

Dual Network Embeddedness of the Host Country, Organizational Improvisational Capability, and International Entrepreneurial Performance*

JKT 27(4)

Received 30 June 2023
Revised 9 August 2023
Accepted 11 August 2023

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Abstract

Purpose – Along with emerging international entrepreneurship, there is a need for exploring the influencing mechanism of dual network embeddedness of the host country on international entrepreneurial performance. Drawing on network embeddedness theory and organizational improvisational theory, the present study constructs a theoretical model regarding the logic relationships between the dual network embeddedness of the host country, organizational improvisational capability, and international entrepreneurial performance.

Design/methodology – Using a questionnaire survey, our study conducted data in two ways. The final research sample comprised 129 international new ventures. To test the hypotheses, a three-step mediation test method was conducted.

Findings – Our empirical results suggested that both host-country social network embeddedness and industrial network embeddedness significantly affected the international entrepreneurial performance. Organizational improvisational capability significantly affected the international entrepreneurial performance. Third, organizational improvisational capability partially played mediating role in the relationship between the dual network embeddedness of the host country and international entrepreneurial performance.

Originality/value – This study mainly concentrates on the two important types of host-country networks, host-country social network embeddedness and industrial network embeddedness, that may help international new ventures access the strategic resources necessary to support performance. Thus, it extends the existing network embeddedness theory and improvisational theory to encompass international entrepreneurship.

Keywords: Dual Network Embeddedness, International Entrepreneurship, Organizational Improvisational Capability, The Liability of Foreignness, The Liability of Newness

JEL Classifications: D12, F14, O53

1. Introduction

Along with the rapid changes in global economy and technology in the post COVID-19 era, international entrepreneurship has become an emerging force to reshape industrial network advantage and develop international strategic competitiveness in many countries. Generally speaking, international entrepreneurship focuses on providing competitive pro-

* This work was supported by the National Natural Science Foundation of China[†] (NSFC grant no. 71972103; 71872087).

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ducts or services to meet the needs of international customers by means of product exporting, technology licensing, cross-border acquisition, joint venture, or a new wholly owned subsidiary (Xie and Li, 2020; Zander et al., 2015). To realize the strategic goals of international entrepreneurship, international new ventures must be effectively embedded in the host-country network to have an accurate understanding of the local market characteristics and customer demand, as well as to avoid resource mismatch to facilitate the sustainable development of international entrepreneurship (Zhang and Pezeshkan, 2016). However, the liability of foreignness originates from the sociocultural, economic, political, legal, geographic differences between the home country and host country (Bell et al., 2014). The liability of newness caused by the unfamiliarity of host-country suppliers, customers, competitors, and collaborators may force new international ventures to face a more heterogeneous, unpredictable, and volatile entrepreneurial environment, leading to higher management costs and failure rates of international entrepreneurship. In accordance with network embeddedness theory, international new ventures should deeply embed in their networks to weaken the negative effects of the liability of foreignness and newness on international entrepreneurship (Su and Kim, 2022). International new ventures should take initiative to adapt to the political, legal, economic, sociocultural, and physical systems to enhance host-country social network embeddedness, and thus obtain social resources supports and build institutional legitimacy (Stoyanov, 2018). Further, international new ventures also should construct good industrial networks with local suppliers, customers, competitors, and collaborators to obtain industrial resources and divisions in a host country (Cavusgil and Knight, 2015). In this regard, the organic unity of the host-country social network and industrial network is the basic entrepreneurial network of international new ventures. Accordingly, there is a need to examine the potential effects of host-country social network embeddedness and industrial network embeddedness on international entrepreneurship, and thus better answer the topic of how to weaken the negative effects of the liability of foreignness and the liability of newness (Chen and An, 2022; Granovetter, 1985).

