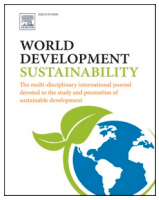
World Development Sustainability 9 (2026) 100388



Contents lists available at ScienceDirect

World Development Sustainability

journal homepage: www.elsevier.com/locate/wds



Entrepreneurial edge: How family-owned smes enhance international performance through strategic capabilities in emerging economies

Rizwan Ullah Khan [a,*], Christopher Richardson [b], Yashar Salamzadeh [c]

[a] Entrepreneurship Department, Effat College of Business, Effat University, KSA, Jeddah, Saudi Arabia
[b] Graduate School of Business, Universiti Sains Malaysia, Gelugor, Malaysia
[c] School of Business and Management, Faculty of Business, Law & Tourism, University of Sunderland, Sunderland, UK

ARTICLE INFO

Keywords:
International entrepreneurial orientation
Networking capability
Realised absorptive capacity
Government support
International performance
And pakistan

ABSTRACT

The primary objective of the current study was to investigate the survival of family-owned SMEs in the international market, with a particular focus on highlighting the entrepreneurial characteristics and capabilities of family-owned SMEs, as their behaviours and leadership skills differ significantly from those of non-family-owned SMEs. Additionally, family-owned SMEs are considered a key driver of economic growth in both developed and developing countries. Despite their strong reputation for resilience and agility in global and domestic markets, they face challenges that hinder their expansion into international markets, such as a lack of resources, international networking, and capabilities to succeed in international markets. Hence, in the current study, we aim to examine how family-owned SMEs can achieve international performance through the antecedents of international entrepreneurial orientation (IEO), networking capability, realised absorptive capacity, and government support within the framework of the resource-based view (RBV) theory. To support the study's main objective, data were collected from 371 top managers of family-owned SMEs in Pakistan. To test the final hypotheses, we deployed Smart PLS and SPSS. The results indicate that IEO is a crucial predictor for creating opportunities and gaining knowledge from external suppliers. Moreover, government incentives significantly predict the successful international performance of family firms. These findings offer actionable insights for top managers operating in international markets, empowering them to drive economic growth and create jobs.

Introduction

Internationalisation has long been a topic of scholarly interest, particularly as globalisation and technological innovation reshape competitive dynamics (Alayo et al., 2020). While multinational corporations have historically led this expansion, family-owned small and medium enterprises (SMEs) in emerging economies are increasingly participating in global trade. In this context, the current study examines the conditions under which family-owned SMEs can improve their international performance, focusing on internal strategic postures and dynamic capabilities, as well as external institutional enablers. Furthermore, the extension of businesses into international markets largely depends on the desire and willingness of the businesses' strategic decision-makers (Teece, 2022). Besides their significant contribution to economic growth in developed economies [1], family-owned SMEs are often referred to as the backbone of these economies, creating employment opportunities [2]. Hence, the Pakistani sports goods industry, a high-export sector dominated by family-owned firms, offers a compelling empirical setting to investigate these dynamics.

Despite their prominence, family-owned SMEs in emerging economies such as Pakistan face persistent challenges in sustaining international competitiveness. Family-owned SMEs constitute a dominant organisational form internationally, and significantly contribute to the creation of employment opportunities, economic growth and export development [3]. Family-owned SMEs can face more distinctive challenges in internationalisation [4]—in addition to resource scarcity, limited access to external networks, risk aversion and managerial constraints as compared to non-family firms [5]. These challenges are especially evident in emerging economies, where institutional support systems are less developed, and firms often operate under conditions of uncertainty. As a result, understanding how entrepreneurial orientation translates into international success within family-owned SMEs remains

* Corresponding author.
E-mail addresses: rizwanhayat1989@gmail.com (R.U. Khan), christopher.richardson@usm.my (C. Richardson), yashar.Salamzadeh@sunderland.ac.uk (Y. Salamzadeh).

https://doi.org/10.1016/j.wds.2026.100388
Received 1 January 2025; Received in revised form 23 September 2026; Accepted 3 November 2026
Available online 4 November 2026
2772-655X/© 2026 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY license (http://creativecommons.org/licenses/by/4.0/).

a critical yet underexplored research area.

The current study's main focus is on Pakistan's sports goods industry, an internationally recognised export-oriented sector that has historically contributed significantly to the country's export earnings. Despite possessing strong manufacturing capabilities and international market presence, many family-owned sports goods SMEs continue to face challenges in sustaining growth and competitiveness in international markets

[2,3]. Increasing competition from countries such as China, Vietnam and India has intensified the need for firms to develop strategic capabilities that support international expansion and performance [6]. Therefore, this context provides an appropriate setting for examining how entrepreneurial orientation (EO)contributes to international performance.

A critical limitation of the previous research is its focus on the direct path between entrepreneurial orientation and performance [7,8]. This concentration overlooks the organisational process through which entrepreneurial behaviour is translated into measurable outcomes. Drawing on the RBV, this study argues that IEO indirectly influences IP through the development of strategic capabilities. Specifically, networking capability (NC) is proposed because it enables family-owned SMEs to establish and utilise relationships with customers, suppliers and strategic partners, thereby facilitating valuable market information, international opportunities and complementary resources (Karami & Tang, 2019; Kontinen & Ojala, 2011). Likewise, realised absorptive capacity (RAC) enhances the firm's ability to transform and exploit externally acquired knowledge, allowing entrepreneurially oriented firms to convert international opportunities into strategic action and competitive advantage (Zahra & George, 2002; [9]; Hernandez-Perlines, 2018; Chaudhary & Batra, 2018). Despite their theoretical relevance, the mediating roles of NC and RAC in linking IEO and IP remain underexplored, particularly for family-owned SMEs operating in emerging economies. Furthermore, the effectiveness of these capabilities may vary according to institutional conditions. In emerging economies, government support (GS) through training programmes, export promotion initiatives, financial assistance, advisory services, and market facilitation mechanisms can strengthen firms' ability to leverage networks and exploit external knowledge (Seow et al., 2020). However, empirical evidence on GS as a boundary condition influencing the effectiveness of NC and RAC remains fragmented. Consequently, a significant gap remains in understanding how IEO, dynamic capabilities, and institutional support interact to enhance IP in family-owned SMEs.

This study tried to bridge this inconsistency by integrating two parallel dynamic capabilities, NC and RAC, as potential mediators that translate IEO into successful international performance. Moreover, we proposed GS as a contextual moderator that may reinforce or attenuate these relationships, particularly in high-uncertainty, resource-constrained environments, such as those found in emerging economies like Pakistan.

Accordingly, this study aims to answer the following research question: Under what internal (IEO, networking capability, realised absorptive capacity) and external (government support) conditions do family-owned SMEs in an emerging economy improve international performance? Our contribution lies in bridging theoretical, contextual, and temporal gaps advancing the resource-based view (RBV) by examining how intangible resources and dynamic capabilities interact with institutional support under turbulent global conditions. Hence, to address this fragmented literature, the current study aims to fill this gap and extend the existing body of literature by demonstrating that IEO drives enhanced international performance for family-owned SMEs. Second, we deploy two parallel dynamic capabilities (networking capability and realised absorptive capacity), bridging the gap whereby family-owned SMEs lack the skills, information, and networking needed to conceive novel ways to arrange and create opportunities in the international market [10]. Third, the current study expected that capabilities (networking capability and realised absorptive capacity) would strengthen their impact on international performance due to government reliefs, incentives, and support dynamics. Fourth, to achieve the above objectives, we adopt an RBV boundary conditions framework to examine the relationship between IEO and international performance through parallel mediations (networking capability and realised absorptive capacity) as dynamic capabilities that drive variation in strategic behaviour and enhance international performance.

Literature review and hypotheses development

Theoretical background

International entrepreneurial orientation is considered the backbone for enhancing the international performance of family-owned SMEs (In the context of this study, a family-owned SME refers to a business in which a single family possesses a controlling ownership interest and actively participates in the strategic management and decision-making of the firm [11]), as it stimulates top management's strategic posture to create and recognise opportunities in the international market [12]. If a firm possesses such unique resources and capabilities, it can become a source of competitive advantage in the domestic and international markets. In the current framework, IEO serves as an intangible resource, whereas NC and RAC can function as dynamic capabilities [13] to sustain competitive advantage. Additionally, dynamic capabilities refer to top management's ability to adjust the organisation in response to external market demand [14]. Hence, NC is a unique resource of the organisation to create a connexion with external suppliers and customers [15]; as per the external market demands, the organisation brings changes in its strategies (innovation, risk-taking, and proactiveness) to enhance international performance [16]. Next, RAC is also an important intangible resource for top management in absorbing external knowledge and information from the international market [17]. It modifies the organisation's existing strategies to implement the new absorptive expertise and information, thereby sustaining competitive advantage [18]. Consistent with the resource-based view of the firm [19], IEO, NC, and RAC are internal, unique organisational strategies for enhancing the IP of family-owned SMEs. The resource-based view (RBV) provides theoretical support for the proposed relationship by suggesting that firms with stronger resources and capabilities are more likely to achieve superior performance [19,20]. According to Barney [19], sustainable competitive advantage arises when firms possess valuable, rare, inimitable, and non-substitutable resources. Valuable resources enable firms to exploit opportunities and respond to environmental challenges [19]. Rare resources are not widely available to competitors, whereas inimitable resources are difficult to replicate because they are embedded in firm-specific routines and processes [19,21].

