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MODERATING ROLE OF LEADERSHIP BEHAVIOUR AMONG ENTREPRENEURIAL ORIENTATION, SOCIAL CAPITAL, GLOBAL MINDSET AND FIRM INTERNATIONAL PERFORMANCE

RANA ZAIN UL ABIDIN

DOCTOR OF BUSINESS ADMINISTRATION
UNIVERSITI UTARA MALAYSIA
July 2017
MODERATING ROLE OF LEADERSHIP BEHAVIOUR AMONG ENTREPRENEURIAL ORIENTATION, SOCIAL CAPITAL, GLOBAL MINDSET AND FIRM INTERNATIONAL PERFORMANCE

RANA ZAIN UL ABIDIN

Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia
in Partial Fulfillment of the Requirement for the Doctor of Business Administration
ABSTRACT

Small and Medium Enterprises (SMEs) play an important role to strengthen the total exports of developing countries. These exports depend on firm international performance. This study empirically examined the major factors of firm international performance which attained researcher’s attention in previous studies. Among those factors include entrepreneurial orientation, social capital, and global mindset. This study also investigated the moderating role of leadership behavior on the relationship between entrepreneurial orientation, social capital, global mindset and firm international performance in the sports industry of Pakistan. A structured questionnaire representing dimensions related to entrepreneurial orientation, social capital, global mindset, leadership behavior and firm international performance was designed. Data were collected using a cross-sectional study, whereby 550 questionnaires were randomly distributed and 320 were successfully collected through personal administered method. Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to test six hypotheses. This study found that entrepreneurial orientation, social capital, and global mindset are high impacting independent variables in a relationship with firm international performance. Furthermore, leadership behavior has a strong moderating effect on the paths between entrepreneurial orientation, social capital, global mindset and firm international performance. The study also contributed to the theory as it extended Resource Based View (RBV) and Contingency Theory perspective. Policy-makers should encourage firms to improve their entrepreneurial orientation, social capital and global mindset which may increase exports of Pakistan sports industry to all over the world. Lastly, the scope of the study is limited to moderating effect of leadership behavior on entrepreneurial orientation, social capital, and global mindset in sports industry only. Future research are suggested to select the data from other exporting industries by applying longitudinal study and undertake other moderators such as competitive structure, absorptive capacity, or environmental dynamism.

Keywords: Firm international performance, entrepreneurial orientation, social capital, global mindset, leadership behavior, small and medium enterprises
Abstrak


Kata kunci: Prestasi antarabangsa firma, orientasi keusahawanan, modal sosial, set minda global, tingkah laku kepimpinan, perusahaan kecil dan sederhana
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06010 UUM Sintok
Kedah Darul Aman
ACKNOWLEDGEMENT

With the name of Allah Almighty, the most beneficent, the most merciful, and the creator of mankind, who has given me knowledge to understand the right and wrong, to explore the hidden mysteries of the world and gave me strength and courage to complete this task successfully. Then, I would like to pay special gratitude to my respected supervisors. I am highly indebted to my main supervisor, Associate Prof. Dr. Abdul Rahim B Othman for providing valuable guidance, encouragement and support. I have learnt a lot from him which would guide me through the rest of my life. I am also very grateful to my co-supervisor, Dr. Lilly Julienti Abu Bakar for sparing her time whenever required. She has been a great help during my period of study.

I also take this opportunity to thank my parents, siblings, who supported me through every thick and thin, and encouraged me to face the challenges as opportunities to excel in life. Challenges are not hurdles but opportunities to explore new knowledge. I am very thankful to my family for their much needed support. I am quite thankful to my teachers and friends especially Muzafar Asad, Haroon Hafeez, and Saqib Ali who understood my worries and supported me through their actions and words to make me relax and contented. It is true that friend’s words are the most comfortable words to give relaxation in the time of difficulties.

