

Impact of Globalization of Firms: Descriptive Study on Performance on Network Ability

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***Abstract---** With the deepening of globalization, the world economy has gradually become a unified whole organic links. It is no longer the patent of large multinational companies to conduct international operations and expand overseas markets. More and more small and medium-sized enterprises have also actively participated in the world economy and embarked on a unique international management road. From the traditional point of view, SMEs should operate overseas in a relatively slow and gradual manner, but a growing number of studies have shown that many SMEs have successfully internationalized since their inception or within a short period of time since their inception. The number of such companies has gradually increased since the 1990s, which has attracted the attention of many scholars and relevant government decision-making departments, and called such companies born global firms.*

***Keywords---** International Opportunities, Internationalized Performance, Born Global Firms.*

I. INTRODUCTION

In this research paper, the relationship network ability at the organizational level is very basic and critical for born global firms. However, the relationship network of an organization is not solely owned. Firms need to make efforts to plan, build, maintain and manage a good relationship network to obtain specific network value results in order to serve the internationalization of the company (Valliappan Raju, et. al., 2019). Therefore, this research paper thinks that the activities and efforts of the firms for the construction of the relationship network are the prerequisites for the realization of the value of the subsequent relationship network results. Therefore, this research paper tries to discuss the influence mechanism of the previous efforts and subsequent results of the relationship network on the international performance of the born global firms in the relationship network planning, construction and management behavior. Furthermore, the network ability is divided into five interrelated components: network vision ability, network construction ability, network relationship management ability, network occupancy ability and network communication ability.

Therefore, by focusing on the identification and development of international opportunities, this dissertation tries to analyze and test them from the perspective of dynamic ability as two unique ability (Valliappan Raju, et. al., 2019). The relevant literature shows that the current research mainly focuses on the composition, structure, content and results of the relationship network. However, the research of network ability, which is characterized by how firms construct effective relationship networks, is still neglected by many scholars in international entrepreneurship.

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1.1 Problem Statement

The Research problem in this dissertation can be summarized as follows: "How does network ability (mainly including network vision ability, network construction ability, network relation management ability, network occupancy ability, and internal communication ability) affect the international performance of born global firms?"

Through the analysis of the intersection of different knowledge on the theoretical level and the practical operation level, this dissertation forms a certain theoretical contribution and practical significance to the research expectations of the international management of born global firms (Jones, G.R., George, J.M. 1998).

II. LITERATURE REVIEW

Based on these three advantages, the OLI model answers why, where and how the enterprise conducts OFDI. Ownership specific advantages, such as having unique technological and innovative advantages, answer why enterprises should "go out" to operate (Valliappan Raju, et. al., 2019); Location-specific advantages focus on where enterprises should go and what advantages specific overseas markets can provide to enterprises; In the end, the internalization advantage determines that the enterprise should carry out internalization international operations through FDI or carry out externalization international operations through agency, and this is also determined by the transaction costs involved. If internalization and cost are lower than externalization, FDI is the choice of international expansion (Jones, G.R., George, J.M. 1998). Taking into account the close relationship between increasing inward internationalization and outward internationalization, Welch and Luostarinen proposed a broader definition of internationalization, that is, internationalization is constantly involved in the process of internationalization.

Contrary to static business internationalization economics, the development of behavioral perspective focuses on dynamic business internationalization process research (Valliappan Raju, et. al., 2019). As the name implies, the behavioral perspective is rooted in the behavioral theory of the enterprise and the growth theory of the enterprise. According to Coviello and other scholars, the first most influential model of internationalization process was the Upsala model proposed by Johanson and Vahlne in 1977.