In the context of this study, IEO, NC, and RAC can be conceptualised as strategic resources and capabilities that reflect the VRIN logic of the resource-based view. IEO enables firms to identify and exploit international opportunities through innovativeness, proactivity, and risk-taking, thereby serving as a valuable strategic resource [22]. Similarly, NC allows firms to develop distinctive relationships with customers, suppliers, and strategic partners, providing access to valuable external resources and market knowledge (Karami & Tang, 2019). RAC further strengthens this resource base by enabling firms to transform and exploit externally acquired knowledge through embedded organisational routines (Zahra & George, 2002; [9]). Collectively, these capabilities can support sustainable competitive advantage and enhance the international performance of family-owned SMEs. Accordingly, the proposed model is consistent with the RBV perspective, while government support represents an important external condition that can strengthen the effective deployment of these strategic capabilities.

Hypotheses development

IEO is a driver of networking capability towards international performance

IEO is a crucial predictor in the context of global entrepreneurship [23]. Yet, there is debate over whether IEO can improve the performance of global firms, as businesses with greater IEO skills are more likely to achieve a range of outcomes [24]. According to recent studies on international entrepreneurship (Alsharif & Almugren, 2023; [25]), the cumulative evidence regarding the relationship between IEO and international business performance remains inconclusive. Most research findings indicated that IEO has a favourable effect on the performance of multinational firms [22] and that this connexion would lead to a rise over time [26,27], while other studies' findings indicate that it has a negligible effect ([24]; Shukor et al., 2023). As a result of the aforementioned poor correlation between IEO and firm performance, high IEO organisations are inescapably more likely to succeed or fail [27,10].

Furthermore, experts have proposed various mediating and moderating theories to explain the discrepancies (both substantial and inconsequential) between the IEO and the performance of multinational firms. Studies have shown, for example, that several recent potential mediators have emerged, supporting the relationship between IEO and firm performance. These include functional performance [23], differentiation strategy [28], generative and acquisitive learning [29], marketing capabilities [30], and competitive advantage [16]. These mediating studies are mostly internally focused and neglect potential intermediate external variables, such as networking systems between suppliers and consumers. For an organisation to successfully internationalise, networking with foreign suppliers and clients may help identify opportunities in the global market and maintain a competitive advantage (McGrath & O'Toole, 2014). An organisation that lacks experience entering international markets and has limited resources can benefit from strong networking capabilities, which improve performance [31].

According to the RBV, competitive advantage arises when firms possess valuable, rare, and difficult-to-imitate resources and capabilities [19]. Although internationally entrepreneurially oriented firms actively identify and pursue opportunities in foreign markets, successful exploitation of these opportunities often depends on access to external knowledge, market information, and strategic partners ([22]; Karami & Tang, 2019). Networking capability enables firms to develop and leverage relationships with customers, suppliers, and other partners, thereby facilitating access to complementary resources and knowledge of international markets (Kontinen & Ojala, 2011; Karami & Tang, 2019). Consequently, networking capability can be viewed as a strategic capability through which the firm's entrepreneurial orientation translates into improved international performance (Karami & Tang, 2019). Hence, networking capabilities support an organisation's competitive advantages (Karami & Tang, 2019). For a very long time (Björklund et al., 2021; Kim et al., 2017; Shane, 2003), acquiring resources from outside the organisation has been a crucial entrepreneurial responsibility. As a result, the newly proposed hypothesis refutes the RBV's claim that possessing a collection of rare and unique resources is the primary source of competitive advantage. Hence, based on the aforementioned debates, the current study posits that IEO (innovativeness, risk-taking, and proactiveness) and networking capability enhance international performance. The current study focuses on deepening understanding of the role of networking in the rapid international market performance of family-owned SMEs and on actively building and nurturing strategic network relationships for global market entry.

H_1: Networking capability significantly mediates the relationship between international entrepreneurial orientation and international performance.

IEO as a source of realised absorptive capacity towards international performance

Family-owned SMEs are encouraged to innovate, be proactive, and take risks due to their absorptive capacity (Nguyen et al., 2022). Their global entrepreneurial orientation and absorptive capacity enable them to adapt to changing environments, supported by the dynamic capabilities framework [29]. This study examines International Entrepreneurial Orientation (IEO) and realised absorptive capacity in multinational family-owned SMEs, highlighting their need to act responsibly towards society [32].

Literature has extensively analysed the mediating role of realised absorptive capacity. Nika et al. [33]explored the role of new information and adaptation, while Wu and Voss (2015) focused on technology management and product development. Other studies include Hanifah et al. [34] on knowledge transfer, Uddin [35] on IT capabilities, Lim et al. [36] on innovation performance and HR practises, Xiong et al. [37] on innovation capacity and buyer-supplier relationships, and Aljanabi et al. (2014) on organisational support and technological factors. Ferreras-Méndez et al. (2019) and Hernández-Perlines et al. (2016, 2017) found that absorptive capacity mediates the relationship between firm performance and innovation/training, and Mata et al. [38] demonstrated that combining absorptive capacity with innovation capability enhances performance. From an RBV perspective, firms gain performance advantages by effectively acquiring and utilising valuable knowledge resources [19]. RAC enables firms to transform and exploit external knowledge, allowing entrepreneurially oriented firms to convert international market information into strategic action and competitive advantage (Zahra & George, 2002). Therefore, RAC represents an important mechanism through which IEO can contribute to enhanced international performance.

Thus, realised absorptive capacity is crucial for organisational strategic orientation, market opportunity identification, and understanding customer needs, leading to better international performance (Mata et al., 2025; [33]). Therefore, this research hypothesises that the link between IEO and international performance is mediated by realised absorptive capacity.

H2: realised absorptive capacity significantly mediates the relationship between international entrepreneurial orientation and international performance.

Government support as a moderator in the relationship between networking capability and IP

Top managers must build strong networking relationships with suppliers and customers in the global market to achieve sustainable competitive performance. A robust network enables organisations to secure high-quality materials, excellent services, and on-time delivery, providing a competitive edge (Mitrega et al., 2017). Firms that prioritise customer needs and maintain resources tend to perform better [39].

Research indicates that strong ties enhance performance [40], and close-knit business circles allow real-time adjustments to market changes [41]. For South African SMEs, external networking ties boost performance [39]. However, Liu et al. (2018) found that extensive external knowledge can disrupt the international strategies of family-owned SMEs in Sydney, indicating inconsistent relationships between networking and performance.

Researchers suggest that internal, external, and cultural factors may influence this relationship ([42]; Karami et al., 2019). According to Baron and Kenny (1986), a moderating variable is necessary to reinforce this link. Government support is proposed as a moderator that enhances the company's long-term survival in the global market ([43]; Ying et al., 2019).

The moderating impact of government funding is also explored. Shukor et al. (2023) found that extensive government support negatively affects the relationship between product innovation and business performance. Klugah et al. (2025) demonstrated that government assistance positively impacts organisational commitment and business success. A comprehensive government strategy promotes the competitiveness of family-owned SMEs by providing loans, business facilities, and managerial training. Thus, it is hypothesised that networking skills indirectly influence global performance through government support.

H3: Government support positively moderates the relationship between

networking capability and international performance

Government Support as a moderator in the relationship between RAC and IP

The ability of management to effectively identify, assimilate, and apply new knowledge from external sources or follow competitor strategies is crucial for maximising firm profits and ensuring survival. For organisations, especially family-owned SMEs, external support is essential for effectively absorbing knowledge from international markets to enhance performance. Without robust governmental policies, these organisations struggle to gather external knowledge because they focus on sustaining the business across generations rather than maximising profits.

In emerging markets, family-owned SMEs often struggle to conduct breakthrough R&D activities, making it difficult to compete internationally ([44]a; Kotabe et al., 2017). These firms are generally inefficient at gathering competitive information and slow to respond to competitors. Therefore, external factors, particularly government support, are necessary to strengthen the relationship between absorptive capacity and international performance (Ionescu et al., 2024).

Government support, including subsidies, reliefs, and incentives, can aid family-owned SMEs in internationalisation by enhancing their adaptive capabilities and strategic flexibility (Angulo-Ruiz et al., 2019). Empirical research supports the notion that government programmes indirectly enhance international performance by developing these capabilities (Liu et al., 2013; [45]a; [44]). Consequently, the current study proposes that government support should moderate the relationship between realised absorptive capacity and the international performance of family-owned SMEs in the sports goods sector.

H4: Government support positively moderates the relationship between realised absorptive capacity and international performance

This conceptual framework illustrates one predictor, international entrepreneurial orientation (independent variable), used as a higher-order construct, while innovativeness, risk-taking, and pro-activeness are lower-order constructs. It also includes two mediators: networking capability and realised absorptive capacity; one moderator: government support; and one dependent variable: international performance. See Fig. 1.