To our knowledge, little previous literature has explored the topic of how host-country dual network embeddedness affects international entrepreneurial performance (Zahra et al., 2014). The mechanism of how international new ventures improve performance by embedding in host-country dual networks is still unclear. Some studies found that while international new ventures have built entrepreneurial networks in host countries, they still cannot achieve rapid growth, and even suffer from entrepreneurial failure or bankruptcy. One possible explanation is that strategic resources obtained from dual network embeddedness in a host country do not match the enterprise's capabilities, which makes it difficult to support the sustainable development of international entrepreneurship in the unpredictable and volatile international entrepreneurial environment. According to the capability hierarchy perspective, a firm should consistently keep different organizational capabilities to cope with the internal or external changing environment (Cavusgil and Knight, 2015). In a stable or predictable environment, operational capability (e.g., marketing, product manufacturing, quality control, or logistic distribution) and dynamic capability (e.g., organizational learning, technological innovation, and resource integration) are the two capabilities needed for a firm to participate in market competition and obtain division benefits in a value chain (Helfat and Martin, 2015). In an unpredictable and highly turbulent competitive environment, both capabilities reach the competence scope and cannot play their original functions. This is because the efficacy exertion of both capabilities should have path dependency, such as a

strategic plan, or stable and predictable environment conditions as a basic premise. Pavlou and El Sawy (2010) suggested that as the third aspect, organizational improvisation is a high-order capability that enables a firm to realize sustainable development in a highly turbulent environment and under unpredictable conditions. In accordance with previous literature, organizational improvisational capability can be defined as the ability in which a firm spontaneously reconfigures resources, operational capability, and dynamic capability, and thus responds to a highly turbulent, unpredictable, and heterogeneous environment in the context of transient competition (Schilke et al., 2018).

Therefore, international new ventures need to embed in host country dual networks to gain social and industrial resources to enrich the resource basis of low-order capabilities, they also need to improve organizational improvisational capability to realize capability progress to effectively cope with environmental turbulence and complexity, and thus improve the success rate and sustainable growth of international entrepreneurship (Hu et al., 2018). Moreover, there is a need to explore how host-country network embeddedness can improve international entrepreneurial performance by means of enhancing organizational improvisational capability.

To answer this research question, the present study combined network embeddedness theory with organizational improvisation theory to examine the relationship between host-country dual network embeddedness, organizational improvisational capability, and international entrepreneurial performance. Our research is expected to enrich the theoretical logic of international entrepreneurship growth, as well as provide useful managerial implications for international business practitioners.

The rest of this paper is structured as follows. Section 2 gives an overview of the literature review and theoretical analysis, and we then develop several hypotheses on the relationships between the dual network embeddedness of a host-country, organizational improvisational capability, and international entrepreneurial performance. The methods, including research sample, data collection, and variable measurement are introduced in Section 3. Section 4 reveals the empirical results. Section 5 discusses the research findings, theoretical contributions, managerial implications, and limitations, and provides directions for future research. Section 6 gives the conclusion.

2. Theoretical Background

2.1. Host Country Dual Network Embeddedness and International Entrepreneurial Performance

Network embeddedness theory holds that the economic behaviors of enterprises or individuals are deeply embedded in networks, and are heavily affected by network members (Granovetter, 1985; Schwens et al., 2018). It highlights that network embeddedness may lead network members to enhanced information exchange, trust, and cooperative problem solving. In the case of international entrepreneurship, international new ventures are often confronted with resource scarcity or mismatch owing to the liabilities of foreignness and newness (Hunt et al., 2021). Therefore, new international ventures should effectively embed in the host-country social and industrial networks to gain local social resources or industrial resources that are beneficial in underpinning the development of strategic competitiveness and stimulating the success of international entrepreneurship, so as to eventually develop a

“first-mover advantage” in the global marketplace (Rimante, 2019).

