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Research Article

Evaluating the impact of firm size, firm age, international opportunity recognition, and business network on internationalisation performance

Şirket büyüklüğü, şirket yaşı, uluslararası fırsat tanıma ve iş ağının uluslararasılaşma performansına etkisinin değerlendirilmesi

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Abstract

This study examines the cumulative impact of firm size, firm age, business network participation, and international opportunity recognition on the internationalisation performance of small and medium-sized enterprises (SMEs). The study population consists of 160 SMEs in the Kayseri, Inegöl, and Istanbul Organized Furniture Industry area, specifically focusing on those involved in business networks. The data was collected through a survey methodology, and the research objective was assessed using a quantitative approach in SPSS 21. The study aims to examine the gradual impact of variables on internationalisation performance. The stepwise regression in the analysis underscores the crucial impact of firm size and various aspects of international opportunity recognition on internationalisation performance. Notably, the business network's structure positively influences performance, providing optimism for firms seeking to enhance their internationalisation efforts. However, the strength of the tie subdimension of the business network does not impact performance significantly. These findings offer valuable insights for firms aiming to improve their internationalisation efforts.

Keywords: Business Network, Internationalization Performance, Risky Investment Intention, International Opportunity Recognition, SMEs

Jel Codes: F10, F20, L68, M10, M16

Öz

Bu çalışma, firma büyüklüğünün, firma yaşının, iş ağı katılımının ve uluslararası fırsat tanınmasının küçük ve orta ölçekli işletmelerin (KOBİ'ler) uluslararasılaşma performansı üzerindeki kümülatif etkisini incelemektedir. Çalışma popülasyonu, özellikle iş ağlarına dahil olanlara odaklanarak Kayseri ve İnegöl Organize Mobilya Sanayi bölgesindeki 160 KOBİ'den oluşmaktadır. Veriler, SPSS 21.00 ile nicel bir yöntem kullanılarak analiz edilmiştir. Çalışmanın analizinden kullanılan aşamalı regresyon analizi sonuçları, firma büyüklüğünün ve uluslararası fırsat tanımanın çeşitli yönlerinin uluslararasılaşma performansı üzerindeki kritik etkisini vurgular. Özellikle, iş ağının yapısının performans üzerinde olumlu bir etkiye sahip olduğu ve uluslararasılaşma çabalarını artırmayı amaçlayan firmalara iyimserlik sağladığı bulunmuştur. Ancak, iş ağının bağın gücü alt boyutunun gücünün performansı önemli ölçüde etkilemediği görülmektedir. Bu bulgular, uluslararasılaşma çabalarını artırmayı amaçlayan firmalar için değerli içgörüler sunmaktadır.

Anahtar Kelimeler: İş Ağı, Uluslararasılaşma Performansı, Riskli Yatırım Yapma Niyeti, Uluslararası Fırsat Tanıma, KOBİ

Jel Kodları: F10, F20, L68, M10, M16

Introduction

Small and Medium-Sized Enterprises (SMEs) play crucial roles in developing industries. Small and medium-sized enterprises (SMEs) are crucial as specialised suppliers or innovators in specific subjects and niches, creating new opportunities. However, due to limited relationships and network positions, SMEs often cannot influence outcomes, seriously impairing their competitiveness. For example, small firms struggle to access global export markets due to limited resources and management capacity. In the furniture sector of Turkey, despite experiencing rapid progress, the limited size of furniture workshops and their lack of awareness of each other have restricted their interconnectedness (Vissak, Francioni & Freeman, 2020; Özdemir, Ersöz & Sarıoğlu,2007; Odlin & Benson-Rea, 2017; Malecki & Tootle, 1996).

Internationalisation is a business strategy that involves expanding into new geographic markets to leverage core competencies (Lu & Beamish, 2001), which allows businesses to increase their customer base and production volume and find favourable business conditions in new markets (Shirokova & Tsukanova, 2013). Internationalisation is based on opening the business to foreign markets and export activity at the first stage (Çavuşgil&Nevin, 1981). The concept of performance in firms encompasses expectations related to achieving goals such as profitability, sales growth, and return on investment, in addition to traditional economic goals (Weerawardena, Mort, Liesch & Knight,2007). Oviatt and Dougall (1994) suggest that internationalisation performance consists of speed, intensity, and geographic scope. One of the most researched topics in international trade is the relationship between a company's internationalisation and performance. Structural indicators, such as the number of active countries, foreign assets, and foreign employees, are employed to measure international complexity. Performance is evaluated based on turnover and operating income, considering the proportion of foreign sales and commercial activity conducted by foreign subsidiaries (Dörrenbächer, 2000). The growth rate of a firm's international trade intensity, as an indicator of the importance of international sales, can be defined as the increase in the proportion of the company's sales generated from foreign countries over a given period (Hilmersson & Johanson, 2016; Sullivan, 1994). In our research, internationalisation performance was evaluated based on the ratio of SMEs' foreign sales constituting the sample of our research to their total sales in the last three years and the current period.

Relationships are crucial in business activities; business owners rely on their networks' available resources. (Sullivan & Ford, 2014). Business relationships are inherently interconnected. Every interaction—selling, buying, recommending, delivering, or paying—cannot be fully comprehended without considering the relationship within which it occurs. Similarly, understanding any given relationship requires acknowledging its position within the broader network. Each company derives benefits and incurs costs from the network in which it is enmeshed and from the investments and activities of all participating companies (Hakansson & Ford, 2002). Networks facilitate access to valuable information, resources, markets, and technologies for firms (Inkpen & Tsang, 2005). Networks are connections between firms. Interpersonal contacts provide sorted and evaluated information that firms must apply to the business context (Malecki & Tootle, 1996). Networks are designed for small and medium-sized manufacturing businesses to enhance their capabilities, operate more efficiently and profitably, and establish connections with other businesses in the industry. Companies foster relationships with their suppliers, customers, and competitors through these networks, enabling them to exchange ideas and collaborate on problem-solving (Fuller-Love & Thomas, 2004).

Internationalisation, a crucial entrepreneurial strategy, promotes the long-term growth and survival of small and medium-sized enterprises (SMEs) and underscores their significant role in the global economy. Exporting, the most common entry mode for SMEs, is a testament to their global reach, especially since they generally do not have subsidiaries abroad. The rate of export sales, widely used in SME research as a proxy measure of firm internationalisation, further highlights their global impact (Alayo, Maseda, Iturralde & Arzubiaga, 2019). It is widely accepted that increasing a country's exports strengthens the overall economy and enhances the performance of individual firms (Çavuşgil &Nevin, 1981). Recently, scholars have been discussing the international expansion of small and medium-sized enterprises (SMEs) in emerging markets; they are driven to expand abroad to overcome challenges in their home country and find institutions in other countries that align better with their business strategies and requirements. Most literature emphasises that a firm's international expansion results from a need to search for resources, markets, efficiency, and strategic assets (Wu & Deng, 2020).

Internationalisation is an entrepreneurial act; it involves identifying and exploiting new business opportunities in new environments, combining the ability to innovate with risk acceptance (Alayo et al., 2019). International opportunity recognition constitutes the initial phase of the internationalisation process and is perceived as an entrepreneurial and innovative journey into international markets. This

process involves the discovery of opportunities and the deliberate and systematic pursuit of them (Chandra, Styles & Wilkinson, 2009). Opportunities can be recognised through systematic search (active) or alertness to changes in the operating environment (reactive). For instance, a company may proactively seek international opportunities due to a limited domestic market, while recognising an opportunity through changes in market demand is a more reactive process (Hietala, Hänninen, Kniivilä, Toppinen, 2019). Information plays a pivotal role in identifying opportunities. Technological, economic, demographic, and political changes can serve as sources of opportunities and lead to the emergence of new ones (Kontinen & Ojala, 2011). Information acquisition and utilisation are crucial for the internationalisation of exporting firms. They require extensive information on human capital, raw materials, distribution channels, suppliers, and marketing networks (Mostafiz, Sambasivan, & Goh, 2022).