Last but not the least I would like to offer my special thanks to my university, Universiti Utara Malaysia, for providing me supportive and healthy environment to fulfill this task.
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>AMOS</td>
<td>Analysis of Moment Structures</td>
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<tr>
<td>AVE</td>
<td>Average Variance Extracted</td>
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<td>CMV</td>
<td>Common Method Variance</td>
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<td>CV</td>
<td>Control Variable</td>
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<tr>
<td>CR</td>
<td>Composite Reliability</td>
</tr>
<tr>
<td>$f^2$</td>
<td>Effect Size</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GLFI</td>
<td>Global Leader of the Future Inventory</td>
</tr>
<tr>
<td>GM</td>
<td>Global Mindset</td>
</tr>
<tr>
<td>GoF</td>
<td>Goodness-of-Fit</td>
</tr>
<tr>
<td>IFP</td>
<td>International Firm Performance</td>
</tr>
<tr>
<td>LB</td>
<td>Leadership Behavior</td>
</tr>
<tr>
<td>EO</td>
<td>Entrepreneurial Orientation</td>
</tr>
<tr>
<td>OYAGSB</td>
<td>Othman Yeop Abdullah Graduate School of Business</td>
</tr>
<tr>
<td>PhD</td>
<td>Doctor of Philosophy</td>
</tr>
<tr>
<td>PLS SEM</td>
<td>Partial Least Square Structural Educational Modeling</td>
</tr>
<tr>
<td>Q2</td>
<td>Construct Cross validated Redundancy</td>
</tr>
<tr>
<td>$R^2$</td>
<td>R-squared values</td>
</tr>
<tr>
<td>RBV</td>
<td>Resource Based View</td>
</tr>
<tr>
<td>SC</td>
<td>Social Capital</td>
</tr>
<tr>
<td>SCCI</td>
<td>Sialkot Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>SEM</td>
<td>Structural Equation Modelling</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>------------------------------------</td>
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<tr>
<td>SMEDA</td>
<td>Small and Medium Enterprise Development Authority</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Science</td>
</tr>
<tr>
<td>VIF</td>
<td>Variance Inflated Factor</td>
</tr>
<tr>
<td>ρc</td>
<td>Composite Reliability</td>
</tr>
</tbody>
</table>
CHAPTER ONE: INTRODUCTION

1.1 Background of Study

Most of the successful companies in the world usually start from a small and medium enterprise. There are several examples of such enterprises like India's Tata, South Korea's Samsung, and Thailand's Charoen Pokphand Group are included in it (Brandt, 2011). Developing countries are substantial for such small and medium enterprises. In the developed Western countries famous search engines like Amazon, Google, and Apple represent these big industries. However, there are only a few number of companies which reach the height of success with feasible policies, while millions of SMEs (Small and Medium Enterprises) face the ultimate failure even in the first five years of their beginning (Hunter, 2012). The economic world faced a worst upheaval since 2008 to 2013, due to which many small and medium firms were disappointed about their future and prospect (Yan, 2016).

In the past twenty years the situation and feasibility for businesses has become more multi dynamic, complex and unpredictable (Kandjani, Bernus, & Nielsen, 2013). There is a lot of competition among the enterprises and this strong competition is forcing the big groups and small medium enterprises to raise their standards of work, increase their capabilities, and enhance their competencies. It is the need of time that they may differentiate themselves in the market. A dynamic enterprise has to improve its
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REFERENCES


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Tsai, Y. (2011). Relationship between organizational culture, leadership behavior and job satisfaction. *BMC health services research, 11*(1), 98.


BUSINESS SURVEY OVER SMALL MEDIUM ENTERPRISES IN SPORTS INDUSTRY OF SIALKOT, PAKISTAN

Dear Respondent,

TO WHOM IT MAY CONCERN

I am PhD student at University Utara Malaysia, who conducting a business survey over small medium enterprises in sports industry of Sialkot, Pakistan. Through your participation, I eventually hope to understand how entrepreneurial orientation, global mindset social capital and leadership behavior effects on international performance of small and medium enterprises.

Enclosed with this letter is a brief questionnaire that asks variety of questions about your organization. If you choose to participate, do not write your name on the questionnaire. Your responses will not be identified with you personally, nor will anyone be able to determine which company you work for.

I hope you will take a few minutes to complete the questionnaire. Without help of people like you, research on entrepreneurial orientation could not be conducted. Your participation is voluntary and there is no penalty if you do not participate. Thanking you in anticipation of your response.