2.1.1. Host-country Social Network Embeddedness and International Entrepreneurial Performance

For international entrepreneurship, political, legal, cultural, and other social resources in the unfamiliar host country are complicated and associated, implying that it is very difficult to obtain necessary entrepreneurial resources solely by market transactions such as transfer, purchase, or lease (Drechsler et al., 2019). Considering that social network embeddedness is characterized by social attributes, it may be beneficial in building accesses to social resources and decrease the cost of social resources (Stoyanov, 2018). In this regard, international new ventures should concentrate on the accumulation, intensity, and stability of social network embeddedness of the host country to gather local market information, lower the threats of uncertainty, reduce information asymmetry, avoid institutional risk, and further improve the success rate of international entrepreneurship (Chandra et al., 2020).

The basic viewpoint of host-country social network embeddedness is that international new ventures should embed in the host country social network to establish institutional legitimacy. This is because local institutional, relational, and sociocultural factors affect the possibility of acquiring social resources with the characteristics of the host country, thus restricting the establishment of the institutional legitimacy of international new ventures. To overcome the threats of unfavorable social factors, new international ventures should improve the degree and performance of host country social network embeddedness and establish stable social network connections for information exchange or resource integration. Moreover, it may help international new ventures to strengthen awareness of host country social culture, customs, and general rules (Srivastava et al., 2020). Embedding in host country social network answers a critical question of how international new ventures can weaken the liability of foreignness, decrease the cost of internationalization, and stimulate the success of the international entrepreneurship.

In this regard, we propose that:

H1a: Host country social network embeddedness positively affects international entrepreneurial performance.

2.1.2. Host Country Industrial Network Embeddedness and International Entrepreneurial Performance

In international entrepreneurship, it is equally or even more important to effectively embed in the host country industrial network (Schwens et al., 2018). As unfamiliarity with the host country market may increase the uncertainty of transnational business activities, new international ventures should actively seek suppliers, customers, collaborators, and other industrial partners in the host country to conduct effective information exchange. Furthermore, it may contribute to embedding in the host country industrial network and build organizational legitimacy to participate in the host country industrial division and cooperation (Musteen et al., 2014). In other words, host country industrial network embeddedness enhances the adaptability of international new ventures improve to the local industrial environment, flexibility of business operations, and compatibility between strategic capability and industrial chain, it also has a better understanding of information or resources related to customers, suppliers, collaborators, or competitors (Liu et al., 2018). As a result, international

new ventures can break through the constraints of new entrant disadvantage, gain industrial division benefits, and improve start-up performance.

In this regard, we propose that:

H1b: Host country industrial network embeddedness positively affects international entrepreneurial performance.

2.2. The Mediating Role of Organizational Improvisational Capability

As a high-order capability of an organization, improvisational capability is critical in developing various abilities such as immediate response, efficient mobilization, reasonable allocation, and instantaneous creation on the basis of existing resources. For international entrepreneurship, embedding in the host country social network may help international new ventures to gain heterogeneous resources to improve organizational creativity and develop an improvisational capability to effectively deal with accidents (Hogetoorn and Gerritse, 2021). For instance, institutional resources distributed in the host-country social network may help new international venture predictive and coping abilities to host country institutional preferences and inward foreign direct investment policies. As a result, it can avoid the negative influence of host country institutional changes on the survival of international new ventures.

In this regard, we propose that:

H2a: Host country social network embeddedness positively affects the organizational improvisational capacity of international new ventures.

Industrial resources are also a cornerstone of the improvisation capacity of new international ventures. By embedding in the industrial network of the host country, international new ventures can obtain relevant information and knowledge on suppliers, customers, and competitors, which can be collectively encoded, decoded, stored, retrieved, shared, and used by the entrepreneurial team or organization members (Berry, 2015). As a result, embedding in a host country industrial network may contribute to reconstructing the thinking mode, behavioral norms, and technical regulations within the organization, which can be transformed into the capacity base of the organization to provide solutions for new international ventures to resolve emergencies and accidents. In other words, by embedding in the industrial network of the host country, international new ventures can deepen understanding of the bargaining power of local suppliers, changes in customer preferences, dynamics of competitors, and other key stakeholders in the industry. In this regard, we propose that:

H2b: Host country industrial network embeddedness positively affects the organizational improvisational capacity of international new ventures.