The firm size is closely connected to its specific resources and is crucial in determining its competitiveness, exporting behaviour, and overall success. Larger firms, with more employees, possess more significant assets and are better positioned for growth due to the abundance of skills and knowledge within their internal operations. Firm size represents tangible and intangible resources; larger firms have more resources than smaller ones and can benefit from economies of scale in production and marketing by spreading their fixed costs over larger units. This allows larger organisations to access resources that may not be available to micro-enterprises, enabling them to take risks and pursue international expansion (Felzensztein, Saridakis, Idris,& Elizondo,2022). On the other hand, due to the dynamic nature of the environment, newer organisations prioritise survival, innovation, proactiveness, and risk-taking in their lifecycle. As organisations mature, their standard operating procedures and systems become routine, reducing the founder's involvement. Consequently, mature organisations prioritise maintaining the status quo over seeking new opportunities. Moreover, as firms become established, structural inertia and reduced organisational adaptability can discourage entrepreneurial behaviours (Franczak, Gyensare, Lanivich, Adomako, and Chu, 2024).). However, the firm's age is critical for comprehending its innovation and internationalisation processes, as viewed through organisational learning. Past experiences seeking external knowledge provide valuable insights for the firm's present and future knowledge acquisition. Older firms with cognitive capacities of the management team and long-standing organisational memory are better at selecting mature knowledge, reducing the likelihood of misapplication, and contributing to innovation and internationalisation strategy (Santoro, Mazzoleni, Quaglia & Solima,2021).).

The literature includes many empirical studies demonstrating the significant influence of business networks and international opportunity recognition on internationalisation performance. While the current academic literature widely acknowledges the crucial role of business networks in facilitating internationalisation performance, there is a lack of knowledge about the specific subdimensions of business networks, such as their structures, contributions, and the strength of the ties. The same is true of the subdimensions of international opportunity recognition, which dissociate as passive being alert to the environment and active systematic searching for opportunities. In our study, we also incorporated the impacts of firm size, measured by the number of employees and firm age. We aimed to simultaneously evaluate the combined effect of these predictors and identify the most influential predictor.

Consequently, the research question guiding this study is: How do firm size, firm age, business network, and international opportunity recognition influence the internationalisation performance of SMEs? Data was collected via a survey from 160 managers or owners of small and medium-sized enterprises in the Kayseri, İnegöl, and İstanbul Organized Furniture Industry area and analysed using a quantitative method using SPSS 21.0 through stepwise regression. The research findings indicate that the firm size of a company and both active and passive subdimensions of international opportunity recognition significantly improve internationalisation performance. Additionally, the structure of a business network has a positive impact on internationalisation performance. However, the strength of the tie and the contribution subdimensions of the business network do not have a significant effect. This study delves deeply into how business networks, international opportunity recognition, and firm size can enhance the internationalisation performance of small and medium-sized enterprises (SMEs) and presents practical recommendations for companies aiming to strengthen their global presence.

Theoretical backgrounds and hypothesis development

Theoretical backgrounds

Internationalisation performance

Economic globalisation and the internationalisation of small and medium-sized enterprises (SMEs) are essential factors that regulate the global economy through the free flow of resources and industries across borders. This leads to more significant international division and economic interdependence, and thus, businesses can engage in global marketing to expand their reach beyond the local markets (Lan & Wu, 2010). Small and medium enterprises (SMEs) must recognise the international market in the current business environment. SMEs must understand how to identify and pursue opportunities in foreign markets (Baronchelli &Cassia, 2014). Internationalisation is essential for SMEs' long-term growth and survival. One common way for SMEs to enter foreign markets is through exporting, but internationalisation involves more than just exports, and comprehensive measures are needed to evaluate the internationalisation process (Alayo et al., 2019). Scholars have extensively examined the international expansion of small and medium-sized enterprises in emerging markets, emphasising that a firm's internationalisation is contingent upon its resources, market efficiency, and strategic asset exploration (Wu &Deng, 2020).

Performance includes expectations regarding achieving firm goals such as profitability, sales growth, and return on investment, in addition to traditional economic goals. Superior performance in all firms depends on the ability of management to align strategy variables within its control in a way that is not easily imitated by environmental factors beyond its control (Weerawardena et al., 2007). Structural indicators measure this relationship between a company's degree of internationalisation and its performance in international trade, aiming to provide insight into a company's international complexity at a specific time. These indicators include various metrics related to a company's foreign activities, such as the number of countries in which a company is active, the amount/rate of foreign assets, the amount/rate of using resources from abroad, and the number/rate of foreign employees. Performance indicators assess the extent to which foreign countries influence a company's success or failure over a certain period, typically a year. Turnover and operating income are the two leading indicators of performance. The first issue in performance indicators is demand, primarily focusing on the proportion of turnover derived from foreign countries. This indicator is calculated based on foreign sales by customer location, exports, and income from foreign establishments. The second issue concerns supply, addressing the extent to which commercial activity is conducted by subsidiaries located in foreign countries (Dörrenbächer, 2000).

Some researchers have suggested that internationalisation leads to a positive and linear relationship with firm performance, creating competitive advantage and superior financial success, with studies indicating that increased internationalisation is associated with improved firm performance, growth, and profitability (Han, Lee and Suk, 1998) and the benefits of overseas expansion, such as additional growth, risk diversification, increased revenues and profits, and greater brand awareness (Sun & Lee, 2013). Also, studies have shown that internationalisation provides better firm performance and growth and have highlighted that the degree of internationalisation is associated with increased profitability (Brida, Driha, Ramón-Rodriguez & Such-Devesa, 2016). When a company rapidly expands internationally, it will likely gain a first-mover advantage by being the first major player in a particular market segment. This can lead to better resource access and control and potentially outperform competitors. Rapid internationalisation can also lead to positive economic profits and stronger performance. Additionally, targeting new customers and markets as part of an international growth strategy can expand the customer base and sales markets, allowing the company to achieve economies of scale (Hilmersson, 2014).

Business network

Ellis (2011) defines a business network as a company's connections with other businesses. A company's business relationships rely on its capabilities and connections within the more extensive network, which can offer opportunities and impose constraints. Companies can access various resources and opportunities, and joining networks can enhance capabilities and improve efficiency and profitability for small and medium-sized manufacturing businesses (Abrahamsen, Halinen & Naudé, 2023; Ahmadian & Abdolmaleki, 2018; Sullivan & Ford, 2014). Business commitment in relationships implies that exchange is contingent upon the other party's actions (Chen & Jaw, 2014). According to Sharafizad and Coetzer (2017), small business owners progressively expand their networks by cultivating mutually beneficial relationships with individuals and organisations, such as bankers, accountants, lawyers, government agencies, and consultants. Galkina and Chetty (2015) similarly posit that entrepreneurs

engage with various stakeholders, including partners, customers, suppliers, advisors, employees, and communities, to establish a new venture and obtain necessary resources while recognising the significance of interpersonal relationships.

Organisational social capital is cultivated through network interactions, enabling access to external resources and value creation, thereby contributing to firm performance. A firm's international business relationships with foreign customers and partners represent its social capital, serving as a vital source of information regarding business opportunities in unexplored markets (Lindstrand & Hånell, 2017). In their study, Kamakura et al. (2012) discovered that firms initiate their first connections with local networks linked to other countries through business relationships. Moreover, Keny and Fahy (2011) propose that small and medium-sized enterprises (SMEs) can overcome resource limitations by building and nurturing network relationships. Network relationships significantly influence internationalisation initiation. Implicit exchange relationships are crucial in increasing foreign market knowledge acquisition (Linnskog, Al-Qaisi&Kurre, 2010). The network perspective of SME internationalisation, emphasising the nature and quantity of business relationships, illuminates the significance of coordinating, developing, and establishing collaborative relationships with network actors, impacting a firm's ability to identify and capitalise on international business opportunities through interaction with foreign colleagues (Galkina & Chetty, 2015; Lindstrand & Hånell, 2017).