Yours sincerely,

Rana Zain ul abidin,
sadiqian313@yahoo.com.
PhD student

Dr. Abdul Rahim B Othman
rahim@uum.edu.my
Main Supervisor

Dr. Lily Julienti Abu Bakar
julienti@uum.edu.my
Co-supervisor
**Background Information**

**Firm Background**

How long your firm has been established? 1) 1-5 (years)

2) 6-10 (years)

3) 11 – Above (years)

How many employees do your firm hire? 1) 1-50

2) 51-150

3) 150-250

4) 250- Above

**Respondent Background**

Respondent's gender Female ............

Male ............

Respondent's education background 1. Post graduate

2. Undergraduate

3. High school

4. Primary school

Respondent's position at the firm 1. Owner-manager

2. Owner

3. Manager

4. Asst. Manager

5. Others please specify..........................
Entrepreneurial Orientation

Please review each of the following statements and tick the item that best represents your firm. Selection 1 indicates that you strongly disagree with the statement, selecting a 7 indicates that you strongly agree with the statement.

<table>
<thead>
<tr>
<th>No</th>
<th>Entrepreneurial Orientation (EO)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our firm supports the efforts of individuals work autonomy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The managers of my firm encourage individuals to decide for themselves what business opportunities to pursue.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>In our firm, individuals make decisions on their own without constantly referring to their supervisor.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>In our firm, the top managers play a major role in seizing the global business opportunities that my firm pursues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>Our firm has a strong proclivity for high risk projects with chances of very high returns.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6</td>
<td>Owing to the nature of the global environment, bold and wide-ranging acts are</td>
<td></td>
<td></td>
<td></td>
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</table>
necessary to achieve firm's objective.

<p>| | |</p>
<table>
<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>7</td>
<td>Our firm obtains financing for a new global project.</td>
</tr>
<tr>
<td>8</td>
<td>Our firm starts its business without adequate resources.</td>
</tr>
<tr>
<td>9</td>
<td>Our firm is eager to achieve high growth in global business, even during uncertainty.</td>
</tr>
<tr>
<td>10</td>
<td>To deal with uncertainty, our firm typically adopts a cautious, &quot;wait-and-see&quot; posture to minimize the risk.</td>
</tr>
<tr>
<td>11</td>
<td>The managers of my firm prefer to study a problem thoroughly before deploying resources to solve it.</td>
</tr>
<tr>
<td>12</td>
<td>The managers of my firm are quick to deploy resource on potential solutions if problems are holding us back.</td>
</tr>
<tr>
<td>13</td>
<td>Our firm is very creative in using and controlling resources.</td>
</tr>
<tr>
<td>14</td>
<td>Our firm typically develops creative solutions to deal with difficult problems.</td>
</tr>
<tr>
<td></td>
<td>Statement</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>15</td>
<td>Our firm emphasizes research and development, technological leadership and innovations.</td>
</tr>
<tr>
<td>16</td>
<td>Our firm favors a strong emphasis on marketing as compared with research and development, technology leadership, and innovation.</td>
</tr>
<tr>
<td>17</td>
<td>Our firm has many new lines of new products or services in the last three years.</td>
</tr>
<tr>
<td>18</td>
<td>In our firm, changes in product or service lines have been mostly of a minor nature.</td>
</tr>
<tr>
<td>19</td>
<td>In dealing with competition, our firm typically initiates actions to which competitors then respond.</td>
</tr>
<tr>
<td>20</td>
<td>Our firm prefers to a competitive &quot;undo-the-competitors&quot; posture.</td>
</tr>
<tr>
<td>21</td>
<td>Our firm is the first business to introduce new products or services, administrative techniques, and operating technologies.</td>
</tr>
<tr>
<td>22</td>
<td>Our firm puts together a team of the &quot;right&quot;</td>
</tr>
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<tr>
<td></td>
<td>people to identify global market trends.</td>
</tr>
<tr>
<td>23</td>
<td>In dealing with competitors, our firm typically seeks to avoid competitive clashes</td>
</tr>
<tr>
<td>24</td>
<td>The top managers of our firm have a strong tendency to &quot;follow the leader&quot; in introducing new products.</td>
</tr>
<tr>
<td>25</td>
<td>Our firm is very aggressive and intensively competitive to take international business from the competition.</td>
</tr>
<tr>
<td>26</td>
<td>Under uncertainty, our firm typically adopts a bold, aggressive posture to exploit potential opportunities.</td>
</tr>
<tr>
<td>27</td>
<td>Our firm prefers to make no special effort to take business from the competition.</td>
</tr>
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Social Capital

Please review each of the following statements and tick the item that best represents your firm. Selection 1 indicates that you strongly disagree with the statement, selecting a 7 indicates that you strongly agree with the statement.