Methodology

In the current study, we targeted the sports goods industry of Pakistan, which involves exporting its final products to other countries because the sports goods industry is a single industry that is wholly exporting its final products to other countries [46], and 95 per cent of these sports goods small and medium enterprises are owned and controlled by family members. In the current study, we target the family-owned SMEs in the sports goods industry of Sialkot City in Pakistan because, in the era of 2010, the sports goods industry contributed 21 per cent to the total export ratio of Pakistan [47], which means they sigh contracts with big sports units such FIFA football, Olympics, etc. and after 2010, the sports goods industry export ratio become decline. The main reason is that other countries such as India, China, Malaysia, and Nepal capture the market. Additionally, there has been a significant decline in growth, sales, and profits in Pakistan's sports goods industry. Hence, the current proposed model has been delayed in enhancing its international performance.

Hence, we collected the data through structured questionnaires from Sialkot because Sialkot is the hub of the sports goods industry and distributed it through simple random sampling techniques because we have the complete record of all listed family-owned SMEs in the sports goods industry listed with the Pakistan Sports Goods Manufacturers & Exporters Association (PSGMEA); therefore, we followed Krejcie & Morgan (1970) for minimum sample size. A complete sample frame from the Pakistan Sports Goods Manufacturers & Exporters Association was used, and simple random sampling was employed to ensure equal selection probabilities and reduce selection bias. According to Krejcie and Morgan's (1970) method, the minimum necessary sample size for a population of 6000 is around 361. The resultant dataset of 371 answers fulfils and slightly exceeds the suggested level for SEM-based research.

We distributed a total of 1100 questionnaires to achieve the minimum sample size with a response rate of 37 per cent. For distributing the questionnaire, we used Google Docs. As recommended by previous researchers, we received 371 Responses with a 31 per cent response rate after validating the questionnaires through pre-testing and pilot testing procedures, which is acceptable in the manufacturing sector. Hence, the usable 371 responses comprise 72.23 per cent male and 13.08 per cent female. Most respondents were between 25 and 35 years of age (140), at 28.63 per cent, while the majority of top management in the sports goods sector held a Master's degree (244), at 47.40 per cent. Of the 257 respondents, 54.90 per cent were General Managers with >15 years of experience in international trading. Additionally, there can be mostly can-do trade with the Central Asia countries (see Table 1) for more details.

Variable measurement

International Entrepreneurial Orientation: These measurement scales are widely used, acknowledged, and validated ([48]; Pittino et al., 2018); hence, we chose them [22] to assess IEO in the present investigation. In this way, IEO was conceptualised as a high-order reflecting construct comprising three lower-order formative constructs: innovativeness, proactiveness, and risk-taking [48,49].

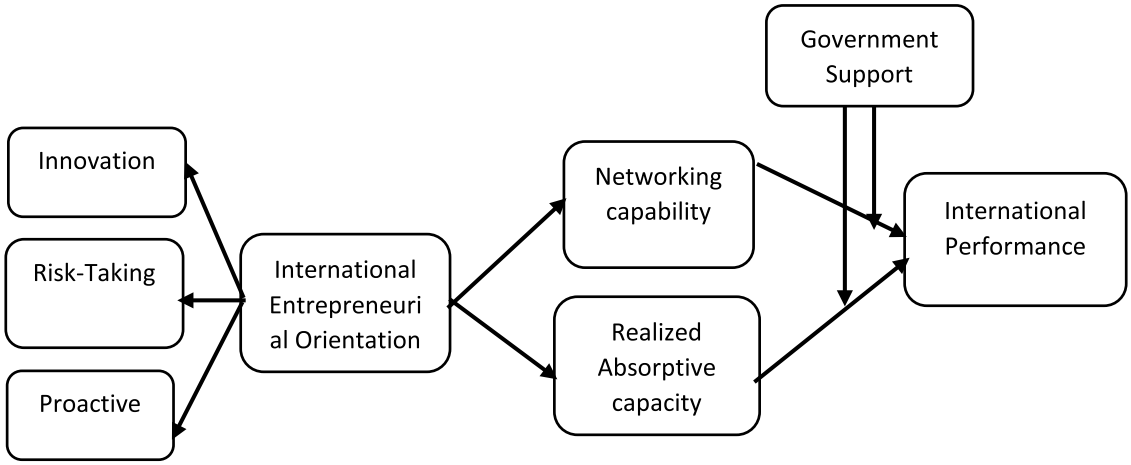


Fig. 1. Conceptual Framework.

Table 1
Respondents' Background Information.

Demographic	Frequency	Percentage
Gender		
Male	268	72.23
Female	64	13.08
Firm's Age		
Below 25 years	69	14.11
25–35 years	140	28.63
36–45 years	77	15.75
46–55 years	64	13.08
>55 years	21	04.29
Level of Education		
Bachelor	17	05.60
Master	244	47.40
Ph.D.	34	35.20
Diploma	76	11.80
Your position in the firm		
C-Suite Manager	111	36.50
General Manager	257	54.90
Others	3	08.60
Permanent employees		
10–49	264	71.15
50–249	107	28.84
International experience		
Less than five years	53	14.20
5–15 years	204	54.60
16–25 years	106	28.57
>26 years	8	02.15
With whom doing international trading		
Southeast Asia	69	18.59
West Asia	147	39.62
Central Asia	132	35.57
East Asia	23	06.10

Note: The total sample size is 371.

Networking Capability: In the current study, the networking capability is measured through the company's ability to recognise, communicate, coordinate, and proactively strengthen relationships with external partners, suppliers, and customers. The researcher measured networking capability using seven items, adapted from Chen et al. [50]. Several researchers follow the same items adopted by Chen et al. [50], such as (Karami & Tang, 2019 Kontinen & Ojala, 2011).

Realised Absorptive Capacity: In the current study, realised absorptive capacity is measured through a family-owned SME's routines and processes by which the family-owned SME's top management systematically transforms and exploits knowledge; for measuring realised absorptive capacity, the scale proposed by (Cohen & Levinthal, 1990) and Lane et al. (2006), validated by Zahra & George 2002) and [9] Has been considered.

Government Support: The current study measures government support using five items adapted from Seow et al. (2020).

International Performance: The current study measured the international performance of family-owned SMEs in the sports goods sector using nine items adapted from a previous study [51]. Tasavori et al. adopted the approach of Brouthers and Xu (2002), Liu et al. (2015), and Lu et al. 2010). Many researchers followed this approach (Calabrò et al., 2017; Vieira, 2018).

We assess all items related to the main variables using a 5-point Likert-type scale, ranging from "1 = strongly disagree" to "5 = strongly agree", for international performance items.

Control variable

Firm age and international experience were included as control variables to account for potential heterogeneity among family-owned SMEs. The results indicate that neither firm age nor international experience exerted a substantial effect on IP. This suggests that variations in IP are more strongly associated with firms' strategic resources and capabilities, including IEO, NC, and RAC, than with organisational age or accumulated international experience, consistent with the resource-based view of the firm [19].

Data analysis and results

To analyse the proposed hypothesised model, which supports the main objective, we employed the SmartPLS 4.0 technique. This method is well-suited for models that include second-order constructs, mediation and moderation paths, and non-normally distributed data (Hair et al., 2020). PLS-SEM is especially appropriate for predictive and exploratory research in emerging economy contexts with complex frameworks. We employed bootstrapping with 5000 subsamples to test the significance of direct and indirect effects. Additionally, we deployed PLS-SEM rather than Covariance-Based Structural Equation Modelling (CB-SEM) for several methodological reasons. First, the proposed framework is relatively complex, incorporating a higher-order construct, IEO, multiple mediation effects, and moderation effects simultaneously. PLS-SEM is particularly suitable for analysing complex predictive models with hierarchical component structures and interaction terms (Hair et al., 2022). Second, the primary objective of this study is prediction and explanation of IP rather than strict theory confirmation. Unlike CB-SEM, which focuses on reproducing the covariance matrix and assessing overall model fit, PLS-SEM is prediction-oriented and emphasises maximising the explained variance (R^2) of endogenous constructs (Hair et al., 2022; Sarstedt et al., 2022). Third, the study utilised perceptual survey data collected from family-owned SMEs operating in an emerging economy context. Such data frequently deviate from the assumptions of multivariate normality. PLS-SEM is a non-parametric technique that does not require normally distributed data and therefore provides more robust parameter estimates under non-normal conditions compared with CB-SEM (Hair et al., 2022). Fourth, the model includes a higher-order construct of IEO operationalised through innovativeness, proactiveness, and risk-taking dimensions. PLS-SEM offers well-established procedures for estimating hierarchical component models using repeated-indicator and two-stage approaches, making it particularly appropriate for higher-order constructs [52]. Finally, the sample size of 371, while adequate for both approaches, is particularly well-suited to PLS-SEM given the model's complexity and predictive focus. Following current methodological recommendations, PLS-SEM was therefore considered the most appropriate analytical technique for testing the proposed relationships among IEO, NC, RAC, GS, and IP (Hair et al., 2022; Sarstedt et al., 2022).

To test the final hypotheses, the structural equation model was estimated using Smart PLS, and descriptive statistics were computed in SPSS. In social science empirical research, researchers recommend Smart PLS software because it often involves complex models. The current study employed a very complex model, i.e., second-order, first-order, parallel mediation, and moderation. Specifically, non-linear data is best analysed using Smart PLS, as recommended by Hair et al. [53].