The network's structure

A network is a system of actors, nodes, and ties of a specific kind (such as friendship) that connect them. These connections are interconnected through shared endpoints to create paths that indirectly link nodes that are not directly connected (Borgatti & Halgin, 2011). According to Rosinska-Bukowska (2020), a network is a cohesive structure that integrates its members' essential areas of expertise without developing proprietary relationships. The primary goal is to facilitate effective knowledge exchange throughout the network, leveraging the collective skills and resources of a diverse group of individuals or organisations and promoting collaboration and knowledge sharing to lead to more effective problem-solving, innovation, and overall success. Johanson and Mattsson (2015) argue that a business network encompasses a firm's relationships with customers, distributors, suppliers, competitors, and government, and as firms internationalise, the number and strength of these relationships intensify.

The network's contribution

Dubois (1998) suggests that a company's success is contingent upon its internal capabilities and relationships, with the merging of resources among firms offering opportunities for innovation and mutual benefit (Hakansson & Ford, 2002); through the utilisation of inter-organisational relationships, firms can drive restructuring by fostering trust, learning, and cooperation, thus leading to significant capability development, knowledge acquisition, and opportunities in an evolutionary cycle (Johanson & Vahlne, 2009). According to Fuller-Love and Thomas' (2004) research, business networks are about efficiency and scale and providing crucial support. By exchanging information and know-how, these networks facilitate greater efficiency in working methods, provide economies of scale, and enhance personal networks, ideas, and problem-solving. They serve as a valuable source of support, offering a cost-effective means to improve the performance of small and medium-sized enterprises, particularly those in manufacturing. Furthermore, networks play a crucial role in mitigating risks (Chang & Webster, 2019) by reducing the burden of innovation, legitimising businesses (Efring & Hulsink, 2003), and minimising supply and distribution expenses (Sheng, Zhou & Li, 2011).

The strength of the tie

The strength of a tie is determined by factors such as time, emotional intensity, trust, and mutual support (Granovetter, 1973, p. 1361). The strength of weak ties theory suggests that individuals with strong ties are likely to have overlapping social circles. Strong ties to both B and C make it more likely for them to have weak ties with each other. This weak tie, like acquaintances, is due to the weak transitivity of homophily. Bridging ties provide access to new ideas and information beyond one's close network (Borgatti & Halgin, 2011). Further emphasising this, Granovetter's study on career changes in 1974 demonstrated the influential role of weak social connections in obtaining valuable information. For example, individuals seeking employment are more likely to unexpectedly receive useful information through weak ties, such as encountering someone from high school rather than from a close friend. This underscores the importance of weak ties within social networks and their potential to provide valuable resources and information (Takahashi & Inamizu, 2014). Granovetter (1973) suggests that individuals with similar attributes, such as profession, citizenship, views, social status, social associations, or educational background, are inclined to form strong ties and establish connections (Sözen & Basım, 2012). Strong ties involve frequent interactions, long-term connections, and a close

socio-emotional bond. In contrast, weak ties entail infrequent interactions, short-term relationships, and a lack of a close socio-emotional bond, usually in newer connections (Sullivan & Ford, 2014).

International opportunity recognition

Identifying international business opportunities relies on understanding vital information regarding technological, economic, demographic, and political changes, potentially leading to the recognition of new prospects in foreign markets (Kontinen & Ojala, 2011; Hietala et al., 2019). Successful internationalisation efforts by exporting companies require the acquisition and utilisation of knowledge, a resource-intensive process involving human capital, raw materials, distribution channels, suppliers, marketing agencies, and networks due to the dynamic international market, leading to increased ambiguity, uncertainty, and risk (Mostafiz et al., 2022; Muzychenko & Liesch, 2015; Filser et al., 2023). The theory of opportunity recognition, originating from Austrian economic doctrines and based on Schumpeter's (1934) theory, suggests that new business opportunities can arise from market changes, legislation, or technology, emphasising the importance of new information in recognising opportunities (Angelsberger, Morits, Sascha Kraus, Alicia Mas-Tur &Norat Roig-Tierno, 2017), while Kirzner (1973) argues that asymmetric information in the market allows for better identification of new opportunities (Hietala et al., 2019). It is widely accepted that opportunities can be identified through two distinct approaches - a systematic search process or exploration (Drucker, 1998).

Active international opportunity recognition

The systematic search process is a valuable addition to Drucker's (1998) framework that involves identifying opportunities by actively seeking information from external sources and leveraging internal and external knowledge to enhance a firm's existing resources (Fiet, 2007). The concept of active international opportunity recognition, which posits that entrepreneurs undertake a proactive search for information to identify international opportunities, is driven by the decisions of international entrepreneurs, as highlighted by Chetty et al. (2018), Tuomisalo (2019), and Zaefarian et al. (2016). Entrepreneurs can identify international opportunities by conducting export market research (Ciravegna, Majano & Zhan, 2014).) or by addressing unmet needs or unresolved problems of international customers (Harms, Schulz, Kraus & Fink, 2009; Tuomisalo, 2019) in recognising these opportunities, entrepreneurs may need to fill in missing information and be specific about the data they require (Chandra et al., 2009).

In response to declining sales, market share, profits, or tough competition, firms conduct systematic research to identify new opportunities by expanding prior knowledge and creating opportunities through the combination and transformation of existing resources, while entrepreneurs drive entrepreneurial internationalisation by scanning foreign markets for opportunities, and proactive opportunity-seeking is a hallmark of international entrepreneurship, significantly impacting firm performance (Terán-Yépez & Guerrero-Mora, 2020; Ciravegna et al., 2014). According to the Schumpeterian School of Economics, opportunities are created through entrepreneurs' experimentation, which arises from new combinations of knowledge and resources. Human activities, including the entrepreneur's beliefs about potential opportunities and available resources, play a crucial role in identifying these opportunities (Chetty, Karami & Martín,2018).

Passive international opportunity recognition

High entrepreneurial alertness enables individuals to identify opportunities without actively seeking them out (Kraus, Niemand, Angelsberger, Mas-Tur & Roig-Tierno,2017.). Discovering opportunities emphasises the importance of creating conducive conditions that encourage opportunity exploration, such as possessing relevant skills, prior knowledge, alertness, and networks (Kirzner, 1997). According to Kirzner (1997), entrepreneurs must understand markets and technologies to identify opportunities through entrepreneurial alertness, characterised by continuously scanning the environment through a passive search.

According to some entrepreneurship scholars, successful business development comes from exploring new opportunities, not just having a clear strategy or proactive attitude (Ciravegna et al., 2014). Passive international opportunity recognition is associated with chance encounters and the unpredictable nature of entrepreneurial success (Kiss, Danis, Nair & Suddaby, 2020; Hilmersson et al., 2021), while a systematic search finds missing information and discovery involves recognising existing opportunities (Kontinen & Ojala, 2011). Opportunities exist independently and objectively; entrepreneurs can discover, evaluate, and exploit them. Sometimes, they serendipitously seize the first opportunity to internationalise and use it as a 'reactive' process rather than a 'proactive' and planned one. (Kontinen & Ojala, 2011; Shane&Venkataraman,2000). Serendipitous discovery, a concept that involves identifying

opportunities during a passive search, is not solely attributed to luck. It is a process that combines preparedness and chance (Kontinen & Ojala, 2011; Chandra et al., 2009).

Firm size and firm age

The size of a firm is a frequently analysed variable in exporting; the number of employees is the most commonly used metric, followed by sales volume. Smaller firms differ from larger ones in their management style, independence, ownership, and scale/scope of operations (Coviello, Martin 1999), as well as their distinct organisational structures, environmental responses, and competitive strategies (Man, Lau & Chan,2002). Although SMEs face more significant obstacles than their larger counterparts, they can overcome these challenges by leveraging their specific advantages and entering niche markets (Buckley, 1993; Pleitner, Brunner& Habersaat,1998). High-quality standards and individualised product/service offerings, along with a flexible cost structure; flexibility through the concentration of decision-making authority and a short information structure; spontaneous ability to adapt to changing market environments and customer needs; and the ability to avoid overpowering ideology and bureaucracy through personalised communication are regarded as the strengths identified by researchers SMEs compared to larger companies (Pleitner et al. 1998; Dass 2010). However, some researchers argue that large emerging market firms can rapidly expand internationally due to their size-based advantages, while others suggest that their size-based disadvantages hinder rapid internationalisation (Kumar et al., 2020; Xie, 2022a; Hannan & Freeman, 1984; Jain, Pangarkar, Yuan & Kumar,2019a).

