contexts. Because this study was limited to Portuguese SMEs, the results may differ in other realities. Also, in order to supplement the investigation, this model should also be applied to a sample of companies who work in the same industry. It is also suggested that future researchers do not overlook the multidimensionality of the concept of speed of internationalization. Beyond the year the company entered the international market, there are important dimensions to the study of SoI and performance. That is exactly what this investigation has shown. As a result, geographic diversity and the value of FS/TS are dimensions to consider when evaluating a company's speed of internationalization and permanence abroad. Finally, despite the challenges of a longitudinal study on the internationalization of SMEs, it is clearly an important contribution to the theme of the relationship between internationalization and company performance.

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9. Appendix

Table 4: Results of testing the hypotheses with the three performance dimensions (Scale speed measured with FS/TS of 25%)

Path	Estimate	C.R.	P Value
Entry S. → Scope Speed	0.211	6.059	< 0.001
Entry S. → Scale Speed	0.324	9.684	< 0.001
Scope S. → Scale Speed	0.222	6.197	< 0.001
Entry S. → Overall Performance	0.035	1.781	0.075
Scope S. → Overall Performance	0.019	1.028	0.304
Scale S. → Overall Performance	0.063	3.296	< 0.001
Entry S. → Financial Performance	0.003	0.877	0.380
Scope S. → Financial Performance	0.001	0.301	0.763
Scale S. → Financial Performance	0.004	1.353	0.176
Entry S. → Operational Performance	0.002	0.817	0.414
Scope S. → Operational Performance	0.000	0.104	0.917
Scale S. → Operational Performance	-0.001	-0.502	0.615

Table 5: Results of testing the hypotheses with the three performance dimensions (Scale speed measured with FS/TS of 50%)

Path	Estimate	C.R.	P Value
Entry S. → Scope Speed	0.211	6.059	< 0.001
Entry S. → Scale Speed	0.294	9.945	< 0.001
Scope S. → Scale Speed	0.128	4.028	< 0.001
Entry S. → Overall Performance	0.034	1.699	0.089
Scope S. → Overall Performance	0.023	1.283	0.199
Scale S. → Overall Performance	0.075	3.434	< 0.001
Entry S. → Financial Performance	0.003	1.039	0.299
Scope S. → Financial Performance	0.001	0.499	0.617
Scale S. → Financial Performance	0.003	0.789	0.430
Entry S. → Operational Performance	0.001	0.596	0.551
Scope S. → Operational Performance	0.000	-0.043	0.965
Scale S. → Operational Performance	0.000	0.204	0.939