Unlike established organizations that can employ existing conventions or usual practices to deal with emergencies, new ventures are often short of formalized processes, organizational knowledge (documented or experiential knowledge), team collaboration, and established practices (Monteiro, 2015). Therefore, improvisational capability is important for improving organizational resilience and strategic flexibility to realize survival and growth in a highly turbulent environment. Facing the dual constraints of the liabilities of foreignness and new-

ness, international new ventures are more likely to be confronted with much uncertainty and mutability, along with opportunities or threats. This requires new international ventures to utilize improvisational capability to deal with a complicated and unpredictable international business environment, and even to discover unexpected business opportunities.

In this regard, we propose that:

H3: Organizational improvisational capacity positively affects international entrepreneurial performance.

In accordance with the resource-based view, the effect of resources on performance relies on the role of firm capacity, indicating that there may be a conduction effect among resources, capacity, and performance. Previous literature suggests that resources are the foundation for an organization to develop operational capabilities or dynamic capabilities (Teece, 2018). By embedding in the dual network of the host country, new international ventures can obtain local social and industrial resources to improve organizational cohesion, team creativity, and the confidence of the whole team on the future prospects of international entrepreneurship (Chandra et al., 2020). Furthermore, it is an important prerequisite for the formation of improvisational capability. When the foundation for organizational improvisation is established, international new ventures will store and solidify improvisational capability inside the organization in the form of new thinking, new behaviors, new conventions, new processes, and new modes through adaptive, predictive, and action-oriented learning. When faced with unexpected events, new international ventures can invoke improvisational capability to effectively deal with the turbulence of the business environment, prevent international entrepreneurial failure, and even seize the business opportunities hidden in the crisis, so as to realize the positive role of resources in promoting performance (Seshadri and Shapira, 2021).

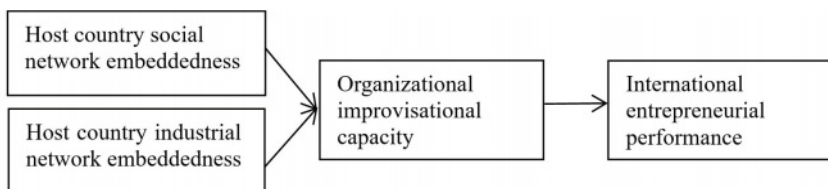
In this regard, we propose that:

H4a: Organizational improvisational capacity mediates the relationship between host country social network embeddedness and international entrepreneurial performance.

H4b: Organizational improvisational capacity mediates the relationship between host country industrial network embeddedness and international entrepreneurial performance.

In accordance with the theoretical analysis and hypotheses development, we developed the research model of this study (Figure 1).

Fig. 1. Research Model



3. Research Design

3.1. Data Source

We researched new international ventures that aim to meet the needs of international customers and obtain above-average returns by a means of product exporting, technology licensing, cross-border acquisition, strategic alliance, or new-wholly owned subsidiaries. Our respondents were limited to the founders or top managers of international new ventures from Jiangsu Province, which has been China's largest recipient of foreign direct investment since 2006. Meanwhile, Jiangsu Province is also home to many of the global leading exporters of electronic equipment, chemicals, and textiles. As a result, a growing number of international new ventures were founded in response to the emerging international trade of Jiangsu Province. Data were collected in two ways. First, MBA, EMBA, and EDP students of some universities in Jiangsu province were invited to participate in the survey. Then, we manually identified their questionnaires, and only international new ventures were included. Second, our researchers also utilized personal relationships to contact new international ventures. The questionnaire survey and data collection lasted approximately 3 months. 217 questionnaires were sent out, and 156 were collected (recovery rate of 71.889%).