It is also essential to emphasise the role of a company's age and the passage of time when analysing the international expansion of small and medium-sized enterprises (SMEs) and international entrepreneurship. The concept of time can be further divided into several components such as including the early start of international activities (referred to as precocity), the speed of international growth (rapidity), and the pace of international activities over time (Zucchella, Palamara&Denicolai, 2007). Our research specifically focused on the early start as the primary dimension. The empirical literature indicates a consensus on the association between age, size, and (proportional) growth (Storey, 1994). Firms experience a decrease in their proportional growth rate as they age for any given size, while older firms have a greater probability of survival than younger ones (OECD, 2000). Due to firms' resources and capabilities appearing to be age-dependent, with younger companies having fewer resources and capabilities than their established counterparts, it is still being determined whether it is more advantageous for firms to enter foreign markets earlier or later in their life cycles. Since younger firms often lack the same levels of recognition, legitimacy in the marketplace, and economies of scale, as well as the development of routines, organisational processes, and relationships in the form of alliances and partnerships, these disadvantages make young firms more likely to face higher mortality rates than well-established firms when entering international markets (Carr, Haggard, Hmieleski & Zahra, 2010).

Hypothesis development

The impact of firm size and firm age on internationalisation performance

The size of a firm has received significant attention in export literature, with previous research on the internationalisation of small and medium-sized enterprises (SMEs) focusing on the impact of the firms' demographic characteristics and the elements related to the entrepreneurs on export performance and behaviour, including managers' attitudes, commitment, perceptions, orientations, and international experience, while researchers (Calof 1994; Miesenbock, 1988) have found that firm size is a particularly significant factor (Ruzzier& Ruzzier,2015). Emerging market firms face intense competition with shorter product life cycles, rapid technological advancements, and globalised markets, making speed crucial to their success (Luo & Tung, 2007). Large emerging market firms can leverage their size-based advantages to mitigate risks, expand internationally rapidly, and swiftly address their disadvantages as latecomers and competitors (Felzensztein et al., 2022; Luo & Tung, 2007; Xie, 2022a). Although a firm's size, measured as the number of employees followed by sales volume, is a commonly studied factor concerning export activity (Coviello, Martin, 1999), the literature on this subject presents conflicting results (Dass, 2010). While some scholars argue that large firms in emerging markets can rapidly expand internationally due to their size-related advantages, others contend that their size-related disadvantages prevent rapid internationalisation (Kumar et al., 2020; Xie, 2022a; Hannan & Freeman, 1984; Jain et al., 2019a). According to some researchers, large firms are more bureaucratic, inertial, and less adaptive to new environments than small firms (Hannan & Freeman, 1984). They are also more challenging to adapt to new environments because they are overhead-intensive, constrained by their structural contexts and routines, and slow in decision-making processes (Aldrich & Auster, 1986; D'Angelo & Buck, 2019; Li, Zhang & Shi,2020). Another perspective suggests that larger organisations have more influence when dealing with technical and institutional stakeholders (Dass, 2010). Bloodgood, Sapienza, and Almeida

(1996) also found a positive link between firm size (number of employees) and internationalisation. Additionally, Mehran and Moini (1999) reported that larger firms were more likely to be involved in exporting than smaller firms in their study of 279 Wisconsin firms. However, Gomez-Mejia (1988) found no significant influence of company size and age on export performance in their survey of 388 Florida firms (Ruzzier & Ruzzier, 2015).

Given the increasing globalisation of economic activities, a firm's age in the context of international market entry is emerging as a significant distinguishing factor (Ruzzier & Ruzzier, 2015). When firms mature, their founders' knowledge may become inflexible and obsolete in the face of change (Henderson, Miller, & Hambrick, 2006). Thus, they may continue to employ routines developed domestically or during early internationalisation that may impede their subsequent international learning. Firms may develop "sclerosis" medical, which resembles the medical term denoting the hardening of a body's structures, usually arteries, with age (D'Angelo & Buck,2019). Bruneel, Yli-Renko, and Clarysse (2010) suggested that the positive impact of founders' initial knowledge on subsequent internationalisation outcomes diminishes over time. In a study by Love, Roper & Zhou (2016), the authors delineated between a firm's age and experience. They posited that a firm's age may be correlated with rigid thinking, inflexibility, and an incapacity to adapt strategy or behaviour. The study indicated that a firm's age hurts the exporting performance of small and medium-sized enterprises (SMEs) (D'Angelo & Buck, 2019).

New firms' decision to internationalise is precarious, especially if they lack the necessary resources and capabilities (Wiklund, Baker & Shepherd, 2010). Therefore, firm-level experience and adequate resources are crucial for survival. These should be developed gradually before entering international markets to minimise the potential shock of entry. As companies age, they accumulate experience and develop their resources in domestic markets, enabling them to manage the challenges of international expansion better. Older firms are more likely to possess additional assets, such as brand recognition and technological capabilities, as well as intangible resources necessary to facilitate global growth. New firms are more likely to fail after expanding internationally than older firms because of a lack of international experience, established routines, and existing resources. Accordingly, the firm's age during international expansion will positively affect the likelihood of survival after internationalisation. In other words, established firms are more likely to survive after entering foreign markets than new ventures (Carr et al., 2010). Therefore, we formalised our expectations in the following hypothesis:

H_1: *Firm age has an impact on internationalisation performance.*

H_2: *Firm size has an impact on internationalisation performance.*

The impact of business networks on internationalisation performance

Network relationships are generally seen as facilitating internationalisation, with new international ventures using weak network ties to acquire new knowledge about foreign markets. Yli-Renko, Autio & Tontii (2002) show that external social capital in network ties positively influences foreign market knowledge and is a critical factor in the international growth of new ventures. Others have also identified the importance of networks in providing international new ventures with market entry and development mechanisms (Coviello & Munro, 1995), personnel recruitment, and financial resources to support new product development (Coviello & Cox, 2006: 117). Networks provide a crucial mechanism for international new ventures to access resources they cannot develop independently (Oviatt & McDougall, 1994). Network ties are vital in facilitating internationalisation, particularly for small and medium-sized enterprises (SMEs) with limited resources, with ties between firms and individuals, such as managers or entrepreneurs, essential in this process (Kontinen & Ojala, 2011). Establishing relationships with customer firms in foreign markets is critical for firms to overcome market barriers and successfully expand into new markets, involving steps such as cultivating a presence within the market, building and solidifying supportive relationships, and establishing similar or complementary connections with the leading customer (Johanson & Vahlne, 2003: 97-98).

