



# Uncovering the factors behind new ventures' international performance: Capabilities, alertness and technological turbulence

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## ABSTRACT

This research is based on the perception that the explanation of International New Ventures' (INVs) performance demands a process view, going deeper than the standard approach, in empirical papers, of testing a direct relationship between company-level antecedents and performance. A three-tier model was developed to investigate the process leading to INVs international performance, emphasizing the role of entrepreneurial alertness. Based on the dynamic capabilities framework, entrepreneurial alertness was envisaged as the mediating element between firms' capabilities and their international performance. Empirical research confirmed the hypothesized model. Firms' capabilities (entrepreneurial orientation, foreign market knowledge, and absorptive capacity) significantly influence the level of entrepreneurial alertness, which impacts on the levels of self-reported satisfaction with the company's international performance. The paper makes four contributions to International Entrepreneurship literature. First, it highlights the key role played by entrepreneurial alertness in explaining INVs' international performance. This is convergent with the dynamic capabilities view on firms' ability to sense and seize specific international business opportunities. Second, this study considers entrepreneurial alertness as a capability that is not limited to the entrepreneur, but it is an organizational capability. Third, it shows that entrepreneurial alertness does not exist in the vacuum, is based on a set of base capabilities, namely entrepreneurial orientation, foreign market knowledge, and absorptive capacity, that simultaneously leverage the INVs to sense possible opportunities and constrain the focus of opportunities to international markets, as a key element to foster INVs' higher performance. Fourth, it underlines the role of technological turbulence as a moderator of the relationship between entrepreneurial alertness and INVs' international performance.

## 1. Introduction

International Entrepreneurship (IE) has increasingly been envisaged from a process perspective, recognizing the existence of factors mediating the relationship between IE antecedents and international performance. Unfortunately, there is a dearth of quantitative research espousing process perspectives as remarked by several authors (Aspelund, Madsen, & Moen, 2007; Crespo, Simões, & Fontes, 2015; Keupp & Gassmann, 2009; Morais & Ferreira, 2020). Additionally, while in the last years research on the international opportunity recognition process has increased (Kraus, Niemand, Angelsberger, Mas-Tur, & Roig-Tierno, 2017; Mainela, Puhakka, & Servais, 2014; Reuber, Knight, Liesch, & Zhou, 2018; Tabares, Chandra, Alvarez, & Escobar-Sierra, 2020), the number of studies exploring the way firms sense to notice those opportunities (Patel, 2019; Rezvani, Lashgari, & Farsi, 2019), its

implications and roles, and integrating it within the international entrepreneurial process is still scarce (Reuber et al., 2018; Tabares et al., 2020). This paper contributes to fill these gaps by addressing a key element mediating the path from international new ventures' (INVs) characteristics to their international performance: entrepreneurial alertness.

More specifically, our focus is two-pronged. First, we aim at understanding the role played by entrepreneurial alertness as a mediator between a set of firm-level antecedents (entrepreneurial orientation, foreign market knowledge, and absorptive capacity) and self-reported satisfaction with the firm's international performance. In fact, entrepreneurial alertness has been identified in the literature as a key success factor for IE initiatives. The concept is rooted on Kirzner's (1979) view on entrepreneurship as the ability to notice, without pursuit, opportunities that have been ignored. Oviatt and McDougall (1994), in their

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