Subsequently, manual verification was conducted again of the collected questionnaires, and international new ventures meeting the following three criteria were included in the final study sample: an (1) establishment time of less than 7 years; founders (2) hold Chinese nationality; and the (3) enterprises should undertake international business, including product exporting or setting up local business entities. After eliminating invalid samples, 129 valid questionnaires (effective recovery rate of 82.692%) were obtained.

3.2. Variable Measures

To ensure reliability and validity, this study used the mature scale derived from domestic or foreign top journal literature, and made a matching modification to the research context. A five-point Likert scale was used, ranging from "strongly disagree" to "strongly agree" to measure perceptual items (Heggstad et al., 2019).

3.2.1. *Independent Variables: Host Country Dual Network Embeddedness*

Host Country dual network embeddedness included two dimensions: host-country social network embeddedness and industrial network embeddedness. Both were measured by four items with a five point Likert scale. The former implies the degree and performance that international new ventures embed in the host country political, economic, cultural, and technological environments (Stoyanov, 2018; Zhao et al., 2021), while the later concentrates on the degree and performance to which international new ventures participate in the industrial division of a host country (Zhang and Pezeshkan, 2016).

3.2.2. *Mediating Variable: Organizational Improvisational Capability*

Following previous literature, organizational improvisational capability was defined as the ability of new international ventures to make and implement strategic decisions in an unpredictable and highly turbulent environment (Vera et al, 2016). Five items with a five

point Likert scale were conducted to measure the organizational improvisational capability of international new ventures.

3.2.3. *Dependent Variable: International Entrepreneurial Performance*

Following previous literature on international entrepreneurship, international new ventures often regard financial performance as a business secret (Zhang et al., 2016). To measure international entrepreneurial performance, therefore, we asked respondents to subjectively describe the growth of international market share, international market profit, and international business scope of international new ventures since establishment.

In addition, this study also controlled important variables such as organizational size (measured by number of employees), organizational age, industrial type (high-tech industry was coded as “1”, otherwise “0”), and international mode (whether founded as a subsidiary in a host country).

4. Research Results and Analysis

4.1. Common Method Bias

As our data were collected by perceptual scales, this may raise concerns over common method biases that threaten the research results. In this regard, all respondents were notified that there were no right or wrong answers to any question to reduce their survey burdens. In terms of statistical techniques, we conducted Harman’s one-factor test to check for the degree of common method biases (Podsakoff et al., 2016). If one general factor accounts for higher than the 40% benchmark, there is significant common method bias. Analysis results demonstrated that there were four factors with eigenvalues greater than 1, and the first factor accounted for only 16.873% of the total variance, lower than the 40% benchmark. Therefore, we are confident that common method biases were not a serious concern in the study.

4.2. Multicollinearity Checking

If there is a multicollinearity issue caused by a high correlation between explanatory variables, it will lead to model estimation distortion and inaccurate regression (Thompson et al., 2017). In this regard, we used SPSS25.0 to calculate the variance inflation factors (VIF). Analysis results demonstrated that all VIF values ranged from 1.020 to 1.589 (bigger than “1” and smaller than “10”). According to the Table 2, the Pearson correlations for all variables were smaller than the 0.7 benchmark. Thus, multicollinearity may be not a serious issue in the present study (Tabachnick and Fidell, 1996)

4.3. Reliability and Validity Analysis

This study used SPSS25.0 to conduct reliability and validity analyses. As shown in Table 1, the values of Cronbach’s α ranged from 0.732 to 0.872, and all CR values exceeded 0.8, suggesting that the questionnaire has good reliability.

In addition, exploratory factor analysis results showed that the KMO value was higher than 0.8, and the P value of the Bartlett sphericity test was lower than 0.001. Meanwhile, the factor

loading of each variable was higher than 0.6, and the AVE value 2qw higher than 0.5, suggesting good construct and aggregate validity. To examine discriminant validity, our study used AMOS 25.0 to conduct maximum likelihood estimation and confirmatory factor analysis (CFA). The results showed that the measurement model provided a good fit for the data ($\chi^2=369.883$, $P=0.000$; $\chi^2/df=1.761<3$; $CFI=0.978>0.9$; $TLI=0.976>0.9$; $IFI=0.979>0.9$; $NFI=0.947>0.9$; and $RMSEA=0.043<0.08$), implying sufficient convergent validity.