Measurement model

Measurement models can be used to evaluate the validity and reliability of the data. To test the data's validity, we need to evaluate it using factor loadings, Cronbach's Alpha, and composite reliability. We can consider the data valid if the factor loading is greater than 0.70. Several researchers recommend that a loading of 0.40 is acceptable if the average variance extracted (AVE) value is greater than 0.50 (Hair et al., 2020). Table 2 and Fig. 2 show that we deleted 5 indicators (two items from innovation, one from NC, one from RAC, and one from IP) from the proposed model to make it valid, after which all indicator loadings became greater than 0.50, and the AVE value also exceeded 0.50, as recommended by Sarstedt et al. [54]. Furthermore, the composite reliability values indicate that each main construct's C.R. exceeds 0.80, as recommended by Khan et al. [55] and Hair et al. (2020). Moreover, convergent validity was assessed using the AVE, following the

Table 2
Measurement Model to Check Validity and Reliability.

Second-Order Constructs	First-Order Constructs	Type	Items	Loading	Alpha	CR	AVE
International Entrepreneurial Orientation	Innovation	Formative	INN1	0.870			
			INN2	0.860	0.811	0.888	0.726
			INN3	0.825			
	Risk-Taking	Formative	RT1	0.795			
			RT2	0.814	0.808	0.887	0.723
			RT3	0.785			
	Proactivness	Formative	PRO1	0.812			
			PRO2	0.812	0.816	0.891	0.731
			PRO3	0.768			
Networking Capability		Reflective	NC1	0.797	0.851	0.889	0.573
			NC3	0.762			
			NC4	0.738			
			NC5	0.726			
			NC6	0.764			
			NC7	0.754			
Realised Absorptive Capacity		Reflective	RAC1	0.826	0.866	0.903	0.651
			RAC3	0.788			
			RAC4	0.818			
			RAC5	0.814			
			RAC6	0.788			
Government Support		Reflective	GS1	0.919	0.951	0.962	0.835
			GS2	0.901			
			GS3	0.917			
			GS4	0.922			
			GS5	0.911			
International Performance		Reflective	IP1	0.791	0.899	0.919	0.585
			IP2	0.771			
			IP3	0.745			
			IP4	0.769			
			IP5	0.793			
			IP6	0.744			
			IP7	0.782			
			IP8	0.724			

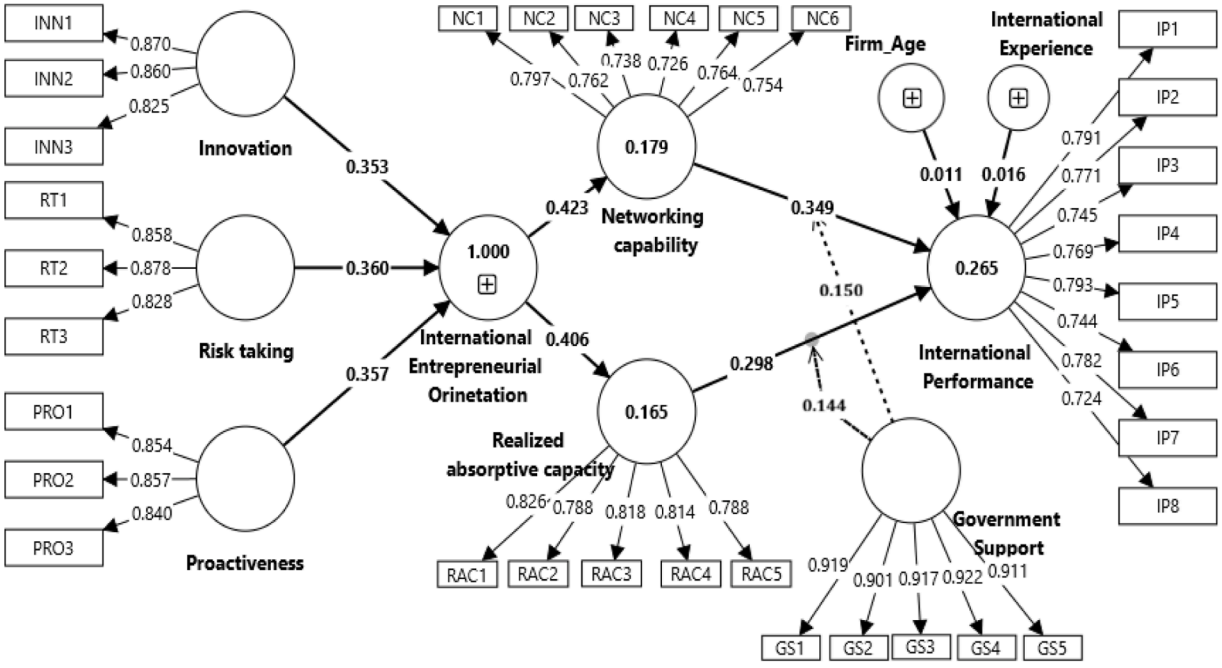


Fig. 2. Measurement Model.

standardised values suggested by Bagozzi & Yi [56]. Bagozzi & Yi [56] recommended that, for a good model, the AVE should be greater than 0.50 (see the table). Hence, all the values of loading, Cronbach's alpha, and AVE are within the recommended thresholds.

Discriminant validity

Discriminant validity has been assessed to determine whether the measurements are distinct from one another. For testing discriminant validity, previous researchers recommend several methods to estimate

it, such as Fornell–Larcker and Heterotrait–Monotrait (HTMT) ratio criteria. Both methods are valid, but recent research trends, as recommended by the journal editors, use the Heterotrait–Monotrait (HTMT) ratio [54]. In the current study, we follow Sarstedt et al. [54] to estimate discriminant validity. Hence, Table 3 presents HTMT values for all reflective main constructs and indicates the absence of multicollinearity.

Two-Stage structured model

The IEO was assessed as second-order (reflective formative) in the present investigation. Therefore, to evaluate two-stage means and ensure their reliability and validity, Ramayah et al. (2018) recommended using first-order constructs as a proxy for second-order constructs. We assess the weight using a p-value < 0.05 and the VIF to determine the validity and reliability of the formative construct. As a result, Table 4 and Fig. 2 show the validity and reliability of the formative construct (entrepreneurial orientation). This demonstrates the significance of all first-order construct weight values and the fact that VIF values are below the suggested threshold.

Common method bias

The data used in the present research were gathered from a single source; thus, there is a potential that biases would increase as a result. Biases might have a detrimental effect on the data estimate used in hypothesis testing. Therefore, we must first determine if there is a problem with the data before testing any hypotheses. Therefore, the researchers suggest several methods to identify this bias, including the marker variable approach of Simmering et al. [57] and Harman's single-factor test from Podsakoff et al. [58].

Thus, following the suggestions of Simmering et al. [57], the marker variable approach was used to probe the common method variance. The independent, unrelated marker variable "attitude" was linked to the exogenous constructs, and the coefficient of determination (R^2) was compared before and after its inclusion. According to Malhotra et al. [59], common method variance is considered problematic when the change in R^2 exceeds 10%, while Lindell and Whitney (2011) suggested a more conservative threshold of 30%. Table 5 presents the results, which show that the inclusion of the marker variable led to a minor change in the explanatory power of the endogenous constructs. Specifically, the R^2 value for NC increased from 0.161 to 0.179 ($\Delta R^2 = 0.018$), the R^2 value for RAC increased from 0.142 to 0.165 ($\Delta R^2 = 0.023$), and the R^2 value for IP increased from 0.230 to 0.265 ($\Delta R^2 = 0.035$). The largest observed change in R^2 was 0.035 (3.5%), which is substantially below the recommended threshold of 10%. Thus, common method variance appears unlikely to seriously jeopardise the validity of the study's findings.

Although we investigated common method variance, we used a marker variable approach; self-reported data remain susceptible to social desirability or recall bias. Furthermore, due to the cross-sectional design, the study cannot infer causality. Future research may consider longitudinal or time-lagged data to capture temporal dynamics and mitigate the risks of bias inherent in single-source data collection.

Table 3
Heterotrait-monotrait ratio (HTMT).

Main Constructs	1	2	3	4	5	6	7
Government Support							
Innovation	0.156						
International Performance	0.148	0.401					
Networking capability	0.125	0.469	0.466				
Proactiveness	0.111	0.27	0.441	0.472			
Realised absorptive capacity	0.087	0.429	0.415	0.222	0.462		
Risk taking	0.151	0.325	0.407	0.478	0.431	0.451	

Note: 1= Government support, 2 = Innovation, 3 = international Performance, 4 = Networking Capability, 5 = proactiveness, 6 = realised absorptive capacity, 7 = risk taking.

Table 4
Formative Construct Reliability and Validity.

Second-Order (Formative)	First-order Dimensions	Weight (p-value)	VIF
International Entrepreneurial Orientation	Innovation	0.353*	1.955
	Proactiveness	0.360*	1.758
	Risk-Taking	0.357*	1.851

Note: Weight, it shows the value in the relationship between higher-order construct and lower order constructs, and the (*), it shows that value is significantly relationship with each other.

Table 5
Marker Variable Assessment of Common Method Bias.