Domestic networks are often more effective than international networks for small and medium-sized enterprises (SMEs) because they provide more frequent and reliable information about decisions related to entering new markets (Zahoor and Al-Tabbaa, 2020). Milanov and Fernhaber (2014) state that learning from domestic partners provides more up-to-date information than managers' general or diverse experiences. Additionally, domestic networks help SMEs overcome their lack of international reputation by providing critical information for succeeding in international markets (Zahoor, Al-Tabbaa, Khan & Wood, 2020). Prashantham & Young (2009) demonstrate that building relationships is crucial for SMEs to gain knowledge about foreign markets from domestic partners with international experience. Over time, this foreign market knowledge allows SMEs to improve their entry speed into

new markets by reducing the uncertainty and liability of being new to foreign markets (Zahoor and Al-Tabbaa, 2020). Research consistently shows that international new ventures rely on network relationships to pursue global growth (Coviello and Munro, 1995). Networks have been argued to accelerate internationalisation by compensating for new venture resource deficiencies (Coviello, 2006) and shaping cross-border business opportunities (Oviatt and McDougall, 2005). Since internationalisation often involves entering a foreign environment, network connections can also be reassuring for a new venture. They encourage the pursuit of cross-border opportunities arising from overseas relationships (Gabrielsson and Gabrielsson, 2013) and help solve problems that arise (Lloyd-Reason and Mughan, 2002). According to Vissak, Francioni, & Freeman's (2020) study, which focused on how information, network relations, and decision-making logic are interrelated during internationalisation, managers should actively network and acquire information during internationalisation, use decision-making logic, and accept uncertainty as usual. We thus posit the following hypotheses:

H_3: *The structure of a business network has an impact on internationalisation performance.*

H_4: *The contribution of business networks has an impact on internationalisation performance.*

H_5: *The strength of tie sub-variable of business networks impacts internationalisation performance.*

The impact of international opportunity recognition on internationalisation performance

The growth and competitiveness of entrepreneurial firms depend primarily on the continuous identification and exploration of opportunities. Similarly, international opportunity recognition is an entrepreneurial act involving discovering and exploiting opportunities beyond local markets to create goods and services, meaning that such activities can drive the performance outcomes of export-oriented firms. For example, continuous opportunity recognition and exploitation in international markets can help firms serve the dynamic needs of foreign markets and expand their stay and dominance while diversifying their export destinations and revenue streams (Donbesuur et al., 2023). Accelerating a new venture's initial international market entry (operationalisation) is contingent upon the expeditious identification and implementation of opportunities. This pertains to the period between the discovery or execution of an opportunity and its inaugural entry into a foreign market. A well-executed networking strategy can facilitate the rapid attainment of a new venture's first international market entry (Prashantham, Kumar, Bhagavatula & Sarasvathy, 2019).

One of the challenges of internationalisation is to identify suitable opportunities abroad. It is a risk to search for customers in a new market. However, managers who adopt a proactive attitude towards internationalisation will likely use a wide range of resources, including networks. The hypothesis they propose in their study, 'Their proactivity is also linked to the use of social networks to create the first effective international business opportunities', is a significant and enlightening discovery (Ciravegna, Majano & Zhan, 2014: 1087). Ciravegna et al. (2014) studied 109 Chinese textile manufacturing and exporting firms to analyse how they initiated internationalisation. The researchers collected information through interviews with these firms. They found that companies that proactively sought their first international customers were likely to export faster, more intensively, and to a more significant number of markets. According to the research, actively seeking initial customers in a foreign market is a strong predictor of a company's international expansion in terms of intensity and geographic reach, but not speed. The recognition of opportunities can be influenced by various factors, such as the networks involved in the project. The concept of international business opportunities is especially relevant to well-established industries with lower levels of expertise, such as the clothing industry. Due to the imitative nature of the products, intense competition and the risk of failure are common in these businesses. With the increasing influence of international trade policies and competition from other firms, many companies in these industries are more likely to depend on networking to identify opportunities in different markets. Scholars posit that connections between business entities can facilitate organisations' access to the necessary resources and information (Faroque, Morrish, Kuivalainen, Sundqvist & Torkkeli, 2021). In this regard, the research hypotheses are outlined as follows:

H_6: *Active international opportunity recognition has an impact on internationalisation performance.*

H_7: *Passive international opportunity recognition has an impact on internationalisation performance.*

Methodology

Sample and data collection

Our research examines the internationalisation performance of small and medium-sized enterprises (SMEs) in the Turkish furniture sector. The study encompasses a total of 160 SMEs situated in the Kayseri and İnegöl Organized Furniture Industry areas, with a specific emphasis on those engaged in business networks. Data was obtained through surveys distributed in Kayseri, İnegöl, and Istanbul, the primary industry hubs, utilising various methods such as Google Forms, email, and face-to-face interviews for data collection. In the study, 160 managers participated with the following distribution among the participants' roles: 40% were business owners, 7.5% were business partners, 15% were export managers, 29.4% were managers, and 8.1% held other positions.

This study used the SPSS 21.0 statistical software for data analysis. The variable scores are presented in a descriptive statistics table of mean, standard deviation, skewness, and kurtosis values. In testing the normality of the scores, the skewness and kurtosis coefficients were considered. If the skewness and kurtosis coefficients, which are used for the standard distribution characteristic of scores obtained from a continuous variable, fall within the ±1 range, it can be interpreted that the scores do not significantly deviate from a normal distribution. Scores that do not exhibit a normal distribution can be transformed using square root, logarithmic, and inverse transformations for use in parametric tests (Büyüköztürk, 2011). The logarithmic transformations of company age, number of employees, and active international opportunity recognition, which did not show a normal distribution, were used to examine the relationships between variables using the Pearson correlation test. The effects of the independent variables, firm age, firm size (was evaluated based on the number of employees), network structure, network contribution, network tie strength, passive international opportunity recognition, and active international opportunity recognition, on the dependent variable internationalisation performance, were analysed using stepwise regression analysis. In the first stage of the stepwise regression analysis, the independent variables of firm age and firm size (number of employees) were included. From the second stage onwards, the other variables were added to the model sequentially. The contribution of the variables included in the model was examined using the R2 and F difference and the significance of this difference. Variables that did not contribute to the model and did not significantly affect the dependent variable were excluded in the next stage, and the following independent variable was included in the model. The level of statistical significance in the analyses was accepted as 0.05 ($p<0.05$).

Measurement

This study used a data collection instrument incorporating various scales derived from existing literature to address specific research inquiries. The survey included four sections and 37 questions, exploring participant demographics, business engagements, and commercial connections. The tool featured scales related to business networks, internationalisation performance, and international opportunity recognition.

Business network scale

Gündoğdu (2015) developed the scale for her thesis, "The Effect of Business Networks and Social Capital on Internationalization and Innovation," which was used to evaluate the business network. The business network scale consists of 3 sub-dimensions: the structure of the network (5 questions), the strength of the tie (3 questions), and the contribution of the network (12 questions). The survey form used a five-step Likert scale to determine the importance levels of the expressions. The scale was evaluated as "1 = Strongly Disagree", "2 = Disagree", "3 = Partially Agree", "4 = Agree", and "5 = Strongly Agree". The study's Cronbach's Alpha coefficient for the Business Network scale was 0.93. The Alpha values represent the reliability coefficient of the sub-dimensions of the original scale, and they are as follows: 0.898 for the structure of the network, 0.739 for the strength of the tie, and 0.952 for the contribution of the network (Gündoğdu, 2015).

Table 1: The Confirmatory Factor Analysis Findings of the Business Network Scale

Items and Dimension	Std. β	t	(α)
The Structure of the Business Network			**0,885**
The members have good relationships with each other	0,94		
Members share information	0,82	13,75**	
We have strong and positive relationships with other business networks	0,7	10,68**	
It interacts with other business networks	0,65	9,45**	
It generates and shares the necessary information for business relationships	0,67	9,94**	
The Strength of the tie			**0,743**
How frequently do you take part in events/how much time do you spend?	0,55		
I actively participate in the business network I am a member of	0,7	5,98**	
I am committed to supporting the projects within the business network	0,85	6,05**	
The contribution of the Business Network			**0,944**
Researches international business opportunities and helps to convert them into potential ventures	0,77		
Provides consultancy on how to enter new markets	0,81	13,38**	
Compiling economic and sectoral developments and information into books, magazines, and reports	0,67	8,86**	
Provides information on tenders, purchasing, bilateral matching, tax advantages, and investment opportunities	0,72	9,62**	
Enables us to expand and enhance our current markets	0,84	11,58**	
Enables us to reach new markets	0,9	12,77**	
It enables us to gather information about international markets	0,84	11,56**	
Creates the essential foundation for establishing and cultivating business connections on a national scale	0,68	8,99**	
Creates the foundation needed to establish international partnerships	0,8	10,88**	
Plans and arranges meetings to unite potential representatives from the sector for collaboration	0,68	9,04**	
It provides a channel for our access to the government and local bureaucrats	0,57	7,28**	
Enables us to connect with national and international business networks	0,83	11,38**	
Cronbach Alpha (α)			**0,934**

*p<0,05 **p<0,01

In the Confirmatory Factor Analysis (CFA) results, it was found that the factor loadings of the items in the Business Network scale were higher than 0.40, and the t-values of all items were significant (p<0.05). According to the reliability analysis, Cronbach's Alpha coefficient of the scale was 0.934, and the sub-dimensions alpha coefficients were 0.885, 0.743, and 0.944. Item-total correlations were higher than 0.30. Based on the results of the CFA, item-total correlations, and Cronbach's Alpha tests, the Business Network Scale, with its 20-item and 3-dimensional structure, was found to be valid and reliable.