Table 1. An Exploratory Factor Analysis, Standard Estimates, and Alpha Values

Variable Constructs	Measurement Items	Factor Loadings	Cronbach's α	AVE	CR
Host Country Social Network Embeddedness	HST1 : Our company has many social partners (e.g., governments, technological institutions, and social organizations) in the host-country;	0.681	0.872	0.663	0.886
	HST2 : Our company builds trust relationship with the host-country social partners;	0.864			
	HST3 : Our company has frequent communication and cooperation with the host-country social partners;	0.807			
	HST4 : Our company actively participates in social activities in the host-country.	0.890			
Host Country Industrial Network Embeddedness	HIT1 : Our company has many industrial partners (e.g., customers, suppliers, and collaborators) in the host-country.	0.866	0.853	0.647	0.878
	HIT2 : Our company develops trust relationship with the host-country industrial partners.	0.644			
	HIT3 : Our company has frequent communication and cooperation with the host-country industrial partners;;	0.779			
	HIT4 : Our company actively participates in industrial chain division in the host-country.	0.903			

Table 1. An Exploratory Factor Analysis, Standard Estimates, and Alpha Values

Variable Constructs	Measurement Items	Factor Loadings	Cronbach's α	AVE	CR
Organizational Improvisational Capability	OIC1 : While international business is encountering emergencies, our company can find effective solutions immediately;	0.770	0.767	0.521	0.844
	OIC2: our company can adapt to the situation and identify new business opportunity for international entrepreneurship;	0.689			
	OIC3 : In the course of doing international business, our company can adjust the plan as needed at any time;	0.696			
	OIC4 : Our company emphasizes creativity in doing international business;	0.776			
	OIC5 : Our company can leverage all the resources available for international business.	0.673			
International Entrepreneurial Performance	IEP1 : Since establishment, our company realizes sustainable growth of international market share.	0.806	0.732	0.651	0.848
	IEP2 : Since establishment, our company realizes sustainable growth of international market profit.	0.791			
	IEP3 : Since establishment, our company realizes sustainable growth of international market scope.	0.823			

4.4. Correlation Analysis

The study used the Pearson product difference correlation method to analyze the correlation coefficient between each variable. As shown in Table 2, both host country social network embeddedness ($r=0.646$, $p<0.001$) and industrial network embeddedness ($r=0.502$, $p<0.001$) were positively related to international entrepreneurial performance. Second, both host country social network embeddedness ($r=0.388$, $p<0.001$) and industrial network embeddedness ($r=0.309$, $p<0.001$) were positively related to organizational improvisational

capability. Third, organizational improvisational capability ($r=0.573$, $p<0.001$) was also positively related with international entrepreneurial performance. Pearson correlation analysis results provide some initial evidence for the supporting hypotheses.

Table 2. Descriptive Statistics and Pearson Correlations

Variable	1	2	3	4	5	6	7	8
1. Venture Age	N/A							
2. Venture Size	0.590 ^{***}	N/A						
3. Industrial Type	0.268 [*]	0.193 [*]	N/A					
4. Entrepreneurial Mode	0.446 ^{***}	0.305 ^{***}	0.113	N/A				
5. Host Country Social Network Embeddedness	0.050	0.135	0.123	0.062	0.814			
6. Host Country Industrial Network Embeddedness	0.228 ^{**}	0.190 [*]	0.117	0.164	0.540 ^{***}	0.804		
7. Organizational Improvisational Capability	0.094	0.137	0.169	-0.026	0.388 ^{***}	0.309 ^{***}	0.722	
8. International Entrepreneurial Performance	0.076	0.115	0.218 [*]	0.077	0.646 ^{***}	0.502 ^{***}	0.573 ^{***}	0.807
Mean	3.581	25.139	0.341	0.357	3.795	3.498	2.969	3.331
Standard Deviation	1.594	17.384	0.476	0.481	0.707	0.676	0.620	0.661

Note: 1. ^{***} $P<0.001$, ^{**} $P<0.01$, and ^{*} $P<0.05$.