Endogenous Construct	R^2 Before Marker	R^2 After Marker	ΔR^2
Networking Capability	0.161	0.179	0.018
Realised Absorptive Capacity	0.142	0.165	0.023
International Performance	0.230	0.265	0.035

Structured model

The structured model was assessed using 5000 subsamples via bootstrapping in Smart PLS. To test hypotheses, SEM was analysed using the bootstrapping technique.

Indirect relationship

In the current study, two indirect relationships are examined: first, networking capability mediates the relationship between IEO and international performance; and second, realised absorptive capacity mediates the relationship between international entrepreneurial orientation and international performance. To test these hypotheses, we analyse them through bootstrapping with 5000 subsamples. The results in Table 6 show that NC significantly mediates the relationship between IEO and IP ($\beta = 0.08$, p-value < 0.05) and upper and lower confidence intervals under the threshold, while RAC cannot mediate the relationship between IEO and international performance ($\beta = 0.09$, p-value > 0.05), confidence intervals, upper and lower, are both on opposite sides.

Moderating relationship

In the current study, two moderation relationships are identified: first, GS moderates the relationship between NC and IP, and second, GS moderates the relationship between RAC and IP. To test these moderation hypotheses, we analyse them using bootstrapping with 5000 subsamples. The results, as shown in Table 7, indicate that GS significantly moderates the relationship between NC and IP ($\beta = 0.15$, p-value < 0.05); both upper and lower confidence intervals are on the same side. Additionally, GS significantly moderates the relationship between RAC and IP ($\beta = 0.144$, p-value < 0.05). Furthermore, IEO can account for 18 per cent of the variance in NC, 15 per cent of the variance in RAC, and, when combined, IEO, NC, and RAC collectively account for 23 per cent of the variance in IP.

Graphical representation of government support as a moderating effect between networking capability and international performance, and realised absorptive capacity and international performance Fig. 3.

To assess the influence of primary drivers and sources on the main variables, we calculated effect sizes (f^2) and predictive relevance (q^2) in addition to the results of the significant hypothesis tests. The impact of networking capacity on IP was small to moderate ($f^2 = 0.08$), whereas the interaction term (GS × NC) had a moderate effect ($f^2 = 0.12$). The q^2

Table 6
Mediation Effect.

Hypotheses	β	(STDEV)	T Stat	P Values	BC 95% LL	BC 95% UL	Results
H_1: IEO -> NC -> IP	0.082	0.048	1.696	0.045	0.010	0.168	Support
H_2: IEO -> RAC -> IP	0.088	0.059	1.490	0.068	−0.001	0.189	Not-Support

Note: IEO=International Entrepreneurial Orientation, NC=Networking Capability, RAC=realised Absorptive Capacity, GS=Government Support, IP=International Performance.

Table 7
Moderation Effect.

Hypotheses	β	(STDEV)	T Stat	P Values	BC 95% LL	BC 95% UL	Results
H_3:GS*NC -> IP	0.150	0.016	11.030	0.000	0.127	0.172	Support
H_4:GS*RAC -> IP	0.144	0.014	10.553	0.000	0.121	0.166	Support

Note: IEO=International Entrepreneurial Orientation, NC=Networking Capability, RAC=realised Absorptive Capacity, GS=Government Support, IP=International Performance,.

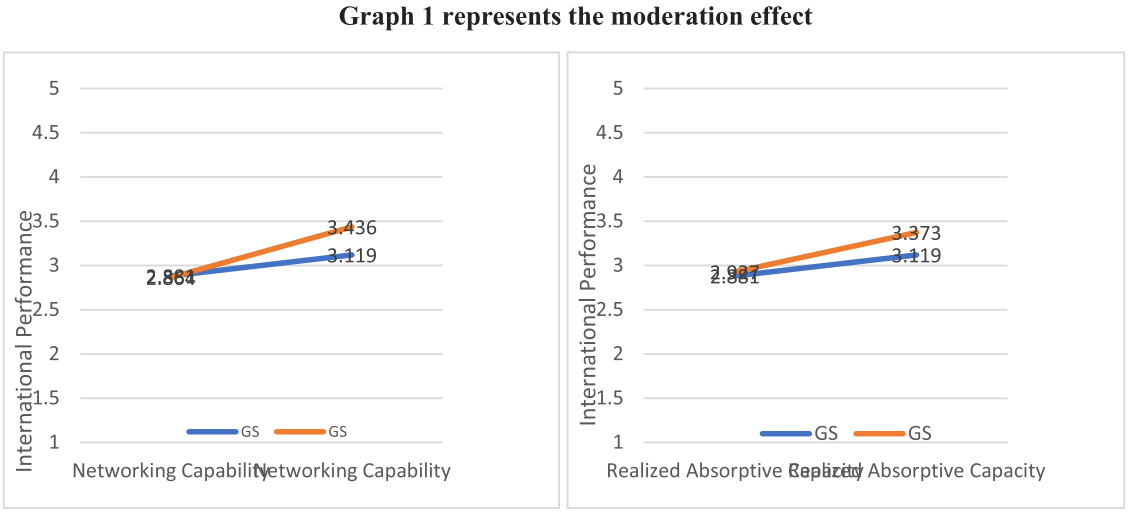


Fig. 3. Represents the moderation effect.

value of 0.07 indicates adequate predictive relevance for international performance. Simple slope studies also showed that NC and IP were greater with substantial government backing. Johnson-Neyman analysis determined the GS value at which the interaction effect became statistically significant.

To assess model fit, the standardised Root Mean Square Residual (SRMR) was examined. The estimated model yielded an SRMR of 0.061, below the recommended threshold of 0.08, indicating a satisfactory model fit (Hair et al., 2022). The NFI statistic was unavailable because of the model specification and estimation procedure used in SmartPLS. Therefore, model adequacy was primarily evaluated using SRMR together with reliability, validity, and predictive assessment criteria.

Discussion and conclusion

The current study aims to bridge the gap identified in the international entrepreneurship literature by examining IEO, NC, RAC, and GS as important factors influencing the IP of family-owned SMEs. Prior literature has highlighted IEO as an important strategic posture for stimulating top management's identification and exploitation of cross-border opportunities (Karami & Tang, 2019). Therefore, the current study builds upon Gupta et al. [60] by extending the application of the RBV to the international entrepreneurship context of family-owned SMEs. IEO serves as an intangible strategic resource that encourages firms to pursue innovation, take risks, and act proactively to sustain competitive advantage. However, the presence of IEO alone may not be sufficient to produce superior IP unless firms possess complementary capabilities that allow them to exploit entrepreneurial opportunities effectively. Therefore, this study draws on parallel mediating mechanisms, namely NC and RAC, to explain how the strategic value embedded in IEO can be converted into IP outcomes. In developing economies, family-owned SMEs often face resource and capability constraints that limit their ability to compete internationally [61]. Accordingly, the findings provide insight into whether relational resources, knowledge-processing capabilities, and institutional support help such firms overcome these limitations. Hence, NC and RAC represent two different mechanisms through which entrepreneurial orientation may influence IP, while government support represents an external condition that may strengthen the effectiveness of these capabilities. The results therefore contribute to the RBV by showing that the value of strategic resources depends not only on their possession, but also on the mechanisms and environmental conditions through which they are

deployed.

The findings of the current study show that NC significantly mediates the relationship between IEO and IP, thereby supporting Hypothesis 1. This result indicates that the entrepreneurial posture of a family-owned SME becomes more valuable when it is supported by the firm's ability to establish and utilise external relationships. In practical terms, being innovative, proactive, and willing to take risks may help firms recognise international opportunities, but networking capability provides access to the customers, suppliers, partners, market information, and complementary resources required to exploit those opportunities. This is particularly important for family-owned SMEs, which may experience resource limitations because of their smaller size and concentrated ownership structures [62]. Thus, the mediation finding suggests that NC acts as a bridge between entrepreneurial intent and actual international market outcomes. The findings are consistent with Rubiales-Núñez et al. (2025) and Freixanet et al. (2025), who reported that networking relationships can improve export and IP. However, the present finding extends this understanding by demonstrating that the role of networking capability is not merely relational; rather, it enables family-owned SMEs to operationalize their entrepreneurial orientation. NC may allow SMEs to identify reliable international partners, understand foreign-market requirements, navigate compliance standards, and coordinate international activities more effectively. These functions are especially important in uncertain supply environments where fragmentation, delays, and unfamiliar procedures can hinder international expansion (Min, 2023; Qrunfleh et al., 2023). Therefore, the meaning of H1 is that IEO generates stronger performance outcomes when firms possess the relational capability required to mobilise external resources and convert identified opportunities into international business activities.