Internationalisation performance scale

Kurt (2016) developed the scale for his study on the role of spiritual-based social networks in SME internationalisation in Turkey. The scale used a seven-step Likert scale with specific response options. The alpha value, the reliability coefficient of the original scale, was reported to be 0.867.

Table 2: The Confirmatory Factor Analysis Findings of the Internationalization Performance

Items	Std. β	t	r
We have achieved our turnover target for our international expansion process in the past three years.	0,86		0,812
We have significantly expanded our customer base in the past three years and entered new international markets.	0,87	14,34**	0,827
In the past three years, we have achieved our growth target in our international operations.	0,91	15,42**	0,858
We are generally pleased with our success in internationalization	0,82	12,86**	0,777
Cronbach Alpha (α) **0,921**			

*p<0,05 **p<0,01

Based on the confirmatory factor analysis, it is evident that the factor loadings of the items in the Internationalization Performance Scale are higher than 0.40, and the t-values of all items are significant (p<0.05). The reliability analysis shows that the Cronbach's alpha coefficient of the scale is 0.921, and

the item total correlations are higher than 0.30. Considering the results of the CFA, item-total correlation, and Cronbach's Alpha test, the Internationalization Performance Scale has been determined to be a valid and reliable scale with its four items and one-dimensional structure.

International opportunity recognition scale

The scale Terán-Yépez et al. (2023) developed was featured in an article titled 'The Role of Affect in International Opportunity Recognition and the Formation of International Opportunity Beliefs'. The survey form used a seven-step Likert scale to indicate the importance levels of the statements. The reliability coefficient (alpha value) for passive international opportunity recognition was 0.903, and for active international opportunity recognition, it was 0.914.

Table 3: The Confirmatory Factor Analysis Findings of the International Opportunity Recognition

Items and Dimension	Std. β	t	(α)
Passive International Opportunity Recognition			
1. I had a 'state of alert' or exceptional sensitivity to detect the opportunity in the international market	0,55		**0,642**
3. I got the international business idea from conversations with other people	0,51	4,433**	
4. I had the intuition to identify the opportunity in the international market	0,79	4,262**	
Active International Opportunity Recognition			
6. I researched international markets to identify business opportunities through an organized/methodical process	0,75		
7. I intentionally searched for foreign customer needs for which I have developed a solution subsequently	0,72	9,310**	
8. In the search for an international opportunity, I took my time	0,86	11,374**	**0,919**
9. I examined and questioned existing solutions(own and/or competitors') in a purposeful way to generate a new international business idea	0,85	11,140**	
10. I looked for information to generate new ideas for products or services focused on the international market	0,9	11,886**	
11. I regularly analyzed the international environment to find a business opportunity	0,79	10,362**	
Cronbach Alpha (α)			**0,835**

*p<0,05 **p<0,01

After removing two problematic items from the scale, the repeated Exploratory Factor Analysis (EFA) with nine items revealed that the total explained variance was 67.758%, indicating no significant loss compared to the 68.036% explained variance with 11 items. None of the items had a factor loading below 0.40 in the second EFA. As a result, the Confirmatory Factor Analysis (CFA) revealed that the factor loadings of the items in the International Opportunity Recognition scale, consisting of nine items and two dimensions, were above 0.40. Additionally, the t-values of all items were significant ($p<0.05$). Based on the EFA, CFA, item-total correlation, and Cronbach's Alpha tests, the International Opportunity Recognition Scale was valid and reliable with its 9-item and 2-dimensional structure. The reliability analysis findings show that the scale's Cronbach's Alpha coefficient was a significant 0.835. The Cronbach's Alpha coefficients for the sub-dimensions were also found to be 0.642 and 0.919, further confirming the scale's reliability.

Findings

Descriptive findings

As seen in Table 4 below, the internationalisation performance scale score was determined as 4.75±1.48. Considering the lowest (1) and highest (7) scores that can be obtained from the scale, the participants' internationalisation performance perception score was "moderately" positive. Through a rigorous research process, we determined that the average working period of the firms in our study is 21.89±15.62 years, and the average number of employees, considered a firm size factor, is 83.85±100.10 people. These findings are a testament to the thoroughness and reliability of our research.

Table 4: Descriptive Statistics of Variable

Variable	N	Min.	Max.	$\overline{X}$	SD.	Skew.	Kurt.
Int. Performance	160	1,50	7,00	4,75	1,48	-0,32	-0,86
Firm Age	160	3,00	72,00	21,89	15,62	0,46	-0,47
Firm Size	160	2,00	550,00	83,85	100,10	-0,25	0,16
Structure of Network	160	1,00	5,00	3,42	0,87	-0,29	-0,43
Contribution of Network	160	1,00	5,00	3,32	0,84	-0,21	-0,17
Strength of Tie	160	1,00	4,67	2,60	0,90	0,28	-0,64
Passive IOR	160	1,60	7,00	4,38	0,99	-0,27	0,27
Active IOR	160	2,00	7,00	5,63	1,02	-0,50	0,05

The Business Network variable's structure subdimension score was determined as 3.42±0.87. Considering that the possible scores for this subdimension range from 1 to 5, participants were found to have a 'moderate' perception of their business network's structure.

The contribution subdimension of the Business Network variable score was determined as 3.32±0.84. When the lowest (1) and highest (5) scores obtained from the subdimension are taken into account, participants were found to have a 'moderate' perception of the contribution of their business networks.

The strength of the tie subdimension of The Business Network variable score was calculated as 2.60±0.90. Considering the lowest (1) and highest (5) possible scores for this subdimension, the participants' perception of bonding was "slightly" positive.

The score for the passive international opportunity recognition sub-dimension was determined to be 4.38±0.99. When considering the lowest (1) and highest (7) possible scores for this sub-dimension, the participants' perception of passive international opportunity recognition was assessed as "moderately" positive, indicating a successful analysis.

The score for the active international opportunity recognition sub-dimension was determined to be 5.63±1.02. Considering the lowest (1) and highest (7) scores that can be obtained from the sub-dimension, the participants' perception score for active international opportunity recognition was "highly" positive.

Findings related to the relationship between variable scores

Table 5 presents the results of the Pearson correlation analysis between variable scores. The analysis revealed no significant relationship between internationalisation performance and company age ($p>0.05$). However, a positive and significant correlation was found between internationalisation performance and the firm size (number of employees) ($r=0.28$; $p<0.05$), business network structure ($r=0.30$; $p<0.05$), business network contribution ($r=0.27$; $p<0.05$), tie strength ($r=0.29$; $p<0.05$), passive international opportunity recognition ($r=0.23$; $p<0.05$), and active international opportunity recognition ($r=0.35$; $p<0.05$).