2. Numbers in bold indicate the square root of the AVE (average variance extracted).

4.5. Hypothesis Testing

To test the mediating role of organizational improvisational capability, this study followed the mediation test method proposed by Baron and Kenny (1986). In the first step, independent variable X was entered to test its main effect on dependent variable Y . In the second step, we examined the effect of independent variable X on mediation variable M , and the effect of mediation variable M on dependent variable Y , respectively. The third step explored the mediating effect of M . As shown in Table 3, Model 4 demonstrated that both host country social network embeddedness ($\beta=0.563$, $p<0.001$) and industrial network embeddedness ($\beta=0.342$, $p<0.001$) were positively related to international entrepreneurial performance, implying that both H1a and H1b were supported. According to Model 2, both host country social network embeddedness ($\beta=0.332$, $p<0.001$) and industrial network embeddedness ($\beta=0.215$, $p<0.01$) positively improved organizational improvisational capability, supporting H2a and H2b. In Model 5, organizational improvisational capability positively affected international entrepreneurial performance, suggesting that H3 was supported. In Model 6, host country social network embeddedness, industrial network embeddedness, and organizational improvisational capability were simultaneously entered into the regression analysis. Results showed that both host country social network embeddedness and industrial network embeddedness were still positively related to international entrepreneurial performance, but the β values decreased from 0.563 ($p<0.001$) and 0.342 ($p<0.001$) to 0.447 ($p<0.001$) and 0.267 ($p<0.001$), respectively. This implies that organizational improvisational capability played partial mediating role in the relationship between host country dual network embeddedness and international entrepreneurial performance, supporting H4a and H4b.

Table 3. Results of Main and Mediation Effects

Variable	Organizational Improvisational Capability			International Entrepreneurial Performance		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Constant	-0.650(0.473)	-0.363(0.443)	-0.493(0.471)	-0.014(0.359)	-0.133(0.395)	0.112(0.326)
Venture age	0.061(0.307)	-0.019(0.289)	0.136(0.305)	0.014(0.235)	0.102(0.255)	0.021(0.213)
Venture size	0.181(0.225)	0.128(0.209)	0.063(0.223)	-0.031(0.170)	-0.038(0.187)	-0.076(0.154)
Industrial type	0.327(0.191)	0.246(0.178)	0.406(0.190)	0.269(0.144)	0.224(0.160)	0.183(0.132)
Entrepreneurial mode	-0.229(0.211)	-0.238(0.196)	0.015(0.210)	0.004(0.159)	0.142(0.176)	0.087(0.145)
Host country social network embeddedness		0.332*** (0.082)		0.563*** (0.067)		0.447*** (0.064)
Host country industrial network embeddedness		0.215** (0.071)		0.342*** (0.068)		0.267*** (0.063)
Organizational improvisational capability					0.554*** (0.074)	0.349*** (0.067)
R ²	0.046	0.195	0.057	0.471	0.350	0.569
Adjusted R ²	0.015	0.155	0.026	0.445	0.324	0.544
F Value	1.481	4.913	1.870	18.079	13.265	22.792

Note: ***P<0.001, **P<0.01, and *P<0.05.