Second, the results show that RAC does not significantly mediate the relationship between IEO and IP; therefore, Hypothesis 2 was not supported. This finding is important because it suggests that the ability to transform and exploit externally acquired knowledge does not automatically translate the entrepreneurial orientation of family-owned SMEs into superior IP. RAC remains a potentially valuable organisational capability, but the possession of such capability may not be sufficient when firms face limitations in converting knowledge into timely commercial actions. Family-owned SMEs may obtain and process useful international market knowledge, but its contribution to performance may depend on additional factors such as managerial expertise, financial resources, organisational flexibility, implementation capacity, or accumulated international experience. In other words, knowledge transformation and exploitation may require a longer process before their effects become observable in IP. This interpretation is consistent with Shen and Badulescu (2025), who suggest that firms may have difficulty translating acquired knowledge into effective strategic actions. The finding may also reflect the nature of family-owned SMEs, where decision-making can be relatively centralised and strategic changes may require approval from family decision-makers, potentially slowing the commercial application of newly acquired knowledge. Rubiales-Núñez et al. (2025) further highlight the relevance of international operating experience in sustaining firms in foreign markets. Therefore, the rejection of H2 should not be interpreted as evidence that RAC is unimportant. Rather, it indicates that RAC may not independently function as an immediate transmission mechanism between IEO and IP. Its value may depend on complementary organisational or institutional conditions that enable firms to convert external knowledge into market outcomes. This also differentiates RAC from networking capability, as networking relationships may provide more immediate access to opportunities and resources, whereas the performance benefits of RAC may require a longer knowledge-conversion process.

Third, the empirical findings show that GS significantly strengthens the relationship between NC and IP, thereby supporting Hypothesis 3. This finding indicates that the benefits of networking capability are stronger when family-owned SMEs operate under supportive institutional conditions. Although networking capability enables firms to establish relationships with international suppliers, customers, and business partners, these relationships may not generate their full performance value when firms face regulatory complexity, financial constraints, limited export information, or administrative barriers. GS can reduce some of these constraints through export incentives, simplified procedures, financial assistance, market information, training programmes, and other internationalisation support mechanisms. Consequently, firms with stronger NC are better positioned to use their relationships when GS reduces the institutional and resource barriers associated with international market participation. Previous studies, including Michael et al. (2016), Charoensukmongkol [63], Gerschewski et al. (2020), and Khan et al. [45], have highlighted the importance of institutional support for SME internationalisation. The present study goes beyond this general relationship by showing that government support changes the effectiveness of an existing organisational capability. Thus, the performance value of NC is conditional rather than uniform. From an RBV perspective, this finding suggests that valuable firm-level capabilities can yield greater performance advantages when the external environment facilitates their effective deployment.

Finally, the empirical findings indicate that GS significantly moderates the relationship between RAC and IP, thereby supporting Hypothesis 4. This result is particularly meaningful when considered together with the rejection of Hypothesis 2. Although RAC did not significantly mediate the relationship between IEO and IP, its contribution to international performance becomes stronger under conditions of greater government support. This suggests that the performance value of RAC may depend on whether firms have access to complementary institutional resources that enable them to utilise the knowledge they have acquired and transformed. For example, a firm may possess useful knowledge about foreign customers, product requirements, or market opportunities, but may still be unable to commercialise this knowledge because of financing limitations, export regulations, licencing requirements, or limited institutional guidance. Government incentives, regulatory facilitation, export assistance, and supportive policies may reduce these barriers and allow firms to apply external knowledge more effectively. Therefore, the finding suggests that RAC should not be viewed as a capability whose value emerges automatically. Instead, its contribution to international performance may be contingent upon an enabling institutional environment. This interpretation is consistent with Tasavori et al. [51], Stieg et al. [64], and Su et al. (2016), who highlight the importance of institutional and governmental conditions for firm performance. More importantly, the combined findings of H2 and H4 reveal an important theoretical insight: internal knowledge capabilities may be insufficient on their own, but their performance value can become stronger when external institutional support facilitates their application.

Theoretical implications

This study makes several theoretical contributions to the RBV, international entrepreneurship, and family business literature. First, the findings extend RBV by showing that IEO alone may not be sufficient to enhance IP; rather, its value depends on complementary capabilities that convert entrepreneurial intentions into international outcomes. The significant mediating role of NC indicates that firms can leverage external relationships to access market knowledge, partners, and complementary resources required to exploit international opportunities ([19]; Karami & Tang, 2019).

Second, the findings demonstrate that NC and RAC do not operate as equivalent mechanisms. While NC significantly mediates the IEO–IP

relationship, RAC does not. This distinction suggests that different strategic capabilities may create value through different pathways. NC provides a more direct mechanism for translating IEO into IP, whereas the performance value of RAC may depend on additional organisational or external conditions (Zahra & George, 2002; [9]).

Third, the significant moderating effects of GS identify an important boundary condition of RBV. The results demonstrate that the performance effects of both NC and RAC become stronger under supportive institutional conditions. Thus, the value of firm-specific capabilities is not necessarily independent of the external environment, particularly in emerging economies where institutional support can reduce resource and international market constraints ([65]; Seow et al., 2020).

Finally, the combination of unsupported H2 and supported H4 provides an important theoretical insight. Although RAC does not significantly transmit the effect of IEO to IP, its contribution to IP becomes stronger when GS is higher. This suggests that a strategically valuable capability may be insufficient on its own and may require complementary institutional conditions before its performance potential can be fully realised. Overall, the study provides a more conditional explanation of IP by demonstrating how different capabilities create value and under what institutional conditions their effects become stronger.

Practical implications

The study's findings are useful and meaningful for practitioners, particularly managers and owners of family-owned SMEs in Pakistan's sports goods sector, which operates in international markets.

First, the top managers and owners of family-owned SMEs need to create dynamic capabilities by leveraging excess resources. The current finding suggests that the strong networking ability of the family-owned SME's managers and owners with external suppliers and customers can better explain the mechanism between international entrepreneurial activities and IP. Second, the current study's empirical findings offer recommendations to the top management and owners of family-owned SMEs, enabling them to implement the assimilated knowledge, information, and experience from the international market. The current finding suggests that the RAC of family-owned SME managers and owners to implement information, knowledge, and experience explored from the international market can better explain the mechanism between international entrepreneurial activities and international performance. Third, the study found that GS strengthens the relationship between a family-owned SME's dynamic capabilities (NC and RAC) and IP. Particularly, the finding suggests that GS agencies are needed to create a clean environment for the easy export of their products to other countries. Lastly, the current study recommends several suggestions to the government, including the need to plan specific policies for export-oriented firms to motivate and educate them regarding successful internationalisation and sustain a competitive advantage.

Limitations and future direction

As with other scientific studies, the current study is not without limitations, and it is important to explicitly identify these limitations so that the researcher can extend the model in the future. First, the current study collected data from the top management of family-owned SMEs in Pakistan's sports goods sector via structured online questionnaires. The current collection was created during the COVID-19 lockdown, announced by the government of Pakistan.

Second, the current empirical study is based on a sample of family-owned SMEs in Pakistan's sports goods sector. Most previous studies of family-owned SMEs have been conducted in Western countries, which are significantly different from Pakistan in both society and culture. As per the previous research, suggestions that the family-owned SMEs vary from country to country [66], it would be very interesting to test the same family-owned SME's strategic decisions' impact on IP, and that mechanism is created by dynamic capabilities (NC and RAC) with neighbouring countries such as India or China. Pakistan is typically characterised as having an intense entrepreneurial environment, meaning that the same model may be more effective in a country where the international entrepreneurial environment is more forgiving.

Third, the current study targeted one sector in the Pakistani context; however, it cannot be implemented across the entire country because each sector has unique strategies for internationalisation, and it also depends on the product production process and on raw material imports from other countries. Hence, future researchers can extend the knowledge gained from their study by collecting data from different sectors deployed using the same model. Additionally, the current study just targeted one internationalisation activity, namely "exporting". Future researchers can extend the same proposed antecedents to estimate both internationalisation activities ", exporting and foreign direct investment", in listed firms.

Finally, cross-sectional designs are common in strategic literature (Stanley et al., 2019). The cross-sectional nature of the data collection limits the strength of the causal effect between the main constructs. Although much of the international EO literature uses a cross-sectional data-collection design, this approach is acceptable for survey-based research on family-owned SMEs; a longitudinal design will provide stronger insights, allowing respondents to compare their performance or support from one attempt to another. A key limitation of the current study is that it will deploy a cross-sectional method for data collection.

Conclusion

The study examines the impact of IEO on the IP of family-owned SMEs in Pakistan's sports goods sector. It focuses on the roles of NC, RAC, and GS. The findings reveal that unique resources and capabilities are crucial for maintaining a competitive advantage internationally. GS should come from policies, incentives, and supportive packages, such as technology enhancement, tax reduction, and import facilities, rather than direct aid. The study extends the resource-based view by highlighting the importance of IEO, NCs, RAC, and GS as critical resources for sustaining competitive advantage. This research is novel in that it is the first to utilise these constructs to evaluate the IP of family-owned SMEs in a developing economy, offering several recommendations for further research.

CRediT authorship contribution statement

Rizwan Ullah Khan: Writing – review & editing, Writing – original draft, Visualization, Validation, Supervision, Software, Resources, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Christopher Richardson:** Supervision, Investigation, Conceptualization. **Yashar Salamzadeh:** Software, Resources, Project administration.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

The author is an Editorial Board Member/Editor-in-Chief/Associate Editor/Guest Editor for this journal and was not involved in the editorial review or the decision to publish this article.

Supplementary materials

Supplementary material associated with this article can be found, in the online version, at doi:10.1016/j.wds.2026.100388.

