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# Organizational creativity as a crucial resource for building international business competence

Silvio Luis de Vasconcellos<sup>a,\*</sup>, Ivan Lapuente Garrido<sup>b</sup>, Ronaldo Couto Parente<sup>c</sup>

<sup>a</sup> Universidade Regional de Blumenau – FURB, 140 Antonio da Veiga St., Blumenau, SC, Brazil

<sup>b</sup> Universidade do Vale do Rio dos Sinos – UNISINOS, Brazil

<sup>c</sup> Department of International Business – COB, Florida International University & FGV-EBAPE, 11200 SW 8th Street, Mango 437, Miami, FL 33199, USA

ARTICLE INFO	A B S T R A C T
<i>Keywords:</i> Organizational creativity Innovative capability Entrepreneurial capability International business competence Creative firms	We aim to elucidate the roles that organizational creativity plays in the development of firms' international business competence (IBC). We conducted an investigation grounded in the resource-based view of how this intangible resource supports the development of capabilities and competences. We surveyed 77 Brazilian audiovisual SMEs and analyzed our data using OLS regression analysis. The results partially support the hypothesis that organizational creativity is a building block for IBC but show that its effect is mostly exerted through the mediation of some of the dimensions of innovative and entrepreneurial capabilities. This study has implications both for organizations and public policies, contributing to the debate on how firms stimulate in-

1. Introduction

As globalization becomes ever more ubiquitous, the need for creative responses increases dramatically. It is not only large multinationals and start-ups that can take advantage of the expansion of global flows, but there are also opportunities for small and medium enterprises (SMEs) and individuals (Manyika et al., 2016). The rise of the creative economy, in which creativity is a highly valuable resource and which provides creative solutions that are consumed rapidly, is one example of how creativity is emerging as a crucial resource for firms to act globally.

Creativity is crucial both to generating innovation and solving problems rapidly in an interconnected and dynamic world (Zollo & Winter, 2002). Nevertheless, little research has been conducted into the association between organizational creativity and the competence necessary to be competitive worldwide, conceptualized by Knight and Kim (2009) as international business competence (IBC). We propose that organizational creativity – a valuable, rare, and difficult to replicate intangible resource – is one of the building blocks of IBC. In this paper, we aim to elucidate the roles that organizational creativity plays when firms are developing IBC and how organizational creativity impacts the innovative and entrepreneurial capabilities that enable firms to go global.

While organizational creativity has objective implications for building innovative capabilities that can result in new products, processes, and organizational innovations, it also has a subjective role. This subjective role is in improving entrepreneurial capability which, in turn, is a crucial resource for solving problems in the international arena. The international arena tends to be more complex and less certain, so the combination of these capabilities improves the competences a firm needs to do business internationally; these skills are defined as IBC.

novation and entrepreneurship and how public agents can leverage SMEs' internationalization process.

Although the relevance of organizational creativity as a resource has been researched exhaustively, to our knowledge, there is still a lack of research providing insights into how organizational creativity supports the competence firms need to do business internationally. Searches of literature databases for terms related to creativity, innovative, capabilities, entrepreneurial capabilities, and internationalization show that creativity has been neglected in international business studies.

In contrast to the limited research interest in the relationship between organizational creativity and international business, society sees creativity as a valued attribute of human beings and is alert to how firms communicate their creativity. Pixar, for example, loudly proclaims how their teams work in a creative environment. Early on in their introductory chapter, Catmull and Wallace (2014), p. ix) reflect on the organizational climate at Pixar, stating that for visitors, "Pixar leaves them feeling a little wistful like something is missing in their work lives – a palpable energy, a feeling of collaboration and unfettered creativity, a sense, not to be corny, of possibility." There are many highvisibility examples of firms whose creative environments are not only associated with innovation, but also with the value that markets and

\* Corresponding author.

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E-mail addresses: slvasconcellos@furb.br (S.L. de Vasconcellos), igarrido@unisinos.br (I.L. Garrido), rcparent@fiu.edu (R.C. Parente).

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society attribute to them. Google, Facebook, and Apple consistently attract attention to the ways they work, live, and create solutions. The movement that associates creativity with success is not restricted to firms in knowledge-intensive fields. When firms recruit employees, there is an expectation that they must be creative and perform creative activities. Society is questioning just how concerned political agents really are about changing education to enable people to meet the demand for creativity at work (Zhou & Shalley, 2008b). The rationale for conducting this study is the need to understand the role that creativity plays when firms in the creative economy develop their international business competence, taking into account the mediating role that their innovative and entrepreneurial capabilities play in this relationship.

Creativity plays many different roles in the organizational space, but the literature has invariably focused primarily on two – showing that creativity is essential for innovation (Amabile, 1996) and for dealing with complex environments (Kor, Mahoney, & Michael, 2007). There is also consensus on the role innovation and entrepreneurship play in reaching international markets (Cavusgil & Knight, 2015; Jones & Coviello, 2005; Knight & Cavusgil, 2004; Schweizer, Vahlne, & Johanson, 2010).

When entrepreneurs are seeking opportunities and striving for innovation, intuition and imagination are needed to develop creative alternatives. As an architectural structure (Mills, Platts, & Bourne, 2003), or a building block (Javidan, 1998), organizational creativity represents a foundation for constructing capabilities and, consequently, competences with which firms can achieve their goals. Considering that creativity is essential to creation of new and novel capabilities (Sirmon & Hitt, 2007), we argue that organizational creativity is a high-level resource that supports not only the innovative and entrepreneurial capabilities, but also IBC, since organizational creativity has the valuable, unique, and hard-to-imitate features proposed by the resourcebased view (Barney, 1991; Penrose, 1959; Wernerfelt, 1984).

There are several implications to considering organizational creativity as an intangible resource. On the one hand, there is the objective role implicit in the assumption that creativity (development of new and useful ideas) is an antecedent of innovation (Amabile, 1996). On the other hand, creativity plays a subjective role, nurturing entrepreneurial behavior that influences decision-making processes and, consequently, firm performance (Kor et al., 2007). A firm that reduces uncertainty cultivates a favorable environment for the emergence of learning (Belderbos, van Olffen, & Zou, 2011), knowledge (Liesch, Welch, & Buckley, 2011), and creativity (Butler, Doktor, & Lins, 2010), which is just one connection between creativity as a high-level resource and the firm's ability to develop IBC. The context of exploring international markets is complex, mixing subjective elements like uncertainty, opportunity discovery, and cognition (Butler et al., 2010). Given the need to clarify the roles played by creativity, our research question is: "To what extent is organizational creativity associated with international business competence?"