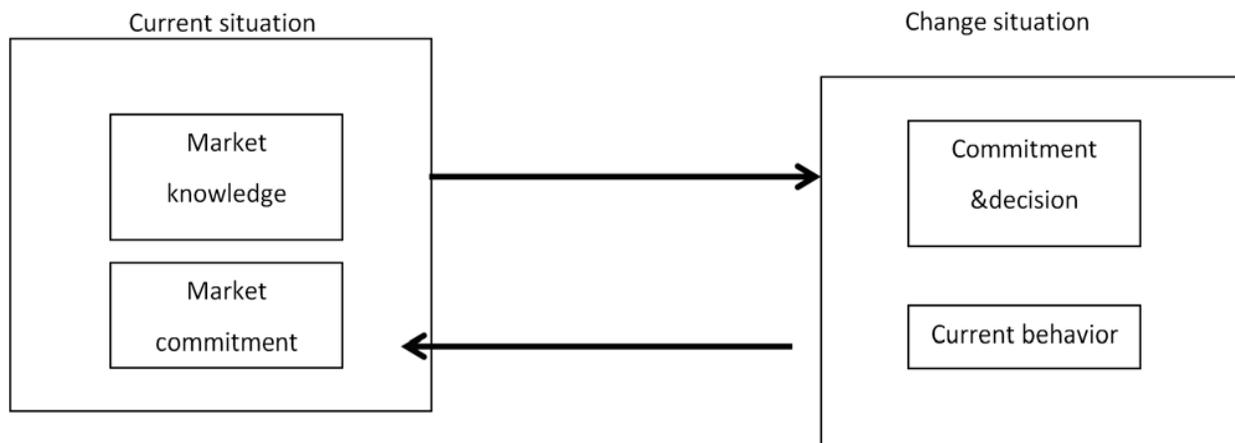


Figure 1: Upsala Model

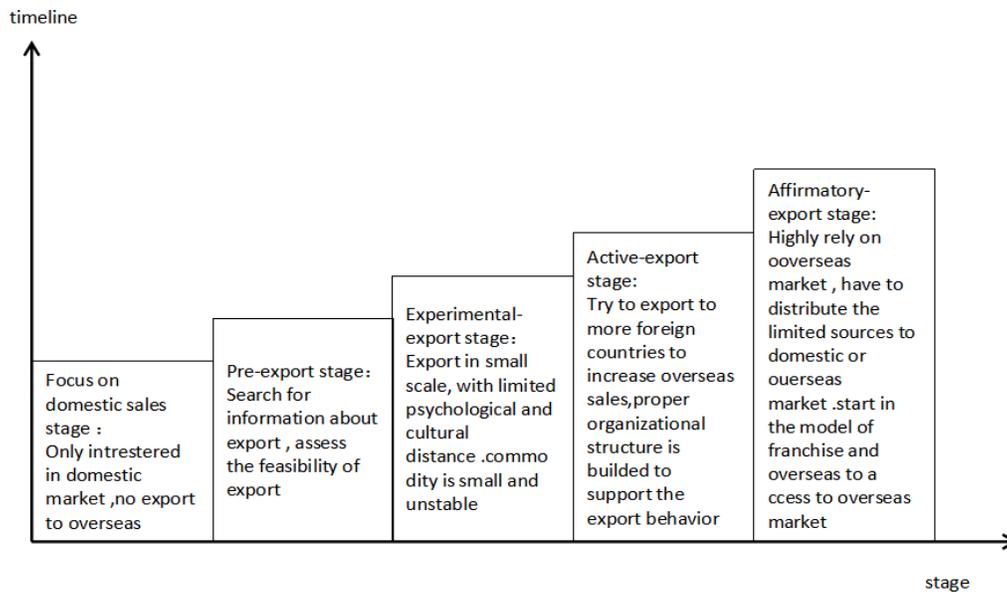


Figure 2: 5 State Model

Other internationalization process models include I-Models proposed by Bilkey, Tesar, and Reid. This model is mainly obtained through empirical research on small and medium-sized enterprises in the United States. Similar to the Upsala model, I-Models is also mainly influenced by corporate behavioral theory (Valliappan Raju, et al., 2019). Therefore, when the model studies the behavior of the enterprise, it sets the learning and management level as the key factor, and believes that internationalization is an innovative adoption behavior of the enterprise. Therefore, the mechanism of overseas market entry is a series of enterprises in various stages of internationalization. The result of management innovation (Jones, G.R., George, J.M. 1998). Different scholars believe that I-models include different stages of evolution. Reid believes that it should be divided into 5 stages. Bilkey and Tesar are recommended for 6 phases. Regardless of the division into several stages, scholars generally agree that the division of the I-models phase consists of three levels: the pre-export phase, the initial export phase, and the advanced export phase.