Appendix

S/No	Innovation's Items	Sources
1	Our firm's top managers favour a strong emphasis on technological leadership.	([48]; Calabrò et al., 2020; Cherchem, 2017; Pittino et al., 2018)
2	Our firm's top managers favour a strong emphasis on adopting new ideas.	
3	Our firm's top managers have introduced many new product lines.	
Risk Taking Items		
1	Our firm's top managers have a strong proclivity for high-risk projects.	[22]
2	Our firm owes its success to the nature of bold acts to achieve the firm's objectives	
3	Our firm adopts an aggressive attitude to maximise the probability of exploiting potential opportunities.	
Proactiveness Items		
1	Our firm's managers tend to respond to competitors' actions.	[22]
2	Our firm is often the first to introduce new products to compete with competitors in the international market.	
3	Our firm's top managers typically seek to avoid competitive clashes in the international market.	
International Performance's Items		
1	Our firm's top management is satisfied with our international sales percentage.	(Calabrò et al., 2017) and (Vieira, 2018)
2	Our firm is satisfied with our international return on investment.	
3	Our firm is satisfied with our international customers' behaviour.	
4	Our firm is satisfied with our international image.	
5	Our firm is satisfied with our international market sales volume.	
6	Our firm is satisfied with our international market share.	
7	Our firm is satisfied with the ease of our access to the international market.	
8	Our firm is satisfied with our international profitability.	
Networking Capability's Items		
1	Our firm decides in advance which possible partners to talk to about building relationships.	Karami & Tang, 2019; Kontinen & Ojala, 2011
2	Our organisation decides in advance which possible partners to talk to about building relationships.	
3	Our firm employs professionals who can build relationships with international customers.	
4	Our firm regularly discusses with international partners how to support each other in achieving success.	
5	Our firm can deal flexibly with our international suppliers.	
Realised Absorptive Capacity's Items		
1	Our firm incorporates technological knowledge from the international market.	(Hernandez-Perlines, 2018) and (Chaudhary & Batra, 2018)
2	Our employees are aware of how to compete with competitors in the international market.	
3	Our firm periodically arranges meetings to discuss market trends.	
4	Our top management sets the strategy on a regular basis for how to leverage international knowledge.	
5	Our employees share a common language to refer to our products in the international market.	
Government Support's Items		
1	The government organises seminars, courses, conferences, and talks on enhancing firms' international performance.	
2	The government offers training programmes that benefit family-owned SMEs to enhance international growth.	
3	The government offers business advisory programmes to assist the operations of family-owned SMEs in international markets.	
4	The development of financial institutions supports family-owned SMEs.	
5	Government agencies assist family-owned SMEs in marketing their products internationally.	

References

[1] E. Gómez-Bolaños, N.E. Hurtado-Torres, B.L. Delgado-Márquez, Disentangling the influence of internationalization on sustainability development: evidence from the energy sector, Bus. Strategy. Environ. 29 (1) (2020) 229–239.

[2] R. Agrawal, G. Bhavani, Family business governance. Transforming Corporate Governance and Developing Models For Board Effectiveness, IGI Global, 2021, pp. 24–40.

[3] A.M. Alkhalailah, E. Galdeano-Gómez, Y. Sorroche-del-Rey, Does networking capability affect the nexus of entrepreneurial orientation and export performance in family-owned SMEs, J. Fam. Bus. Manag. 16 (2) (2026) 412–436.

[4] E. Gillmore, M. Reilly, E. Clinton, From roots to reach: how family SMEs balance and leverage social capital while reconciling the paradoxes of internationalization, Entrep. Reg. Dev. (2026) 1–29.

[5] L. Mannarino, V. Pupo, How obstacles shape environmental and social sustainability processes in family and non-family firms, Small Bus. Econ. 66 (4) (2026) 1557–1580.

[6] E.A. Ningsih, L. Diawati, H. Sari, D. Irianto, Sustainability of industrial competitiveness of the textile and apparel industry in Asian countries—A systematic review, Sustainability 18 (7) (2026) 3400.

[7] J. Aftab, M. Veneziani, H. Sarwar, M.I. Ishaq, Entrepreneurial orientation and firm performance in SMEs: the mediating role of entrepreneurial competencies and moderating role of environmental dynamism, Int. J. Emerg. Mark. 19 (10) (2024) 3329–3352.

[8] J. Aftab, M. Veneziani, H. Sarwar, M.I. Ishaq, Entrepreneurial orientation, entrepreneurial competencies, innovation, and performances in SMEs of Pakistan: moderating role of social ties, Bus. Ethics Environ. Responsib. 31 (2) (2022) 419–437.

[9] T.C. Flatten, G.I. Greve, M. Brettel, Absorptive capacity and firm performance in SMEs: the mediating influence of strategic alliances, Eur. Manag. Rev. 8 (3) (2011) 137–152.

[10] X. Jiang, H. Liu, C. Fey, F. Jiang, Entrepreneurial orientation, network resource acquisition, and firm performance: a network approach, J. Bus. Res. 87 (2018) 46–57.

[11] A. De Massis, J. Kotlar, G. Campopiano, L. Cassia, The impact of family involvement on SMEs' performance: theory and evidence, J. Small Bus. Manag. 53 (4) (2015) 924–948.

[12] M.W. Butt, A.R. Kausar, Y. Rashid, Exploring the role of agile operant resources in the facilitation of strategic orientation: the case of Family-owned businesses in Pakistan, Glob. Bus. Rev. (2021) 09721509211053499.

[13] A.M. Alkhalailah, E. Galdeano-Gómez, Y. Sorroche-del-Rey, Does networking capability affect the nexus of entrepreneurial orientation and export performance in family-owned SMEs, J. Fam. Bus. Manag. (2025) 1–25.

[14] S. Ahadi, S. Kasraie, Contextual factors of entrepreneurship intention in manufacturing SMEs: the case study of Iran, J. Small Bus. Enterp. Dev. 27 (4) (2020) 633–657.

[15] A. Purkayastha, V. Kumar, V.K. Gupta, Emerging market internationalizing firms: learning through internationalization to achieve entrepreneurial orientation, J. World Bus. 56 (5) (2021) 101207.