Since creativity is a context-dependent construct (Bradley, Gao, & Sousa, 2013), we investigated aspects of the international business competence of Brazilian audiovisual firms, considering organizational creativity as a driver of innovation and entrepreneurial capabilities as mediating variables for building IBC. The decision to study Brazilian audiovisual firms is a response to the degree of international involvement such firms have, their use of creativity as both input and result of firm activity, and the influence of organizational creativity over the entrepreneurial behavior of SMEs that seek to expand abroad.

This study makes contributions in several different areas. First, it demonstrates the construction of a hierarchy of competences, identifying organizational creativity as a building block for constructing capabilities and, in turn, IBC. The study's second contribution is to indicate an objective path to understanding this relationship (the mediating role of innovative capability) and a subjective path to understanding how organizational creativity fosters entrepreneurial behavior (the mediating role of entrepreneurial capability). The third contribution is to include effectuation theory, not as a central focus of the investigation, but as an instrument to approach the subjective aspect of entrepreneurial capability. The fourth contribution is a particular combination of concepts of organizational creativity and international business, in which the global environment is considered as a scenario for the development of divergent and convergent thinking – both of which are essential elements for fostering creativity as a highlevel resource.

# 2. Theoretical review and hypotheses

From the Penrosean perspective, simple possession of resources does not guarantee the productive process, since the services provided by resources are crucial. These services are a function of the way in which the firm uses resources (Penrose, 1959). Taking advantage of a given resource is bound to the entrepreneur's ability to connect its utility with an opportunity detected in the environment. In stable environments, a single learning episode may be sufficient to enable a firm to operate its routines adequately for a long period, but when a firm is faced with dynamic environments, rapid adaptation of routines becomes a matter of survival (Zollo & Winter, 2002).

While resources are the primary sources of a firm's profitability, upon which it can establish its identity and firm strategy (Grant, 1991), capabilities are grounded in the firm's people, skills, knowledge, processes, systems, and equipment (Zahra & Nielsen, 2002). Hence, organizational capabilities are the firm's capacity for creating internal structures and processes that enable its members to develop firm-specific competencies (Ulrich & Lake, 1990). The term capability helps to highlight the crucial role of strategic management in adapting, integrating, and reconfiguring internal and external managerial skills, resources, and capabilities in dealing with changes in the external environment that demand internal adaptation (Teece, Pisano, & Shuen, 1997).

Resources may be tangible or intangible (Barney, 1991). Organizational creativity is an intangible resource. Although intangible resources arise from the creative interaction between people in the firm (Mudambi, 2008), it is not necessarily the case that possession of these resources will ensure the firm can achieve a competitive advantage.

We argue that organizational creativity is a high-order resource that is necessary to foster innovative and entrepreneurial capabilities that contribute to developing IBC.

## 2.1. Organizational creativity and international business competence

Creativity has its roots in individual intellectual operations that are shared in the organizational environment. Five intellectual operations at the individual level underpin mental abilities - cognition, memory, divergent thinking, convergent thinking, and evaluation (Cropley, 2006; Runco, 2001). Although cognition and memory are essentially individual-level abilities, divergent thinking, convergent thinking, and evaluation take place during social interaction (Müller-Wienbergen et al., 2014). As a constituent element of creativity, divergent thinking tends to involve reasoning and exploration of abstract possibilities, but does not necessarily translate to creative thought until convergent thinking creates new synapses connecting old memories to new experiences, elaborating on them and sharing them with peers (Abraham & Bubic, 2015; Beuk & Basadur, 2016). In turn, a workgroup with high levels of cohesion can employ convergent thinking to appraise information, avoiding adverse effects when building innovation (Yang & Hung, 2015). During this process, individual-level creativity is transformed into a socially accepted organizational resource. Consequently, especially in SMEs, this process of converting individual skills (e.g., individual creativity) into a value-added attribute of the firm represents a process for developing organizational-level capabilities (Amabile, 1996; Gong, Zhou, & Chang, 2013; Kor et al., 2007).

Irrespective of domain, whether individual or organizational,

creativity is the production of novel and useful ideas. When such ideas are shared and validated as useful to a social group, such as a firm, individual creativity becomes organizational creativity (Amabile, 1996). From a broad perspective, creativity is linked to people's inbuilt capacity to respond to external changes. Organizational creativity is manifest in the creation of value, is often essential for the emergence of innovation in products, services, ideas and procedures, and arises when individuals work together in a complex social context (Woodman, Sawyer, & Griffin, 1993). In summary, in this study, we consider organizational creativity as a high-level resource that begins in individuals, who share ideas in a conducive environment in which personal creative skills converge, forming an organizational resource that leverages capabilities and competencies.

Organizational creativity embodies a relatively novel and emergent research field within the area of organizational behavior, and it is one that is rarely considered in international business studies. There are two main conceptualizations of organizational creativity. There is a view grounded in psychological research that it is a foundation of innovation (1996, Amabile, 1988; Zhou & Shalley, 2008a), but it has also been considered the result of interactive behavior in social groups, contributing to problem-solving and dealing with uncertainty (Woodman et al., 1993; Woodman, 2008; Zhou & Shalley, 2008b). This comprehensiveness highlights the relevance of understanding creativity as a resource that is readily available and accessible in firms, but which has been explored little in international business research. In common with Amabile (1996) and Woodman et al. (1993), we define organizational creativity as a resource that reflects the creation of value, products, services, ideas, routines, and process and also reflects entrepreneurial abilities of individuals who work together in a complex social system to generate specific capabilities to deal with complex environments.

The complexity of international environments has prompted researchers to investigate the role of creativity in depth, sometimes as a unique feature of each country (Hofstede, 1994; Liu, 2012), other times exploring the fact that even within a single country, intraregional comparisons can reveal different perceptions of creativity (Bradley et al., 2013). Studies of creativity argue in favor of the relevance of understanding the roles of organizational creativity in different contexts, both as a trigger of innovation and also in order to solve problems (Mabey & Nicholds, 2015).

Although creativity flourishes better in stable social environments, organizational creativity is crucial to solving problems in uncertain conditions (Kor et al., 2007; Mabey & Nicholds, 2015). We argue that international markets have sufficient complexity to explore the association between organizational creativity and IBC. As a concept, IBC refers to the capabilities that firms need for growth in international markets (Knight & Kim, 2009). This concept differs from the dominant view of internationalization proposed by Johanson and Wiedersheimpaul (1975), which considers that the stages firms go through to enter markets are dependent on the growth of knowledge and organizational structure and, therefore, suggests that internationalization knowledge is dependent on the experience of the decision makers. As a competence, IBC is not restricted to a list of entry modes. IBC combines international orientation during the plan's conception, international innovativeness, and international market orientation (Knight & Kim, 2009), similar to the way in which Manyika et al. (2016) described it - as an evolving process of interconnection of people and businesses. As interactions between the external environment and preexisting routines intensify, creativity becomes necessary to enable firms to meet the new challenges with which they are faced (Zollo & Winter, 2002).