Table 5: Relationship Between Variable Scores

Variables	1	2	3	4	5	6	7	8
1-Int.Performance	1							
2-Firm Age	0,09	1						
3-Firm Size	0,28**	0,50**	1					
4-Structure of Network	0,30**	0,05	0,12	1				
5-Contribution of Network	0,27**	-0,03	0,07	0,57**	1			
6-Strength of Tie	0,29**	0,20*	0,38**	0,37**	0,31**	1		
7-Passive IOR	0,23**	-0,05	-0,06	-0,05	0,17*	0,07	1	
8-Active IOR	0,35**	-0,02	0,09	0,22**	0,27**	0,24**	0,17*	1

*p<0,05 **p<0,01

Stepwise regression analysis

In the first stage of the stepwise regression analysis presented in Table 6, we examined the impact of the independent variables of firm age and firm size (the number of employees considered for determining the size of a firm) on internationalisation performance. We found that the model in the first stage was appropriate ($F(2; 157)=7.05$; $p<0.05$) and that there was no issue of multicollinearity between the independent variables (VIF<10; Tolerance>0.20). Firm age and size variables explain approximately 8% ($R2=0.082$) of the variance in internationalisation performance. As per the initial model, we established that firm age did not have a significant effect on internationalisation performance ($p>0.05$), while the

firm size had a positive and significant effect on internationalisation performance (β=0.31; t=3.58; p<0.05).

H1 Accepted: Firm Size (the number of employees considered) positively and significantly impacts internationalisation performance.

In the second stage of the stepwise regression analysis, the independent variable of firm age was removed, which was found to have no significant effect on internationalisation performance. The effect of firm size (measured by the number of employees) on internationalisation performance was then examined. It was determined that the model in the second stage was appropriate ($F_{(1; 158)}$=13,48; p<0,05). The firm size variable explains approximately 8% of the variance in internationalisation performance (R^2=0,079). There is no significant change in the variance explained by removing the independent variable of company year from the model (Variance Difference =-0,003; F_{Change}=0,642; p>0,05); in other words, it is understood that the 8% variance obtained in the first model is only due to the company year variable. When evaluated with the first model, it was determined that the company year variable does not significantly affect internationalisation performance.

H2 Rejected: Firm Age does not significantly impact internationalisation performance.

The third stage of the stepwise regression analysis in Table 3 included the structure subdimension of the business network variable in the model to examine its effects on internationalisation performance about the independent variables of the firm size and structure of the business network. It was found that the model in the third stage was appropriate ($F_{(2; 157)}$=13,876; p<0,05) and that there were no issues of autocorrelation or multicollinearity among the independent variables (Tolerance > 0.20; VIF < 10). When the business network structure was included in the model, it was observed that the explained variance in internationalisation performance was approximately 15% (R^2=0,150). Additionally, it was determined that there was a statistically significant increase of approximately 0.071 points in the explained variance when the business network structure variable was included in the model (F_change $_{(1; 157)}$=13,228; p<0,05). Thus, including the structure subdimension of the business network led to a significant change in internationalisation performance, indicating that the business network structure has a positive and significant effect on internationalisation performance (β = 0.27; t = 3.64; p < 0.05).

H3 Accepted: The structure subdimension of the business network positively and significantly affects internationalisation performance.

In the fourth stage of the stepwise regression analysis in Table 3, we meticulously included the contribution subdimension of the business network variable in the model. We then examined the effects of the independent variables of firm size, the structure of the business network, and the contribution of the business network on internationalisation performance, leaving no stone unturned in our analysis. Our findings are significant. The model in the fourth stage was deemed ($F_{(3; 156)}$=10,223; p<0,05), and there was no multicollinearity problem among the independent variables (VIF<10; Tolerance>0.20). The firm age, size, and contribution subdimension of business network variables explain approximately 16% of the variance in internationalisation performance (R^2=0,164). It was determined that there was an increase of approximately 0.014 points (Latest R^2 - Previous R^2=0,014) in the explained variance with the inclusion of the contribution subdimension of business network variable in the model, but this difference was not statistically significant (F_change $_{(1; 156)}$=2,628; p>0,05)). In other words, the contribution subdimension of the business network variable does not contribute to the model. It was determined that the business network contribution variable has no significant effect on internationalisation performance (β=0.14; t=1.62; p>0.05).

H4 Rejected: The contribution subdimension of the business network variable has no significant effect on internationalisation performance.

In the fifth stage of the stepwise regression analysis, the business network contribution variable was removed from the model. In the sixth stage of the stepwise regression analysis in Table 3, the effect of the independent variables of the firm size, the structure subdimension of the business network, and the strength of the tie subdimension of the business network on internationalisation performance were examined by including the strength of tie in the model. It was determined that the model in the sixth stage was appropriate ($F_{(3; 156)}$=10,179; p<0,05) and that there was no multicollinearity problem between the independent variables (VIF<10; Tolerance>0.20). With the inclusion of the tie strength variable in the model, the explained variance in internationalisation performance was determined to be approximately 16% (R^2=0,164). It was determined that the explained variance increased by approximately 0.013 points (Latest R2 - Previous R2=0.013) with the inclusion of the tie strength variable in the model, but this difference was not statistically significant (F_change (1; 156)=2.517; p>0.05). In

other words, the tie strength variable does not contribute to the model. It was determined that the tie strength variable did not significantly affect internationalisation performance (β=0.134; t=1.59; p>0.05).

H5 Rejected: The strength of the tie subdimension of the business network variable has no significant effect on internationalisation performance.

In the seventh stage of the stepwise regression analysis, the strength of the tie subdimension of the business network variable was removed from the model. In the eighth stage of the stepwise regression analysis in Table 3, passive international opportunity recognition was included in the model, and the effects of the independent variables of the firm size, the structure subdimension of the business network, and passive international opportunity recognition on internationalisation performance were examined. It was determined that the model in the eighth stage was appropriate ($F_{(3; 156)}$=14,651; p<0,05)) and that there was no multicollinearity problem between the independent variables (VIF<10; Tolerance>0.20). With the inclusion of the passive international opportunity recognition variable in the model, the explained variance in internationalisation performance was determined to be approximately 22% (R2=0.220). It was determined that there was an increase of approximately 0.070 points (Latest R2 - Previous R2=0.070) in the explained variance with the inclusion of the passive international opportunity recognition variable in the model and that this difference was statistically significant olduğu ($F\_change_{(1; 156)}$=13,918; p<0,05). Accordingly, when passive international opportunity recognition was included in the model, a significant change occurred in internationalisation performance, and it was determined that the passive international opportunity recognition variable had a positive and significant effect on internationalisation performance (β=0.26; t=3.73; p<0.05).

H6 Accepted: Passive international opportunity recognition variable positively and significantly affects internationalisation performance.

In the ninth and final stage of the stepwise regression analysis in Table 3, active international opportunity recognition was included in the model, and the effects of the independent variables of firm size, the structure of the business network, passive international opportunity recognition, and active international opportunity recognition on internationalisation performance were examined. It was determined that the model in the ninth stage was appropriate ($F_{(4; 155)}$=14,593; p<0,05)and that there was no multicollinearity problem between the independent variables (VIF<10; Tolerance>0.20). Including the model's active international opportunity recognition variable, the explained variance in internationalisation performance was approximately 27% (R^2=0,274). It was determined that there was an increase of approximately 0.054 points (Latest R^2 - Previous R^2=0,054) in the explained variance with the inclusion of the active international opportunity recognition variable in the model and that this difference was statistically significant ($F\_change_{(1; 155)}$=11,468; p<0,05) Accordingly, when active international opportunity recognition is included in the model, there is a significant change in internationalisation performance, and it has been determined that the active international opportunity recognition variable has a positive and significant effect on internationalisation performance (β=0.24; t=3.39; p<0.05).

H7 Accepted: Active international opportunity recognition variable positively and significantly affects internationalisation performance.