[16] K. Kiyabo, N. Isaga, Entrepreneurial orientation, competitive advantage, and SMEs' performance: application of firm growth and personal wealth measures, J. Innov. Entrep. 9 (1) (2020) 1–15.
[17] B. Ajayi, The impact of entrepreneurial orientation and networking capabilities on the export performance of Nigerian agricultural SMEs, J. Entrep. Innov. Emerg. Econ. 2 (1) (2016) 1–23.
[18] R. Lin, F. Li, A. Olawoyin, CEO overconfidence and firm internationalization: the moderating role of experience and managerial discretion, Nankai Bus. Rev. Int. 11 (4) (2020) 597–616.
[19] J.B. Barney, Firm resources and sustained competitive advantage, J. Manage 17 (1) (1991) 99–120, https://doi.org/10.1177/014920639101700108.
[20] J.B. Barney, M. Wright, D.J. Ketchen Jr, The resource-based view of the firm: ten years after 1991, J. Manage 27 (6) (2001) 625–641, https://doi.org/10.1177/014920630102700601.
[21] M.A. Peteraf, The cornerstones of competitive advantage: a resource-based view, Strateg. Manage J. 14 (3) (1993) 179–191, https://doi.org/10.1002/smj.4250140303.
[22] J.G. Covin, D. Miller, International entrepreneurial orientation: conceptual considerations, research themes, measurement issues, and future research directions, Entrep. Theory Pract. 38 (1) (2014) 11–44.
[23] M. Theodosiou, E. Katsikea, O. Alarape, P. Hardy, International entrepreneurial orientation and international performance: the mediating role of dynamic capabilities and business strategy, Eur. Manag. Rev. 22 (3) (2025) 776–798.
[24] M.N.M. Asad, R. Zainudin, N. Muhammad, Green entrepreneurial orientation for enhancing SMEs performance: empirical evidence from Pakistan, J. Econ. Finance Manag. Stud. 06 (11) (2023) 5488–5501, https://doi.org/10.47191/jefms/v6-i11-25.
[25] K. Scheidgen, A.A. Gümüsay, F. Günzel-Jensen, G. Krlev, M. Wolf, Crises and entrepreneurial opportunities: digital social innovation in response to physical distancing, J. Bus. Ventur. Insights 15 (2021) e00222.
[26] Abdelli, M. E. A., Ul-Durar, S., & Wasef Hattab, H. (Eds.). (2023). Entrepreneurship ecosystems and their opportunities and challenges.
[27] L. Asare-Kyire, W. Appienti, C. Bonsu, O. Ackah, Entrepreneurial orientation and Organizational resilience: role of organizational reconfiguration and absorptive capabilities, Open J. Bus. Manag. 11 (2023) 2014–2033, https://doi.org/10.4236/ojbm.2023.115.
[28] T.T. Le, H.C. Le, E. Battisti, K. Janovská, The roles of corporate social responsibility, international entrepreneurial orientation, dynamic and technological capabilities in the performance of international new ventures, Int. Entrep. Manag. J. 20 (4) (2024) 3403–3438.
[29] C.I. Fernandes, J.J. Ferreira, P.M. Veiga, Q. Hu, M. Hughes, Dynamic capabilities as a moderator: enhancing the international performance of SMEs with international entrepreneurial orientation, Rev. Manag. Sci. 19 (4) (2025) 1073–1094.
[30] L. Lekmat, C. Selvarajah, C. Hewege, Relationship between market orientation, entrepreneurial orientation, and firm performance in Thai SMEs: the mediating role of marketing capabilities, Int. J. Bus. Econ. 17 (3) (2018).
[31] M. Dabić, S. Yadav, N. Huck, J.F. Maley, T. Kiessling, Mitigating the impact of late internationalization of emerging market SMEs: a dynamic capability perspective, J. Small Bus. Manag. 63 (3) (2025) 985–1021.
[32] W.O. Peake, P.E. Davis, M.Z. Cox, Being good for goodness sake: the influence of family involvement on motivations to engage in small business social responsibility, J. Small Bus. Strategy 25 (1) (2015) 1–25.
[33] A.S. Nika, R. Singh, N.U. Bashir, Linking absorptive capacity with innovation performance of artisan entrepreneurs: examining mediating role of strategic orientation, Benchmarking: Int. J. 32 (7) (2025) 2602–2635.
[34] H. Hanifah, H.A. Halim, A. Vafaei-Zadeh, Syafrizal, Empowering innovation in Malaysian manufacturing SMEs: the influence of organisational resources and knowledge sharing with HRM practices as a moderator, Int. J. Manag. Decis. Mak. 24 (4) (2025) 336–370.
[35] M.B. Uddin, Investigating the role of relational factors on buyer-supplier relationship commitment to enhance firm performance through supply chain integration, Benchmarking: Int. J. 32 (6) (2025) 2099–2132.
[36] A.F. Lim, K.B. Ooi, V.H. Lee, G.W.H. Tan, A. Sohal, Examining the nexus: supply chain quality management, knowledge sharing, organizational innovation and strategic business performance, Ind. Manag. Data Syst. 125 (5) (2025) 1710–1731.
[37] S. Xiong, A. Paulraj, J. Dai, C.A. Irawan, Digital integration capability asymmetry and buyer product innovation: the contingent roles of environmental dynamism and innovative climate, Int. J. Oper. Prod. Manag. 45 (3) (2025) 756–782.
[38] M.N. Mata, J. Moleiro Martins, P.L. Inácio, Collaborative innovation, strategic agility, & absorptive capacity adoption in SMEs: the moderating effects of customer knowledge management capability, J. Knowl. Manag. 28 (4) (2024) 1116–1140.
[39] S.A. Rehman Khan, Z. Ahmad, A.A. Sheikh, Z. Yu, Digital transformation, smart technologies, and eco-innovation are paving the way toward sustainable supply chain performance, Sci. Prog. 105 (4) (2022) 00368504221145648.
[40] S.A.R. Khan, Z. Ahmad, A.A. Sheikh, Z. Yu, Green technology adoption paving the way toward sustainable performance in circular economy: a case of Pakistani small and medium enterprises, Int. J. Innov. Sci. 16 (5) (2024) 801–822.
[41] R. Brown, A. Rocha, Entrepreneurial uncertainty during the Covid-19 crisis: mapping the temporal dynamics of entrepreneurial finance, J. Bus. Ventur. Insights 14 (2020) e00174.
[42] M. Falahat, Y.Y. Lee, P. Soto-Acosta, T. Ramayah, Entrepreneurial, market, learning and networking orientations as determinants of business capability and international performance: the contingent role of government support, Int. Entrep. Manag. J. 17 (4) (2021) 1759–1780.
[43] U. Javed, Work-family conflict and employee wellbeing: examining the buffering effects of workplace provided family-friendly resources, Pak. J. Psychol. Res. 37 (4) (2023) 763–781, https://doi.org/10.33824/PJPR.2022.37.4.45.
[44] R.U. Khan, C. Richardson, Y. Salamzadeh, Spurring competitiveness, the social and economic performance of family-owned SMEs through social entrepreneurship; a multi-analytical SEM & ANN perspective, Technol. Forecast. Soc. Change 184 (2022) 122047.
[45] R.U. Khan, A. Mahmood, M. Ahmed, M.J. Mustafa, M.K. Alshamsi, Q. Iqbal, Y. Salamzadeh, Impact of network structure on sustainable competitive performance among Pakistani small and medium enterprises: does government financial support matter? J. Glob. Entrep. Res. 11 (1) (2021) 579–591.
[46] T. Nawaz, A. Javed, A. Ullah, Exchange rate variability and exports: evidence from textile and sports goods industries of Pakistan, Acad. J. Soc. Sci. (AJSS) 4 (3) (2020) 468–484.
[47] S. Ahmad, R. Omar, F. Quoquab, Family-owned SMEs' sustainable longevity: the role of family involvement in business and innovation capability, J. Fam. Bus. Manag. 11 (2020) 86–106, https://doi.org/10.1108/JFBM-12-2019-0081.
[48] U. Arzubiaga, J. Kotlar, A. De Massis, A. Maseda, T. Iturralde, Entrepreneurial orientation and innovation in family SMEs: unveiling the (actual) impact of the Board of Directors, J. Bus. Ventur. 33 (4) (2018) 455–469.
[49] J.G. Covin, W.J. Wales, The measurement of entrepreneurial orientation, Entrep. Theory Pract. 36 (4) (2012) 677–702.
[50] J. Chen, W. Geyer, C. Dugan, M. Muller, I. Guy, Make new friends, but keep the old: recommending people on social networking sites, in: Proceedings of the SIGCHI conference on human factors in computing systems, 2009, pp. 201–210.
[51] M. Tasavori, R. Zaefarian, T.Y. Eng, Internal social capital and international firm performance in emerging market family firms: the mediating role of participative governance, Int. Small. Bus. J. 36 (8) (2018) 887–910.
[52] J.M. Jan-Michael Becker, K. Klein, M. Wetzels, Hierarchical latent variable models in PLS-SEM, Long. Range Plann. 45 (5–6) (2012) 359–394.
[53] J.F. Hair, C.M. Ringle, M. Sarstedt, Partial least squares: the better approach to structural equation modeling? Long. Range Plann. 45 (5–6) (2012) 312–319.
[54] M. Sarstedt, J.F. Hair Jr, J.H. Cheah, J.M. Becker, C.M Ringle, How to specify, estimate, and validate higher-order constructs in PLS-SEM, Australas. Mark. J. (AMJ) 27 (3) (2019) 197–211.
[55] G.F. Khan, M. Sarstedt, W.L. Shiau, J.F. Hair, C.M. Ringle, M.P. Fritze, Methodological research on partial least squares structural equation modeling (PLS-SEM): an analysis based on social network approaches, Internet Res. 29 (2019) 407–429.
[56] R.P. Bagozzi, Y. Yi, On the use of structural equation models in experimental designs, J. Mark. Res. 26 (3) (1989) 271–284.
[57] M.J. Simmering, C.M. Fuller, H.A. Richardson, Y. Ocal, G.M. Atinc, Marker variable choice, reporting, and interpretation in the detection of common method variance: a review and demonstration, Organ. Res. Methods 18 (3) (2015) 473–511.
[58] P.M. Podsakoff, S.B. MacKenzie, J.Y. Lee, N.P. Podsakoff, Common method biases in behavioral research: a critical review of the literature and recommended remedies, J. Appl. Psychol. 88 (5) (2003) 879–903.
[59] N.K. Malhotra, T.K. Schaller, A. Patil, Common method variance in advertising research: when to be concerned and how to control for it, J. Advert. 46 (1) (2017) 193–212.
[60] R. Gupta, R. Pandey, V.J. Sebastian, International Entrepreneurial Orientation (IEO): a bibliometric overview of scholarly research, J. Bus. Res. 125 (2021) 74–88.
[61] M. Riviere, A.M. Romero-Martínez, Network embeddedness, headquarters entrepreneurial orientation, and MNE international performance, Int. Bus. Rev. 30 (3) (2021) 101811.
[62] M.K. Anser, Z. Yousaf, M. Usman, S. Yousaf, N. Fatima, H. Hussain, J. Waheed, Strategic business performance through network capability and structural flexibility, Manag. Decis. 59 (2) (2020) 426–445.
[63] P. Charoensukmongkol, Mindful Facebooking: the moderating role of mindfulness on the relationship between social media use intensity at work and burnout, J. Health Psychol. 21 (9) (2016) 1966–1980.
[64] P. Stieg, B. Cesinger, G. Apfelthaler, S. Kraus, C.F. Cheng, Antecedents of successful internationalization in family and non-family firms: how knowledge resources and collaboration intensity shape international performance, J. Small Bus. Strategy 28 (1) (2018) 14–27.
[65] F.U. Ahmed, L. Brennan, An institution-based view of firms' early internationalization: effectiveness of national export promotion policies, Int. Mark. Rev. 36 (6) (2019) 911–954, https://doi.org/10.1108/IMR-03-2018-0108.
[66] P. Berrone, P. Duran, L. Gómez-Mejía, P.P. Heugens, T. Kostova, M. van Essen, Impact of informal institutions on the prevalence, strategy, and performance of family firms: a meta-analysis, J. Int. Bus. Stud. (2020) 1–25.