The common assumption of these process models is that the internationalization of enterprises is a slow and gradual process. The advantage of the process models is that they are more dynamic than the economic perspective and are supported by many empirical studies and theoretical studies. On the other hand, the Upsala model was criticized as being too arbitrary and simple. In 2009, Johanson and Vahlne published a dissertation that modified the Uppsala model proposed earlier, highlighting the important role of relational networks in empirical knowledge accumulation.

III. RESEARCH METHODOLOGY

This paper chooses enterprises in Zhejiang province as the main research object. Located on the southeast coast of China, the South wing of the Yangtze Delta, Zhejiang province has 11 prefecture-level cities under its jurisdiction and is considered to be one of the most economically developed provinces in China. According to preliminary estimates, the total GDP of Zhejiang Province in 2016 reached 4288.6 billion yuan, an increase of 7.5 % over the

previous year, and the per capita GDP reached 83,538 yuan, ranking among the top in the country. Behind the steady and strong operation of Zhejiang's economy, foreign trade is considered to have played a huge role in promoting it. Due to its location on the southeast coast, maritime transportation is relatively convenient (Valliappan Raju, et. al., 2019). Therefore, Zhejiang Province is an earlier province that developed an export-oriented economy and gradually achieved remarkable results. Whether measured by the speed of open economic development or the breadth of open economic development, Zhejiang has become one of the most open provinces in the country.

<i>Enterprise property rights</i>	<i>Samples Q'ty</i>	<i>Percentage</i>
state-owned	23	10.50%
collective	8	3.66%
Private	185	84.47%
Sino-foreign joint venture	3	1.37%
<i>Total number of employees in enterprises</i>		
	<i>Samples Q'ty</i>	<i>Percentage</i>
Up to 100	44	20.09%
100-500 people	147	67.12%
500-1000 people	23	10.50%
1000-2000 people	3	1.37%
Over 2,000	2	0.91%

The overall questionnaire was divided into two parts. First of all, the purpose of the investigation of the questionnaire was not commercial use, but the corresponding academic research. The content asked would not involve commercial secrets and reduce the readiness of the respondents. Then go to the body of the questionnaire. The first part is the basic information of the enterprise. It mainly includes the name of the company, the age of its establishment, the attributes of the company, the main business, the technology of the industry, the number of employees of the company, the time and manner for the first international business, and the number of overseas countries (Valliappan Raju, et. al., 2019). The research object of this paper is born global firms, the internationalization of enterprises is the most important selection index. In summary, the analysis is available, whether it is the overall economic development characteristics of Zhejiang or the international management of its enterprises, Zhejiang Province undoubtedly has a strong reference research value.

IV. DATA ANALYSIS

In view of the internationalization of the sample enterprises, the questionnaire mainly covered two types of issues. The number of overseas countries with first international business operations and first international business are as follows:

Table 1: Sample Industries

<i>Industry</i>	<i>Samples Q'ty</i>	<i>Percentage</i>
manufacturing industry	152	69.40%
Information industry	9	4.11%
service industry	13	5.93%
Wholesale and retail	7	3.20%
Chemical medicine	17	7.76%
Intermediary services	15	6.85%
other	6	2.74%

The academic community generally believes that the network energy power table proposed by Ritter in his 2002 paper has a greater impact on the measurement of network capabilities [116] And... On this basis, the later scholars

adjusted and further developed the network capability scale according to their own research objects. According to the analysis in chapter 4, this paper divides the ability of explaining variable network into five dimensions: (1) network vision ability; (2) network construction ability; (3) network relationship management ability; (4) network occupancy ability; (5) network internal communication ability and set 20 questions for measurement;

Table 2: Mean, standard deviation, loading, cronbach's Alpha, CR and AVE

<i>Constructs</i>	<i>Item</i>	<i>Loading (> 0.7)</i>	<i>M</i>	<i>SD</i>	<i>α (> 0.7)</i>	<i>CR (> 0.7)</i>	<i>AVE (> 0.5)</i>
Strategic Planning (SP)	SP1	0.831	4.368	0.542	0.893	0.918	0.652
	SP2	0.832					
	SP3	0.820					
	SP4	0.828					
	SP5	0.778					
	SP6	0.754					
Customer Focus (CF)	CF1	0.790	4.348	0.566	0.896	0.920	0.658
	CF2	0.842					
	CF3	0.817					
	CF4	0.842					
	CF5	0.841					
	CF6	0.729					
Organizational Excellence (OE)	OE1	0.744	4.468	0.510	0.892	0.915	0.606
	OE2	0.729					
	OE3	Deleted					
	OE4	0.807					
	OE5	0.781					
	OE6	0.784					
	OE7	0.812					
	OE8	0.786					
	OE9	Deleted					
	OE10	Deleted					