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<thead>
<tr>
<th>No</th>
<th>Social capital (SC)</th>
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<th>5</th>
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<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In our firm, all division recognizes that we need each other to accomplish our objectives.</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>In our firm, sales people would be just as effective without working with other divisions.</td>
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</tr>
<tr>
<td>3</td>
<td>By working with sales people in our firm, our product division gets access to resources and product ideas.</td>
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</tr>
<tr>
<td>4</td>
<td>Our firm knows our suppliers in persons.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>Our firm maintains close social relationship with international buyers.</td>
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<td>6</td>
<td>The exchange of information among our firm’s global contacts usually has a similar</td>
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<tbody>
<tr>
<td><strong>7</strong></td>
<td>The global contacts of our firm with which we maintain frequent relationships, in general, know each other.</td>
</tr>
<tr>
<td><strong>8</strong></td>
<td>The global contacts of our firm from which we receive advices or information for making important decisions have strong relationship.</td>
</tr>
<tr>
<td><strong>9</strong></td>
<td>Suppliers of our firm always keep their promises to us.</td>
</tr>
<tr>
<td><strong>10</strong></td>
<td>Our firm is characterized by high reciprocity.</td>
</tr>
<tr>
<td><strong>11</strong></td>
<td>Our firm is characterized by mutual trust among the colleagues at multiple levels.</td>
</tr>
<tr>
<td><strong>12</strong></td>
<td>Our staffs share organization vision with each other.</td>
</tr>
<tr>
<td><strong>13</strong></td>
<td>There is a good understanding among our firm’s global partners.</td>
</tr>
<tr>
<td><strong>14</strong></td>
<td>Our firm’s strategic alliance is about mutual respect.</td>
</tr>
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<td></td>
<td>Our firm’s strategic alliance is characterized by personal friendship.</td>
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<tr>
<td>15</td>
<td>Our firm’s strategic alliance is characterized by personal friendship among the top managers.</td>
</tr>
<tr>
<td>16</td>
<td>Our firm’s strategic alliance is characterized by a cooperative attitude.</td>
</tr>
<tr>
<td>17</td>
<td>Our staffs are good at dealing with customers.</td>
</tr>
<tr>
<td>18</td>
<td>Our divisions in our firm have effective communication channels.</td>
</tr>
<tr>
<td>19</td>
<td>To exchange different amount of information is our firm’s typical issue.</td>
</tr>
<tr>
<td>20</td>
<td>Our staffs' success is our business success.</td>
</tr>
<tr>
<td>21</td>
<td>This business deserves loyalty from all staffs</td>
</tr>
<tr>
<td>22</td>
<td>Our staffs share a common understanding about needs of the customers.</td>
</tr>
<tr>
<td>23</td>
<td>Our staffs have a common understanding</td>
</tr>
<tr>
<td>25</td>
<td>Our divisions in our firm understand each other's needs and priorities.</td>
</tr>
</tbody>
</table>
**Global mindset**

Please review each of the following statements and tick the item that best represents your firm. Selection 1 indicates that you strongly disagree with the statement, selecting a 7 indicates that you strongly agree with the statement.

<table>
<thead>
<tr>
<th>No</th>
<th>Global mindset (GM)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our firm understands economic, political, social, and cultural differences impacting business.</td>
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<tr>
<td>2</td>
<td>Our firm experience difficulty integrating business plans across countries, regions, and cultures to meet local and global needs.</td>
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<td>3</td>
<td>Our firm incorporates multiple points of view from other countries and cultures when making business decisions.</td>
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<td>4</td>
<td>Our firm feels comfortable assessing risks and opportunities in global business.</td>
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<tr>
<td>5</td>
<td>Our firm finds difficult working with ambiguity and unstructured situations in business.</td>
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<td>6</td>
<td>Our firm feels confident analyzing complex business issues and presents them to others.</td>
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<td>7</td>
<td>Our firm experience difficulty handling decisions under uncertainty or tight time constraints.</td>
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<td>8</td>
<td>Our firm regularly monitors international news, political, social, economic, and world events.</td>
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<tr>
<td>9</td>
<td>Our firm experience difficulty evaluating global business and country environments.</td>
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<tr>
<td>10</td>
<td>Our firm attempt to learn about the business practices and environments of other countries.</td>
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<tr>
<td>11</td>
<td>Our firm experience difficulty understanding the cultures and traditions of other countries.</td>
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<tr>
<td>12</td>
<td>Our firm enjoys traveling and meeting people from different countries and cultures.</td>
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<td>13</td>
<td>Our firm uses the same leadership behavior in different cultural settings.</td>
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<tr>
<td>14</td>
<td>Our firm like working with people from different cultures and countries.</td>
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<tr>
<td>15</td>
<td>Our firm feels uncertain communicating</td>
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</tbody>
</table>
with people from different countries and cultures.