Knight and Kim (2009) proposed that a collection of intangible resources and capabilities are especially important for small and medium firms to develop capabilities. These include *international orientation*, *international marketing skills*, *international innovativeness*, and *international market orientation*. Our rationale enlarges this relationship, proposing that creativity contributes to the development of IBC, nurturing the process of converting ideas into organizational creativity and,

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consequently, into innovative and entrepreneurial capabilities, to the extent that divergent and convergent thinking take place.

International orientation contributes to achieving competitive advantage for a firm. When entrepreneurs retain knowledge or expertise is embedded within the firm, a singular potential knowledge is available, albeit dependent on actions to correctly interpret and convert it into an advantage (Mahoney, 1995). Such firms have a proactive organizational culture that helps them develop the resources to achieve superior results in international markets (Knight & Cavusgil, 2004).

International marketing skills refer to a firm's ability to create value for customers in different markets, through efficient segmentation and targeting and through integrated international marketing activities (Knight & Cavusgil, 2004; Knight & Kim, 2009).

International innovativeness is the capacity to create products or processes, or even new ideas, for international markets (Knight & Kim, 2009). International innovativeness combines with the international orientation capability. As a global firm, there are interchanges between learning gained abroad and local sources of information, facilitating the introduction of innovation into international markets (Autio, Sapienza, & Almeida, 2000).

International market orientation is present when the organization interacts with its customers to develop market intelligence on customer needs and then disseminates this intelligence throughout the firm, increasing responsiveness to it (Kohli & Jaworski, 1990). International market orientation is a key element due to the constant reconfiguration of ideas inside the firm.

One possible reason for the lack of attempts to explain the relationship between organizational creativity and international involvement resulting from IBC is the difficulty of measuring organizational creativity as a resource, given its subjective features. Also, most of the possible explanations are on the individual level (Zhou & Shalley, 2008b). One possibility, for example, is to understand how entrepreneurs piece together people and ideas from different places in new ways and take conscious decisions (Hargadon, 2008), in this case, to internationalize. The assumption that there is a direct relationship between organizational creativity and IBC is founded on earlier studies that have partially investigated this field. Baer (2012) found that individuals' motivation to put their ideas into practice mediates the relationship between creativity and implementation. His results revealed that people overcame difficulties as they saw their ideas implemented.

To investigate creativity at the organizational level of analysis, we adapted an instrument that Moultrie and Young (2009) used in the audiovisual industry in the U.K., itself partially based on Amabile, Conti, Coon, Lazenby, and Herron (1996). To assess IBC, we used a previously validated instrument that Knight and Kim (2009) created to investigate internationalization as an ongoing process, rather than as a measurement of market entry. These constructs are the elements of Hypothesis 1:

**H1.** There is a direct, positive, and significant association between organizational creativity and IBC.

Creativity is a necessary, but not sufficient, condition for stimulating innovation. This proposition is derived from the entrepreneurial role of individuals, in which their interaction with the organization boosts innovation. In the same vein, Tahseen (2012) states that creativity is a characteristic of entrepreneurial behavior and that when transformed into innovation, it can be considered an organizational competence.

Although organizational creativity appears to be directly related to IBC, the theoretical literature suggests an indirect relationship. First, there is evidence that organizational creativity fosters the innovative capability needed to build innovation (Amabile, 1996). Second, there is also evidence that organizational creativity is necessary for solving problems, a primary ability that entrepreneurs must develop to manage their business (Kor et al., 2007). Third, studies in international business consistently associate innovation with entrepreneurship as a necessary condition for expanding business abroad (Cavusgil & Knight, 2015;

Knight & Cavusgil, 2004; Schweizer et al., 2010). Taken together, these approaches suggest that innovative and entrepreneurial capabilities play mediating roles linking organizational creativity and IBC. Whereas innovative capability refers to a firm's capacity to generate novel changes that foster innovation (Subramaniam & Youndt, 2005; Zawislak, Alves, Tello-Gamarra, Barbieux, & Reichert, 2013), entrepreneurial capability is the capacity to solve problems and promote alternative strategies (Knight & Kim, 2009; Teece, 2014). Together, innovative and entrepreneurial capabilities allow firms to cope with the complexities of international scenarios (Cavusgil & Knight, 2015; Yu & Si, 2012).

# 2.2. The mediating role of innovative capability

Possession of the organizational creativity resource does not of itself guarantee that a firm will manage to convert ideas into capabilities. Whether exploiting knowledge as a resource or exploring resources outside the organization, firms look for new product development or new processes to obtain an advantage over competitors (Cohen & Levinthal, 1990). The assumption that creativity leads to innovation proposed by Amabile (1996) has inspired a considerable number of studies (for example, Hargadon, 2008; Reinartz & Saffert, 2013; Sitoh, Pan, & Yu, 2014). While we agree with this argument, we also propose that it is necessary to consider Penrose's premise. Resources per se do not guarantee results, which are achieved by the services yielded by combining resources. In Amabile's proposal, innovation is not only new products, but it is also new ways to produce them. Creativity is, therefore, an input, while innovation is output. Our proposal builds on the premise that organizational creativity is a high-order resource that allows firms to develop capabilities to respond to challenges and opportunities with origins external to the firm.

Creativity can be seen as the first step of an innovation process (Baer, 2012). As a high-order resource, organizational creativity enables firms to innovate. Although organizational creativity and innovative capability are closely related concepts (Barney & Arikan, 2001), there are crucial aspects that differentiate them from each other. First, it is necessary to differentiate between resources and capabilities. Resources are attributes a firm possesses that enable it to act or react to external demands (Penrose, 1959). Resources may be tangible or intangible. Resources can be classified into three groups: physical resources (e.g., plant, equipment, location); human resources (e.g., labor, management team, learning, training, experience, and individual workers' and managers' insights); and organizational resources (e.g., controlling and coordinating systems) (Barney, 1991). Although each firm has a bundle of resources, not all of them are able to put their resources to best use. Firms leverage their resources in different ways. The firm's abilities to exploit its resources are referred to as capabilities (Javidan, 1998).

When organizational creativity interacts with other resources, then capabilities are brought into action. A firm is more innovative when it allows interaction to take place between organizational learning, organizational knowledge (Jiménez-Jiménez & Sanz-Valle, 2011), and organizational creativity (Amabile, 1996).

In turn, innovative capability differs from innovation because innovative capability reflects the ability a firm builds to generate innovation (Lazonick, 1992). By definition, innovation is the development and implementation of new ideas by people who, from an institutional perspective, are always engaged in transactions with others (Ven, 1986). In turn, the innovative capability is the faculty of absorbing ideas and transforming them into new products, services, and processes (Jiménez-Jiménez & Sanz-Valle, 2011).