5. Discussion and Conclusion

5.1. Research Findings

As an emerging multidisciplinary research field in connection with entrepreneurial management and international business, international entrepreneurship should answer a critical issue of how to realize entrepreneurial growth while facing the liabilities of foreignness and newness. Drawing on network embeddedness theory and organizational improvisation theory, this study explored the logic relationship among host country dual network embeddedness, organizational improvisational capability, and international entrepreneurial performance. Using a questionnaire survey of 129 international new ventures, empirical results found that both host country social network embeddedness and industrial network embeddedness positively affect international entrepreneurial performance, underlining the importance of obtaining resource support from host country networks as a critical factor to realize firm capabilities necessary in underpinning the sustainability of international entrepreneurship. Particularly, local heterogeneous resources in the form of tacit knowledge, cutting-edge technologies, new customs, and original production process are more important in stimulating the exploration, experiment, creation, and innovation behaviors of international new ventures, and thus contribute to developing improvisational capability and creating start-up performance (Gross, 2014; Li et al., 2013). Second, organizational improvisational capability is closely related to international entrepreneurial performance, implying the importance of the sustainable development of international entrepreneurship in a turbulent business environment. In addition to the traditional view that it is necessary to constantly upgrade and evolve operational capabilities and dynamic capabilities, new international ventures also need to cultivate organizational improvisational capabilities by means of immediate response, immediate collaboration, resource integration, and intention creation, thus coping with emergencies and drastic changes (Belenzon et al., 2019). Third, organizational improvisation plays a partial mediating role in the relationship between host country dual network embeddedness and start-up performance, revealing that international new ventures can achieve resource integration and restructuring through improvisation in turbulent business environments.

5.2. Theoretical Implications

Generally speaking, our research can contribute to existing literature in two ways. First, considering that international new ventures will be confronted with the liabilities of foreignness and newness, this study subdivided host country network embeddedness into host country social network embeddedness and host country industrial network embeddedness. We highlighted that host country social network embeddedness could mitigate the threat of the liability of foreignness, and host country industrial network embeddedness could mitigate the threat of the liability of newness. In this regard, our study might enrich the theoretical basis of network-based international entrepreneurship research. Second, this study constructed a new theoretical logic of “host country network embeddedness → organizational improvisational capability → international entrepreneurial performance”, which may provide a new interpretation perspective to reveal the internal influence mechanism between host country network embeddedness and international entrepreneurial performance. Moreover, it is an effective expansion of existing international entrepreneurship literature.

5.3. Managerial Implications

Our results can provide several important managerial insights for entrepreneurs and managers of international business. First, international new ventures should embed in host country social and industrial networks deeply, such that complying with local legal systems, social convention, and commercial customs may weaken the negative effects of the liabilities of foreignness and newness (Seshadri and Shapira, 2021). For instance, government outbound investment department can utilize new media tool platforms such as Douyin and Wechat to help international new ventures to strengthen understanding of local culture and the industrial ecology of the host country. As a result, it may contribute to creating social or industrial benefits, and thus facilitate the sustainable development of international entrepreneurship.

Second, considering that organizational improvisational capability is an important mediator in transforming resources into performance in a highly turbulent business environment, new international ventures should effectively allocate resources obtained from networks and realize the progress of firm capabilities. Along with increasing conflicts in globalization and anti-globalization, new international ventures will face a more uncertain and turbulent business with inherent opportunities or threats (Coffey et al., 2021). In this regard, developing and utilizing organizational improvisational capability is a critical strategic choice for international entrepreneurship (Wang et al., 2020).

5.4. Research Limitations and Directions for Future Research

Like all scientific research, our study also has limitations that provide potential directions for the future. First, this paper only explored the improvisational behavior of international new ventures at the organizational level. Future research can take into account the improvisational behaviors of organizational staff or teams, and examine how their improvisational behaviors affect international entrepreneurial performance. Second, considering that organizational improvisational capability plays partially mediating role in the relationship between host country dual network embeddedness and international entrepreneurial performance, future research can examine the mediation effects of other firm capabilities, such as operational capabilities or dynamic capabilities. This may help identify the different influencing mechanisms of host country dual network embeddedness on international entrepreneurship.

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