<table>
<thead>
<tr>
<th>16</th>
<th>Our firm understands how cultural values, norms, and attitudes influence business practices.</th>
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</thead>
<tbody>
<tr>
<td>17</td>
<td>Our firm believes cultural differences are a source of competitive advantage in business.</td>
</tr>
<tr>
<td>18</td>
<td>Our firm respects the history, traditions, religion, and culture of other countries.</td>
</tr>
</tbody>
</table>
**Leadership Behavior**

Please review each of the following statements and tick the item that best represents your firm. Selection 1 indicates that you strongly disagree with the statement, selecting a 7 indicates that you strongly agree with the statement.

<table>
<thead>
<tr>
<th>No</th>
<th>Leadership Behavior (LB)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<tbody>
<tr>
<td>1</td>
<td>Our firm assesses global opportunities, challenges, risks and competition in our business.</td>
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<td>2</td>
<td>Our firm analyzes economic, political, social, and cultural factors that impact our business.</td>
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<td>3</td>
<td>Our firm solicits information from business units outside our home country.</td>
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<td>4</td>
<td>Our firm analyses multiple opinions to take care of business issues.</td>
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<td>5</td>
<td>Our firm use manufacturing, marketing, or submission techniques outside our home town.</td>
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<td>6</td>
<td>Our firm combines supplier systems through different countries.</td>
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<td>7</td>
<td>Our firm discusses details and decision-making with professionals in different areas of the world.</td>
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<td>8</td>
<td>Our firm develops organizational values that represent diverse perspectives among cultures and countries.</td>
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<td>9</td>
<td>Our firm delegate assign tasks across cultures and countries.</td>
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<td>10</td>
<td>Our firm selects and promotes people from a global talent pool.</td>
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<td>11</td>
<td>Our firm engages in cross-cultural training and international staff development.</td>
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<td>12</td>
<td>Our firm respect, appreciates, and praises the accomplishments of employees.</td>
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<td>13</td>
<td>Our firm use rewards and incentives that reflect the values, goals, and aspirations of employees.</td>
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<td>14</td>
<td>Our firm encourage, coach or mentor people from different countries and cultures to work together to achieve goals and objectives.</td>
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<td></td>
<td>Our firm seeks the views of stakeholders from different countries and cultures.</td>
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<tr>
<td>16</td>
<td>Our firm responds to differences in business practices, cultures or country environments.</td>
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<tr>
<td>17</td>
<td>Our firm participates in cross-cultural meetings, brainstorming sessions, and other global information sharing activities.</td>
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<tr>
<td>18</td>
<td>Our firm works with representatives of political, social, cultural or civic institutions in other countries.</td>
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<tr>
<td>19</td>
<td>Our firm use networks across countries and cultures to achieve business objectives.</td>
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<tr>
<td>20</td>
<td>Our firm develops partnerships, alliances or ventures with companies in other countries.</td>
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</tbody>
</table>
**Firm International Performance**

The following statement pertains to assess the firm international performance. Please review each of the following statements and tick the item that best represents your firm. Selection 1 indicates that the lower performance, selecting a 7 indicates that higher performance.

<table>
<thead>
<tr>
<th>No</th>
<th>Firms international performance (FIP)</th>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Export Sales growth (last three years)</td>
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<td>2</td>
<td>Export profit (last three years)</td>
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<tr>
<td>3</td>
<td>Revenue generated from international sales (last three years)</td>
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<tr>
<td>4</td>
<td>Speed of new market entrant (last three years)</td>
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<tr>
<td>5</td>
<td>Overall performance (last three years)</td>
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</tbody>
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