At the organizational level, organizational creativity is input, the innovative capability is a process, and innovation is output. This rationale supports the assumption that organizational creativity mostly plays an objective role inside the firm, since the result is tangible, represented by innovation.

Three pillars support innovative capability. First, the innovative capability is associated with product development. Products create value for firms within dynamic markets and are the result of strategic decision making (Eisenhardt & Martin, 1999; Eisenhardt & Tabrizi, 1995). Product innovation not only promotes competitive advantage, but it also offers a store of experience with innovativeness (Leiponen, 2005; Turner, Mitchell, & Bettis, 2013) and also is dependent on the knowledge outflows among subsidiaries (Perri & Andersson, 2014; Villar, Alegre, & Pla-Barber, 2014). Although product innovation can speed up IBC, it takes time to acquire, assimilate, and use external knowledge. This path usually depends on small changes in products to absorb new technologies as a process innovation (Zahra & George, 2002). Process innovations lead to more efficient production and reduce a firm's unit costs (Rammer & Schmiele, 2008) through a learning process of technological assimilation (Pla-Barber & Alegre, 2014). Second, innovative capability encompasses the construction of process innovation. Process innovation involves creating or refining means of production, services, or even administrative operations (Khazanchi, Lewis, & Boyer, 2007). Third, the innovative capability also includes shaping organizational innovation. Organizational innovation is novel organizational structures, best practices, new administrative standards, and the processes and procedures that can create value for the organization to achieve its goals (Birkinshaw, Hamel, & Mol, 2008; Bouquet & Birkinshaw, 2011; Mol & Birkinshaw, 2014).

Taking into account previous studies that have dealt with organizational creativity and also those that consider innovative capability as a precondition for firms to penetrate foreign markets, we propose Hypothesis 2:

**H2.** Innovative capability positively mediates the relationship between organizational creativity and IBC.

Although some approaches define both innovative capability and entrepreneurial capability as development and implementation of new ideas, products, services, and processes to solve problems (Bell, 2005), our argument is that the capacity for solving problems at the managerial level has an intangible aspect that involves the entrepreneur's ability to deal with uncertainty, using intuition and creativity to act within the international scenario. Our proposal is that entrepreneurial capability reflects the subjective role of organizational creativity.

## 2.3. The mediating role of entrepreneurial capability

When the individual skills of the entrepreneur are converted into an organizational capability, they provide organizational instructions for future growth (Kogut & Zander, 1992). In this study, the concept of entrepreneurial capability involves the ability entrepreneurs bring to the firm for recognizing, conceiving, creating, and exploiting opportunities for competitive advantage (Zahra, Abdelgawad, & Tsang, 2011). When entrepreneurs share their problem-solving abilities and their capacity to convert ideas into new standards, they are translating entrepreneurial abilities into the firm's entrepreneurial capability (Mosakowski, 1998). Thus, personal knowledge is transformed into organizational knowledge, expanding organizational capabilities (Kogut & Zander, 1992).

Entrepreneurial behavior is intrinsically subjective. It includes features of the entrepreneur, such as knowledge, resources, skills, and the process of discovery and creativity, which constitute the "heart of entrepreneurship" (Kor et al., 2007, p. 1187). This subjective viewpoint allows the entrepreneur to employ creative responses, which may sometimes be contrary to what would be considered the most rational course of action in a given environment (Kor et al., 2007; Penrose, 1959) or at a certain moment (Mahoney, 2000).

Human behavior converted into a firm capability influences decision making. Entrepreneurs choose between more aggressive or defensive tactics (Wales, Parida, & Patel, 2013) and what level of risks to accept (Grichnik, 2008). Multiple combinations of these features can

offer "a large number of possibilities for entrepreneurial choices and activities, which in turn produces different firm-level economic performance outcomes" (Kor et al., 2007, p. 1192). Given the subjective aspect of entrepreneurial capability, we agree with Mosakowski (1998) that in firms in which entrepreneurial behavior is a significant feature, as in many SMEs, entrepreneurial ability is converted into an organizational capability.

Entrepreneurial behavior has features varying from causal to effectual dimensions, as has been proposed by Read and Sarasvathy (2005) and Sarasvathy (2001), within the logic of effectuation theory. Sarasvathy (2001) defined two primary processes in entrepreneurial behavior – causation and effectuation logics. According to Perry, Chandler, and Markova (2012), causation and effectuation processes are orthogonal concepts, involving decision making and choosing alternatives, which is sometimes more systematic (the causation dimension) and other times uses intuition and lacks a predestined path (the effectuation dimension).

Organizational creativity influences entrepreneurial capability in two primary dimensions. When organizational creativity affects the causation process of decision making, organizational creativity is consistent with emergent strategies (Mintzberg, 1987). The causation dimension includes activities such as recognition of creative opportunities and development of business plans (Chandler, DeTienne, McKelvie, & Mumford, 2011; Sarasvathy & Dew, 2008). However, we argue that it is not only the causation dimension of entrepreneurial capability, but also its effectuation dimension, that is related to organizational creativity. When organizational creativity influences the effectuation process of decision making, organizational creativity is also consistent with emergent strategies (Mintzberg, 1987) promoting flexibility. Thus, in international markets, firms that trust in emergent goals tend to remain flexible about their strategic objectives. But, firms relying on defined targets have fixed plans for the selection of markets and entry modes and specific strategies (Harms & Schiele, 2012). As individuals take experience abroad, they connect to different institutional environments that offer better responses (Delios, 2011).

Despite an increase in work pointing out the theoretical intersection between effectuation theory and international business (Coviello, 2006; Schweizer et al., 2010; Zhou & Shalley, 2008b), few researcher have studied them together. This paper follows one such avenue of investigation, proposing that entrepreneurial capability mediates the relationship between organizational creativity and IBC, in a subjective sense. Some recent empirical studies have evaluated the relationship between organizational creativity and entrepreneurial behavior in the international context. Sitch et al. (2014) conducted a case study of a console game development project to understand the decision-making process and how it influences subsequent tactics during the new product creation process. Our argument is that entrepreneurial capability is the result of entrepreneurial behavior that the entrepreneur performs on behalf of the firm, which converts it into a capability, as proposed by Mosakowski (1998), especially with reference to SMEs. Organizational creativity acts as a high-level resource (Kor et al., 2007) that fosters the entrepreneurial capability needed for IBC not only to control the future but also to recognize when plans need to be flexible; we propose that entrepreneurial capability has two main dimensions, which are sufficiently distinct to be measured separately.