Note: M=Mean; SD=Standard Deviation, α= Cronbach's alpha; CR = Composite Reliability, AVE = Average Variance Extracted.

Key: SP: strategic planning, CF: customer focus, OE: organizational excellence.

Due to the complexity and dynamics of the relationship network, the position of the enterprise in the overall relationship network will play a different role. It is generally believed that a well-occupied enterprise can occupy a favourable (Central) position in the network, gain more access to and acquire new knowledge, and thus occupy a dominant position in the dissemination of knowledge and the diffusion of results, and acquire tacit knowledge (Jones, G.R., George, J.M. 1998). More importantly, the capture of favourable (Central) positions can help companies become rule-setters and push the network in the direction they want. According to the definition of network occupancy capacity, the initial measurement terms of network occupancy capacity.

4.1 Structural Model Assessment

The structural model can be tested by computing beta (β), R^2 , and the corresponding t -values via a bootstrapping procedure with a resample of 5,000 (Hair, Hult, Ringle, & Sarstedt, 2017).

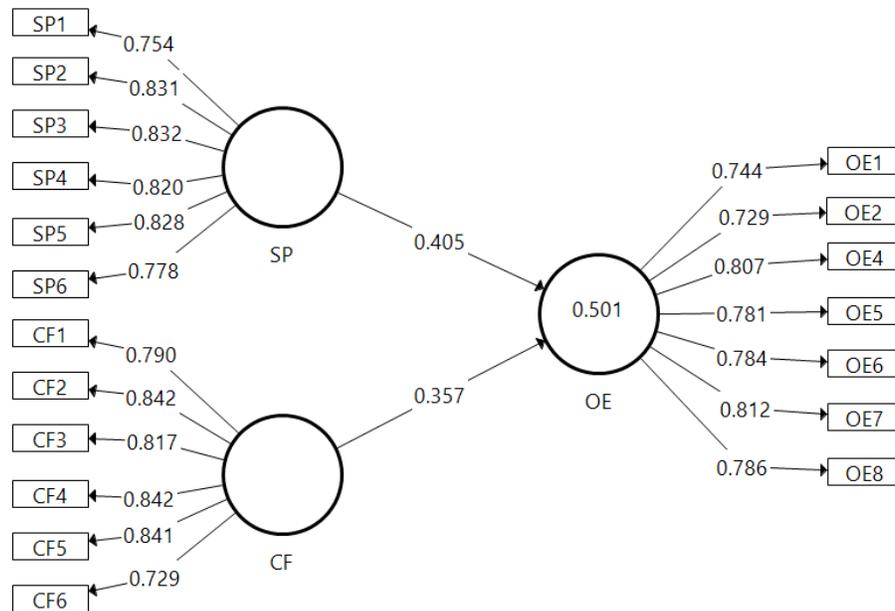


Figure 3: PLS Algorithm Results

Key: SP: strategic planning, CF: customer focus, OE: organizational excellence

V. CONCLUSION

The existing research on network capacity is less concerned with the analysis of the causes of network capacity. Ritter. Based on the internal perspective of the organization, four factors that affect the ability of the network are proposed, including the availability of resources, the network-oriented nature of human resources, the integration of corporate communication structures, and the openness of corporate culture. It also focuses on the role of the alliance management of enterprises on network capabilities, pointing out that the more alliances the enterprise participates in, the more obvious the improvement and enhancement of its network capabilities (Valliappan Raju, et. al., 2019). Generally speaking, the research on the influence factors of network capacity is still relatively thin, and the conclusions of the current research also have large differences. Therefore, how to study the influence factors of network ability in a better depth and system, so as to make the related enterprises more accurate and effective to improve the enterprise's network ability, there is more space in the future research.

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