Table 6: Stepwise Regression Analysis

	Independent Variable	Dependent Variable	B	SHB	β	t	p	Tolerance	VIF
Step-1	Constant	In.Performance	3,432	0,426		8,062	0,000		
	Firm Size		0,415	0,116	0,315	3,581	**0,000**	0,753	1,327
	Firm Age		-0,065	0,081	-0,071	-0,801	0,424	0,753	1,327
	R^2=0,082 ΔR^2=0,071 $F_{(2;\ 157)}$=7,046 p=0,000								
Step-2	Constant	Int. Performance	3,326	0,404		8,233	0,000		
	Firm Size		0,369	0,101	0,280	3,672	**0,000**		
	R^2=0,553 ΔR^2=0,551 $F_{(1;\ 158)}$=13,480 p=0,000								
	R^2 Change=-0,004 F Change$_{(1\ 157)}$ = 0,642 p=0,424								
Step -3	Constant	Int.Performance	1,915	0,549		3,485	0,001		
	Firm Size		0,327	0,098	0,248	3,350	**0,001**	0,986	1,014
	Structure of BN		0,460	0,126	0,270	3,637	**0,000**	0,986	1,014
	R^2=0,150 ΔR^2=0,139 $F_{(2;\ 157)}$=13,876 p=0,000								
	R^2 Change=0,072 F Change$_{(1\ 157)}$ = 13,228 p=0,000								
Step -4	Constant	Int. Performance	1,561	0,589		2,651	0,009		
	Firm Size		0,326	0,097	0,247	3,357	**0,001**	0,986	1,014
	Structure of BN		0,318	0,153	0,187	2,078	**0,039**	0,665	1,504
	Contribution of BN		0,254	0,157	0,145	1,621	0,107	0,671	1,490
	R^2=0,164 ΔR^2=0,148 $F_{(3;\ 156)}$=10,223 p=0,000								
	R^2 Change=0,014 F Change$_{(1\ 156)}$ = 2,628 p=0,107								
Step -5	Constant	Int.Performance	1,915	0,549		3,485	0,001		
	Firm Size		0,327	0,098	0,248	3,350	**0,001**	0,986	1,014
	Structure of BN		0,460	0,126	0,270	3,637	**0,000**	0,986	1,014
	R^2=0,150 ΔR^2=0,139 $F_{(2;\ 157)}$=13,876 p=0,000								
	R^2 Change=0,072 F Change$_{(1\ 157)}$ = 13,228 p=0,000								
Step-6	Constant	Int.Performance	1,829	0,549		3,328	0,001		
	Firm Size		0,267	0,104	0,203	2,568	**0,011**	0,858	1,166
	Structure of BN		0,386	0,134	0,226	2,873	**0,005**	0,866	1,154
	Strength of Tie		0,219	0,138	0,134	1,586	0,115	0,754	1,326
	R^2=0,164 ΔR^2=0,148 $F_{(3;\ 156)}$=10,179 p=0,000								
	R^2 Change=0,013 F Change$_{(1\ 156)}$ = 2,517 p=0,115								
Step-7	Constant	Int.Performance	1,915	0,549		3,485	0,001		
	Firm Size		0,327	0,098	0,248	3,350	**0,001**	0,986	1,014
	Structure of BN		0,460	0,126	0,270	3,637	**0,000**	0,986	1,014
	R^2=0,150 ΔR^2=0,139 $F_{(2;\ 157)}$=13,876 p=0,000								
	R^2 Change=0,072 F Change$_{(1\ 157)}$ = 13,228 p=0,000								
Step -8	Constant	Int. Performance	0,030	0,731		0,041	0,968		
	Firm Size		0,346	0,094	0,263	3,687	**0,000**	0,983	1,018
	Structure of BN		0,481	0,122	0,282	3,951	**0,000**	0,984	1,017
	Passive IOR		0,397	0,106	0,265	3,731	**0,000**	0,994	1,006
	R^2=0,220 ΔR^2=0,205 $F_{(3;\ 156)}$=14,651 p=0,000								
	R^2 Change=0,070 F Change$_{(1\ 156)}$ = 13,918 p=0,000								
Step-9	Constant	Int. Performance	2,434	1,002		2,428	0,016		
	Firm Size		0,323	0,091	0,245	3,543	**0,001**	0,977	1,023
	Structure of BN		0,388	0,121	0,227	3,208	**0,002**	0,933	1,071
	Passive IOR		0,328	0,105	0,219	3,126	**0,002**	0,957	1,045
	Active IOR		1,127	0,333	0,243	3,386	**0,001**	0,911	1,097
	R^2=0,274 ΔR^2=0,255 $F_{(4;\ 155)}$=14,593 p=0,000								
	R^2 Change=0,054 F Change $_{(1\ 155)}$ = 11,468 p=0,001								

Conclusion and limitations

Discussion and conclusion

In our comprehensive study, we conducted an in-depth analysis of the combined influence of firm size and age, business networks, and international opportunity recognition on the internationalisation performance of small and medium-sized enterprises in the furniture sector of Turkey. Our research provided a detailed examination of the impact of the sub-dimensions of business networks and international opportunity recognition, offering valuable insights into the complex dynamics in this context. In this study, we have considered firm size and age as independent variables rather than control variables to assess their influence on internationalisation performance directly instead of their effects in the background as control variables, which are often used to moderate the influence of certain factors

and isolate the effects of the primary variables of interest, we aimed to investigate whether firm size and age are of primary theoretical and practical importance in our study sample. Although the data analysis revealed that firm age did not significantly impact internationalisation performance, it clearly showed that firm size positively and significantly influences internationalisation performance within our study sample.

A company's business relationships rely on its capabilities and connections within the more extensive network, which can present opportunities and limitations. By becoming part of networks, organisations can enhance their social capital and gain access to valuable information regarding business prospects in new markets (Abrahamsen, Halinen & Naudé, 2023; Ahmadian & Abdolmaleki, 2018; Sullivan & Ford, 2014; Lindstrand & Hånell, 2017). The examination of the influence of the business network on internationalisation performance revealed that the structural sub-dimension emerged as particularly significant, thereby underscoring its importance in this context. The finding aligns with Rosinska-Bukowska (2020) that a network is a cohesive structure that integrates members' expertise without developing proprietary relationships. The primary goal of the structure of the network is facilitating effective knowledge exchange, leveraging collective skills and resources for collaboration and knowledge sharing, and leading to practical problem-solving, innovation, and overall success. However, the findings about the contribution of a business network, which is about efficiency and scale and providing crucial support (Fuller-Love& Thomas,2004), and the strength of a tie, which is determined by factors such as time, emotional intensity, trust, and mutual support (Granovetter, 1973), do not significantly affect the internationalisation performance.

International opportunity recognition is an entrepreneurial act involving discovering and exploiting opportunities beyond local markets to create goods and services (Donbesuur et al., 2023). There are two approaches to identifying international opportunities: Active international opportunity recognition posits that entrepreneurs proactively search for information to identify international opportunities (Chetty, Karami & Martín,2018; Tuomisalo, 2019; Zaefarian, Eng & Tasavori, 2016), and passive international opportunity recognition refers to high entrepreneurial alertness (Kraus et al., 2017) to identify opportunities characterised by continuously scanning the environment through a passive search (Kirzner, 1997). Both the passive and the active subdimensions of international opportunity recognition significantly positively impact internationalisation performance within our sample.

In conclusion, the findings indicate that within our study's sample, firm age, network contribution, and the tie's strength were not significant predictors of internationalisation performance. On the other hand, firm size, business network structure, and active and passive international opportunity recognition significantly influenced internationalisation performance. These factors collectively explain approximately 27% of the variance in internationalisation performance.

Limitations

Addressing the limitations is crucial to advancing research in this area and understanding the factors influencing internationalisation performance. Primarily, the limitations of the stepwise regression analysis should be considered when examining the factors that influence internationalisation performance. It is also essential to note that the sample used in the analysis may not represent all firms engaged in internationalisation. The data is constrained to the specific furniture industry in the Kayseri, İnegöl, and Istanbul regions, so the findings may not apply to firms operating in other contexts or sectors. In future research, it is essential to include a more diverse sample to improve the applicability of the findings.

Additionally, when analysing variables like firm size based on the number of employees, it is crucial to consider other factors such as revenue, assets, production capacity, or geographic market share for a more thorough evaluation. Moreover, managerial capabilities, Big Five personality traits, entrepreneurial orientation, and networking capability may be other influential factors significantly influencing internationalisation performance.

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