While causation entrepreneurial logic involves the entrepreneur making decisions according to a predefined plan, in contrast, effectuation logic forgoes plans to build a future from contingencies (Sarasvathy, 2004). In global environments, uncertainty is a primary inhibitor of the internationalization process (Knight & Cavusgil, 2004; Knight & Kim, 2009). As opportunities emerge and are exploited, irrespective of whether they are identified by chance or through an opportunity discovery process (Mainela & Puhakka, 2008), entrepreneurs begin to adopt causation logic as their knowledge increases (Yao, Yang, Fisher, Ma, & Fang, 2013). In Hypothesis 3a, we, therefore, propose that there is a positive relationship between organizational creativity and IBC, mediated by the causation dimension of entrepreneurial capability.

**H3a.** As a dimension of entrepreneurial capability, causation positively mediates the relationship between organizational creativity and IBC.

Next, we considered the role of the effectuation dimension of entrepreneurial capability. This dimension involves a selection among alternatives to deal with uncertainty based on experimentation, loss affordability, flexibility, and pre-commitments (Chandler et al., 2011; Sarasvathy, 2001). We argue that in international markets, firms that trust in emergent goals tend to remain flexible about their strategic objectives. But, firms relying on defined targets have fixed plans for the selection of markets, entry modes, and specific strategies (Harms & Schiele, 2012). Effectuators are usually more flexible at dealing with changes in the external environment, new means at their disposal, and even future unexpected stakeholder demands (Kalinic, Sarasvathy, & Forza, 2014). Taking into account this set of aspects of entrepreneurial capability, we propose Hypothesis 3b:

**H3b.** As a dimension of entrepreneurial capability, effectuation negatively mediates the relationship between organizational creativity and IBC.

Fig. 1 summarizes the resultant framework showing the direct and mediating roles of innovative capability on the relation between organizational creativity and IBC (H2) and the direct and mediating roles of entrepreneurial capability in the relationship, considering its causation (H3a) and effectuation dimensions (H3b).

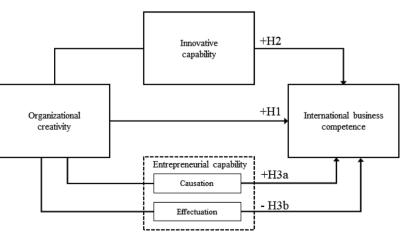


Fig. 1. The research framework.

Table 1

ary.		
Ν	Mean	Standard deviation
77	12.190	15.383
77	12.220	6.648
77	4.123	0.500
77	2.460	1.035
77	3.107	0.721
77	4.003	0.793
77	3.886	0.562
	N 77 77 77 77 77 77 77	N         Mean           77         12.190           77         12.220           77         4.123           77         2.460           77         3.107           77         4.003

Employees (EMP); Experience (EXP); Organizational creativity (OCR); International business competence (IBC); Innovative capability (INC); Causation (CAU); Effectuation (EFF).

# 3. Method

#### 3.1. Empirical context

Three criteria were considered when choosing the field of investigation. First, the field should have firms at distinct levels of international involvement, represented by their IBC. Second, creativity should be evident as both leading resource and output, since creativity is considered an antecedent of innovation. Third, the field should reflect the influence of organizational creativity on entrepreneurial behavior because the conceptualization of IBC refers to the capabilities that SMEs need to expand abroad.

We tested the hypotheses using OLS regression on our cross-sectional data from Brazilian cinema and video production companies. The Brazilian scenario is relevant to understanding the relationship between organizational creativity and IBC because Brazil has been increasing its share of international cinema and video production since the early 2000s (ANCINE, 2013; UNESCO, 2013). Additionally, Brazil is representative of an international movement of countries that leverage audiovisual production to win recognition abroad, including India, Nigeria, Mexico, and Argentina (UNESCO, 2013). Furthermore, Brazilian audiovisual producers are increasingly engaged in co-production with American and European partners (MPAA, 2016). Despite the size of the Brazilian audiovisual production sector, the features of its firms small, unconnected, and widely spread around the country - make them challenging to investigate. There are 13,626 firms listed by name and tax code as audiovisual producers in Brazil, according to the Brazilian Cinema Agency (ANCINE, 2015). Since their list does not provide street addresses, phone numbers, or e-mail addresses, we cross-referenced their data with lists from industry groups and government sources, such as the Brazilian Association of Independent TV Producers (ABPITV, 2016), Brazilian TV Producers (BTVP, 2016) and unions from the states responsible for most production (SIAESP, 2015; SIAPAR, 2015; SIAV-RS, 2015; SICAV-RJ, 2015). We initially got contact details for 856 firms. A check for duplicated entries showed that some companies were on more than one list. The final list comprised 740 candidate firms for investigation.

## 3.2. The questionnaire

We adapted four scales to build the questionnaire. To measure organizational creativity, we adapted a scale used by Moultrie and Young (2009) in the U.K. motion picture industry, drawing on the Amabile et al. (1996). To assess international business competence, we used a scale validated by Knight and Kim (2009). To measure innovative capability, we utilized a scale used by Jiménez-Jiménez and Sanz-Valle (2011). To assess entrepreneurial capability, we used Chandler et al. (2011) scale. Including descriptive data, the questionnaire had 90 questions (see Appendix A).

To ensure reliability, four academics and three executives from the audiovisual industry validated the final version of the questionnaire. Since the set of variables is a composite from different instruments, we took measures to address three concerns. First, to ensure translation without losing intrinsic meanings and affecting the results, we performed a back-translation, even though the four academics were fluent in both English and Portuguese. Second, we standardized questions and scales to give respondents a sense of integration. Third, all response scales were standardized to a 1–5 Likert scale (1 - totally disagree to 5 - totally agree) to facilitate understanding.

# 3.3. Data collection

We collected data by phone from October to December of 2015 using university staff specialized in collecting data. We met the group of interviewers before starting calls to avoid response bias. We clarified the research objective and explained the constructs. We performed a pretest with 30 respondents before conducting the research. We validated the pretest responses before proceeding with the research. No changes were necessary, which enabled us to use all responses. The respondents were executives responsible for company strategy. We performed Harman's single-factor test to check for the possibility of bias introduced by common method variance. The results showed that there was no response bias, despite having only one respondent per firm.

A sample of 81 companies responded (77 questionnaires were valid). Considering that the universe was 740 firms, the response rate was 11%, similar to the response rate usually achieved in the business studies field (Cooper & Schindler, 2003). Table 1 presents the descriptive statistics for each variable tested.

## 3.4. Measures

We selected four validated scales:

#### 3.4.1. Dependent variable

For *international business competence*, we chose a scale validated by Knight and Kim (2009). This scale captures capabilities that enable firms to build IBC (international orientation, international marketing skills, international innovativeness, and international market orientation).

#### 3.4.2. Independent variables

For organizational creativity, we adapted a scale Moultrie and Young (2009) had used in the U.K. motion picture industry, drawing on the Amabile et al. (1996) model, but using only sections relating to the organizational level. For *innovative capability*, we used a scale by Jiménez-Jiménez and Sanz-Valle (2011) that captures three aspects (product innovation, process innovation, and organizational innovation). For *entrepreneurial capability*, we adapted a scale by Chandler et al. (2011), despite the difficulty reported in their study. We drew on other studies that had tested and recommended improvements to this scale (Faia, da, Rosa, & Machado, 2014; Galkina & Chetty, 2015) to obtain more robust results. We used the causation dimension, the subdimensions of effectuation (experimentation, flexibility, affordable loss, and pre-commitments).

#### 3.4.3. Control variable

We controlled for companies' experience (company age) since it can increase commitment to the market and learning and is related to potential to access resources and develop capacities (Johanson & Vahlne, 2003).

#### 3.5. Measurement validation and analytical procedures

We tested the hypotheses using four regression analysis models. The data were evaluated and treated in advance. A descriptive analysis led to the elimination of four responses, as these responses were equivalent to more than 5 percent of the data for a variable or respondents were

Table 2 Reliability of scales

	Composite reliability	Variance extracted	Cronbach's alpha
OCR	0.821	0.343	0.729
IBC	0.949	0.544	0.944
EFF-EX	0.779	0.557	0.592
EFF-AL	0.958	0.883	0.932
EFF-FL	0.856	0.666	0.746
EFE-PC	0.855	0.663	0.739
CAU	0.859	0.606	0.793
INC	0.904	0.667	0.882

Organizational creativity (OCR); International business competence (IBC); Effectuation-Experimentation dimension (EFF-EX); Effectuation-Affordable loss dimension (EFF-AL); Effectuation-Flexibility dimension (EFF-FL); Effectuation-Pre-commitments dimension (EFF-PC)); Causation (CAU); Innovative capability (INC).

missing (Kline, 1998). We also eliminated one respondent's questionnaire because it affected multivariate normality. We analyzed univariate normality in terms of kurtosis and skewness (Kline, 1998), multivariate normality using Mahalanobis distance, error independence with the Durbin-Watson test, and outliers and linearity by visual inspection.

As illustrated in Appendix A, some of the observable variables had low factor loadings. Seeking the highest composite reliability, variance extracted, and Cronbach's alpha, we excluded these variables from the regression analyses, as recommended by Hair, Anderson, Tatham, and Black (2005).

# 3.6. Reliability of scales

We evaluated each variable from the scales after confirmatory factorial analysis, taking account of composite reliability (CR), variance extracted (VE), and Cronbach's alpha (CA), as depicted in Table 2. The scales exhibited adequate reliability. In accordance with recommendations by Nunnally and Bernstein (1978) and Hair et al. (2005), CA and CR results are greater than or close to 0.7, and VE values are greater than 0.5, except for organizational creativity. While organizational creativity is a central foundation for building capabilities and competencies, it is difficult to measure from a broad perspective. Its intrinsic intangibility is reflected in the statistical analysis by some low factor loadings. In the social sciences, the use of low loadings is acceptable in the context of exploratory research based on subjective constructs and when it is not possible to obtain larger samples (Costello & Osbourne, 2005). Tabachnick, Fidell, and Osterlind (2001) mention 0.32 as an acceptable rule for minimum loading, which equates to around 10% variance overlapping with the other items in the factor.

Correlations between constructs were analyzed to address discriminant validity (Bagozzi, Yi, & Phillips, 1991). In Table 3, correlations between each pair of constructs must be statistically different from 1 to demonstrate discriminant validity (Schmitt & Stults, 1986). The results show that all pairs of constructs with high correlations met these parameters (p < 0.05).

Since we collected data from just one respondent in each company, we conducted Harman's one-factor test to address common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The one-factor test explained less than 50 percent (33.84) of the covariance among variables, which indicates that common method variance is not a serious problem. Having demonstrated the adequacy of the data and constructs, we proceeded to test the hypotheses.

# 4. Analysis of results

We used four different regression models to test the hypotheses. Model I was used to analyze the direct relationship between

Table 3	
Cross-correlation	table.

		OCR	INC	CAU	EFF	EXP	IBC
OCR	Pearson correlation	1	.527***	.439***	.091	.131	.241**
	Sig. (two-tailed)		.000	.000	.431	.255	.035
	N	77	77	77	77	77	77
INC	Pearson correlation	.527***	1	.321***	.089	.112	.403***
	Sig. (two-tailed)	.000		.004	.443	.334	.000
	Ν	77	77	77	77	77	77
CAU	Pearson correlation	.439***	.321***	1	.371***	.214*	.444***
	Sig. (two-tailed)	.000	.004		.001	.061	.000
	Ν	77	77	77	77	77	77
EFF	Pearson correlation	.401***	.419***	.451***	1	.023	.174
	Sig. (two-tailed)	.000	.000	.000		.842	.129
	Ν	77	77	77	77	77	77
EXP	Pearson correlation	.131	.112	.214*	.068	1	.115
	Sig. (two-tailed)	.255	.334	.061	.558		.318
	Ν	77	77	77	77	77	77
IBC	Pearson correlation	.241**	.403***	.444***	.105	.115	1
	Sig. (two-tailed)	.035	.000	.000	.363	.318	
	Ν	77	77	77	77	77	77

\*\*\* Correlation is significant at p < 0.01 (two-tailed).

\*\* Correlation is significant at p < 0.05 (two-tailed).

\* Correlation is significant at p < 0.1 (two-tailed).

organizational creativity (OCR) and IBC. Model II analyzes the mediating effects of innovative capability (INC) on the relationship in Model I. Model III analyzes the mediating effects of entrepreneurial capability (ENC) on the relationship in Model I, taking into account its dimensions causation (CAU) and effectuation (EFF). Model IV analyzes whether innovative and entrepreneurial capabilities make mutual contributions to the relationship in Model I. Table 4 lists the results of the regression analyses.

We also tested correlations with other potential control variables related to firm size (revenue and number of employees), but results showed there were no significant relationships (p > 0.100) between them and independent or dependent variables. Variance inflation factors were far below the threshold of 10 that Kleinbaum, Kupper, and

Table 4	
Research	models.

	Model I	Model II	Model III	Model IV
IV	IBC	IBC	IBC	IBC
DV	OCR	OCR INC	OCR ENC	OCR INC ENC
CV	EXP	EXP	EXP	EXP
R <sup>2</sup>	0.065**	0.168***	0.201***	0.294***
F	2.573	4.928***	4.540***	4.855***
R <sup>2</sup> CHANGED		0.103***	0.136***	0.092***
F CHANGED		9.077***	6.149***	4.582***
Beta OCR	0.229**	0.032	0.068	-0.086
VIF OCR	1.018	1.396	1.329	1.588
Beta EXP	0.085	0.069	0.015	-0.003
VIF EXP	1.018	1.020	1.060	1.064
Beta INC		0.379***		0.376***
VIF INC		1.389		1.498
Beta CAU			0.432***	0.423***
VIF CAU			1.451	1.452
Beta EFF			-0.048	-0.140
VIF EFF			1.354	1.443

\*\*Significant to 0.05; \*\*\* significant to 0.01; Independent variable (IV): International business competence (IBC); Dependent variables (DV): Organizational creativity (OCR), Innovative capability (INC), Entrepreneurial capability (ENC); Control variable (CV): Experience (EXP); Variance inflation factor (VIF); Causation (CAU); Effectuation (EFF).

Muller, (1988) consider the upper limit of acceptability.

Model I provides support for H1 ( $\beta OCR$  = 0.229, p< 0.05). There is a direct and significant relationship between OCR and IBC.

The results for Model II ( $\beta$ OCR = 0.032, p > 0.1;  $\beta$ INC = 0.379, p < 0.01) support H2. INC entirely mediates the relationship between OCR and IBC.

The results for Model III ( $\beta$ OCR = -0.086, p > 0.1;  $\beta$ EFF = -0.140, p > 0.1;  $\beta$ CAU = 0.432, p < 0.01) support H3a, but do not support H3b.

Model IV tested the combination of INC and ENC as complementary mediating variables in the relationship between OCR and IBC. This model is intended to evaluate whether the objective and subjective roles of organizational creativity were complementary or might represent overlapping of constructs. The results for Model IV  $(\beta OCR = 0.068, p > 0.1; \beta EFF = -0.048, p > 0.1; \beta CAU = 0.423,$ p < 0.01;  $\beta$ INC = 0.376, p < 0.01) confirm that innovative capability and the causation dimension of entrepreneurial capability are complementary and increase the explanatory power of our proposal when compared with each mediating effect analyzed separately. In fact, a 100% change in organizational creativity was associated with a 6.5% change in IBC (Model I). When innovative capability mediates this relationship, the change was 16.8% (Model II), and when entrepreneurial capability mediates the relationship, the change was 20.1% (Model III). But when both innovative and entrepreneurial capabilities mediate the relationship, the explanatory power increases to 29.4% (Model IV).

We used the Sobel test to test the mediating effects of INC and CAU. The p-values for all variables were less than 0.05, confirming significant mediating effects. These results, therefore, support H2 and H3b.

# 5. Discussion and implications

The results of this study are in line with Javidan (1998) that competence is built on a structure of resources and capabilities. We tested the mediating role of innovative and entrepreneurial capabilities as links in this construction. Hypothesis 2 was supported, showing that innovative capability mediates the relationship between organizational capability and IBC. Transformation of ideas into innovations to then generate competencies is aligned with previous studies (Sitoh et al., 2014; Tahseen, 2012). The results confirmed Amabile's (1996) statement that creativity is essential to generate innovation which, in turn, allows companies to expand in international markets (Cavusgil & Knight, 2015; Knight & Cavusgil, 2004).

We divided H3 into H3a and H3b to take into account possible nuances of entrepreneurial capability. In this study, we found that the causation dimension undeniably plays a role in mediating organizational creativity and IBC. The characteristics of entrepreneurial capability - related to planning and development of scenarios - mediate the relation between the independent and dependent variables, as shown previously. Resource restrictions that impose a need for better planning also highlight the value of creativity (Amabile, 1998; Zhou & Shalley, 2008b). The results showed that in the organizational environment, creativity has a greater effect when applied to the structuring of logical decisions. Contrary to our expectations, the effectuation dimension of entrepreneurial capability had no effect on IBC. Apparently, the role of organizational creativity is linked more to planning and designing scenarios than to improvisation, intuition, and flexibility. Future research could investigate not only the subdimensions of effectuation, but also the effect of effectuation during the internationalization process per se. Research - especially quantitative research - relating effectuation theory to international business is still at an early stage. This study, therefore, lays down a challenge for the application of effectuation theory to be better explored in international business, as suggested by Coviello (2006) and Schweizer et al. (2010).

Our initial proposal was to evaluate the relationship between organizational creativity and firms' IBC. The results show that this association is stronger when the mediating effects of innovative capability

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and the causation dimension of entrepreneurial capability are considered in the relationship. Previous research has suggested that the mental operations of divergent and convergent thinking are essential constituents of creativity (Cropley, 2006; Runco, 2004) and are potentialized in new scenarios (Cropley & Cropley, 2008; Woodman et al., 1993; Hargadon, 2008). We found that creativity plays a role as an antecedent of innovation (which we refer to as the objective role of organizational creativity) and also plays a role as a precursor of entrepreneurial capability (what we refer to as the subjective role of organizational creativity), mainly considering that this capability is essential to designing scenarios.

This linkage between innovative capacity and the causation dimension of entrepreneurial capacity reflects the Penrosean assumption that entrepreneurs develop ideas to respond to adversities with which the external environment is constantly challenging their firms. Also, this finding supports Javidan (1998) statement that some resources are building blocks of competencies.

In summary, this study addressed contributions on several different levels: to theory, to organizational practice, and to public policies. On the organizational level, this study offers some findings that merit further exploration. For example, it is evident that there is an association between a firm's degree of creativity and its degree of IBC. Even though a creative climate could improve IBC or be enhanced by it, the results showed that when measured with mediating variables, the direct connection is no longer significant, and the mediating relationship has greater significance than the direct relationship exhibits in its absence. Consistent with the findings of this study, by promoting creativity, a firm improves its capability for generating innovation and also provides the entrepreneur with responses for dealing with the uncertain and complex environments of international markets, serving to stimulate development of new ideas, creativity, and renewal of routines, as proposed by Zollo and Winter (2002). A firm needs intangible resources like a positive organizational climate and skilled people for creativity to flourish. People must also be motivated to engage their ideas with the firm's goals. As a high-level resource, organizational creativity may not merely support competitive advantage in the global scenario; it may also be itself nurtured by the international experience, providing stimuli for divergent and convergent thinking.

The implications at the public policy level are wider. Not only in Brazil, but also in several other countries, governments are nurturing the creative economy (UNESCO, 2013). In the audiovisual industry, the results are convergent in identifying a broad range of local producers as dependent on official support to expand and go global. This study contributes by highlighting the relevance of creativity to this process. The more creative a firm is, the more international involvement occurs, and vice-versa, despite the non-direct nature of the relationship. Public policies should be shaped to stimulate and equip skilled people to be creative in the workplace. Furthermore, the international experience of creative people may reflect on organizational creativity. Thus, public policies that support small firms in going international must be concerned with whether creative people are involved personally, gaining experience and reinforcement for divergent and convergent thinking.

This study also has limitations. First, the investigation was conducted in a single industry in a single country. Comparative studies could indicate to what extent the roles of organizational creativity in international involvement can be generalized. Second, as an intangible resource, some measures of organizational creativity had low factor loadings. Third, this study is cross-sectional. This means respondents provided responses based on their perceptions at a single moment. Prospective research could investigate whether the relationship between organizational creativity and international involvement is a recursive flow.

At the end of this study, our research showed that organizational creativity is a building block for IBC, but mainly the foundation of an architectural structure of resources, capabilities, and competencies, as proposed by Javidan (1998). Surprisingly, the mediating role of

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entrepreneurial capability was not entirely borne out. Nuances of the effectuation dimension of entrepreneurial capability merit in-depth investigation as a mediating variable between organizational creativity and IBC, highlighting the complex role of organizational creativity in the firm.

# 6. Conclusion

In conclusion, this paper makes four specific contributions. First, the results show that there is a hierarchy of resources, capacities, and competencies in which creativity is one of the pillars that supports the development of IBC. On the theoretical level, this study helps fill a gap in knowledge about the link between organizational creativity and IBC. Within international business studies, this research confirms expected results, while assimilating entrepreneurship (Johanson & Vahlne, 2009) and the effectuation process to expand international business studies on the behavioral level (Coviello, 2006; Schweizer et al., 2010). Second, we found that creativity, based on its intrinsic characteristic of intangibility, is a key element both for building capabilities that have more direct repercussions for development of products and for more subjective aspects, such as the capacity to design scenarios. Creativity fosters the causation logic of entrepreneurial capability, allowing scenarios to be planned more creatively. Third, by taking a broader

# Appendix A. Variables and loads

approach to entrepreneurship in this study, one capable of bridging the more subjective nuances of effectuation theory, we were able to measure more subjective aspects that are rarely perceived and associated with creativity and intuition. Finally, it was possible to offer an interpretation of how creativity is linked to IBC, demonstrating that those firms in which IBC is already more established – not only their experience, but also their international orientation – may capture new ways of thinking and, consequently, solve problems.

Additionally, the findings of this study amplify the taken-forgranted view that experience and knowledge accelerate the gradual process of internationalization (Delios, 2011; Harms & Schiele, 2012; Johanson & Wiedersheim-paul, 1975). When experience is converted into creative ideas, it enables recombination of old and new ideas that may or may not translate into organizational creativity, as proposed by Zollo and Winter (2002). It is up to the entrepreneur to distinguish which ideas are useful for dealing with adversity in the unstable and uncertain environments often found in international markets.

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ORGANIZATIONAL CREATIVITY	
Organization motivation	Loads
The organization is proud of its employees and their achievements	0.578
The organization is enthusiastic about the abilities of its members	0.618
The organization adopts an offensive strategy towards the future	0.434
Resources	
There is an adequate time to produce innovative ideas	0.665
All staff have the expertise to complete their job creatively	0.540
A wide range of training opportunities are available to all employees	0.626
Management practices	
Project teams are given complete autonomy with their job	0.531
Project goals are clearly defined at the beginning of the work assignment	0.484
Supervisors provide regular, clear feedback and support	0.738
INNOVATIVE CAPABILITY	
Product innovation	
We improve on current products and services better than our competitors	0.803
We develop entirely new products and services faster and better than our competitors	0.811
We develop new products to new markets faster and better than our competitors	0.896
We invest in improving our products and services more than our competitors	0.895
We invest in developing new products and services more than our competitors	0.875
Process innovation	
We develop new technologies	0.792
We adopt new technologies more frequently than our competitors	0.819
We are the first company to introduce new process in the industry	0.825
Organizational innovation	
We are the first company in the industry to develop innovative management systems	0.797
We used to change our organizational structure to promote innovation	0.665
We are the first company in the industry to introduce new business concepts and practices	0.889
ENTREPRENEURIAL CAPABILITY	
Causation	
We analyzed long run opportunities and selected what we thought would provide the best returns	0.654
We developed a strategy to best take advantage of resources and capabilities	0.865
We designed and planned business strategies	0.814
We organized and implemented control processes to make sure we met objectives	0.765
Experimentation	
We experimented with different products and/or business models	0.697
The product/service that we now provide is substantially different than we first imagined	0.558
We tried a number of different approaches until we found a business model that worked	0.879
Affordable loss	
We were careful not to commit more resources than we could afford to lose	0.919
We were careful not to risk more money than we were willing to lose with our initial idea	0.936
We were careful not to risk so much money that the company would be in real trouble financially if things didn't work out	0.934
Flexibility	
We allowed the business to evolve as opportunities emerged	0.753
We adapted what we were doing to the resources we had	0.705
We were flexible and took advantage of opportunities as they arose	0.714

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Pre-commitments	
We used a substantial number of agreements with customers, suppliers and other organizations and people to reduce the amount of uncertainty	0.772
We used pre-commitments from customers and suppliers as often as possible	0.849
Whenever possible, we contacted customers and suppliers before making any commitments	0.769
INTERNATIONAL BUSINESS COMPETENCE	
International orientation	
Top management tends to see the world, instead of just the domestic market, as our firm's marketplace	0.687
The prevailing organizational culture at our firm (management's collective value system) is conducive to active exploration of new business opportunities abroad	0.800
Management continuously communicates its mission to succeed in international markets to firm employees	0.748
Management develops human and other resources for achieving our goals in international markets	0.738
International marketing skills	
The organization marketing planning process leads the firm to be much better than main competitors	0.802
Control and evaluation of marketing activities lead the firm to be much better than main competitors	0.789
Skill to segment and target individual markets lead the firm to be much better than main competitors	0.775
Ability to use marketing tools (product design, pricing, advertising, etc.) to differentiate our product lead the firm to be much better than main competitors	0.730
International innovativeness	
Our firm is at the leading technological edge of our industry in international markets	0.625
Our firm is highly regarded for its technical expertise among our channel members in international markets	0.594
In the design and manufacture of this product, we employ some of the most skilled specialists in the industry	0.798
We are recognized in international markets for products that are technologically superior	0.670
International market orientation	
Management communicates information throughout our firm about our successful and unsuccessful customer experiences in this market	0.695
All our managers understand how everyone in our firm can contribute to creating value for the customers in this market	0.758
Top management frequently discusses the strengths and weaknesses of our major competitor(s)	0.788
Our business functions (e.g., marketing/sales, manufacturing, finance) are integrated in serving the needs of this market	0.769

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