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# Determinants of Business Performance During a Market Shock: A Comparative Study of Traditional Internationalizers and Born Globals in Korean Industry

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## Abstract

**Purpose:** This study empirically examines the determinants of business performance among Korean export firms in the distribution sector during the COVID-19 pandemic. The study compares two types of internationalized firms—Traditional Internationalizers (TIs) and Born Globals (BGs)—based on different paths of internationalization. **Research design, data and methodology:** Drawing on the Resource-Based View, Dynamic Capabilities Theory, and Network Theory, this study uses Export Capability, Human Capital, and International Customer Quality as independent variables. Control variables include firm size, firm age, and export intensity. The analysis is based on 664 firms from KOTRA’s Global Competency Level Test data, using factor analysis, correlation, and multiple regression. **Results:** The findings show that Export Capability and International Customer Quality positively affect business performance in both TIs and BGs. Human Capital significantly influences BGs’ performance but not that of TIs. Firm size and export intensity were also found to be positively related to business performance. **Conclusions:** The results suggest that export-oriented capabilities and global buyer quality are key performance drivers regardless of internationalization type. For Born Globals in particular, securing globally competent human resources plays a critical role in overcoming structural limitations and enhancing early-stage international success.

**Keywords:** Business Performance, Traditional Internationalizers, Born Globals, Export Capability, Human Capital, International Customer Quality, Market Shock

**JEL Classification Code :** C12, F23, M16

## 1. Introduction

A market shock refers to a collapse in market equilibrium caused by unexpected external variables, which can have profound ramifications for firms, consumers, and

even governments (Huber et al., 2021). From this perspective, the COVID-19 pandemic brought about unprecedented external shocks—such as global supply chain disruptions, declining demand, and the rapid expansion of contactless economies—that significantly

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transformed the international business environment. For internationalized firms in particular, the pandemic became a catalyst for strategic transformation aimed at survival and growth, positioning adaptive capabilities beyond conventional managerial practices as a critical factor for business performance (Ledesma-Chaves & Jorge, 2023).

In such a context, business performance increasingly hinges not on passive responses to external changes, but on the firm's ability to integrate and deploy internal resources, capabilities, and external networks—what is commonly referred to as dynamic capabilities (Seong et al., 2024). The dynamic capabilities theory posits that a firm's adaptability and ability to reconfigure resources in rapidly changing environments lead to sustainable competitive advantages. Meanwhile, the Resource-Based View (RBV) emphasizes the significance of unique internal resources—particularly Human Capital and technological strength—as determinants of firm performance (Barney, 1991). In addition, network and relationship marketing theories highlight that external relational resources, such as global buyers and partnerships, exert a decisive influence on firm resilience and performance under crisis conditions (Seong et al., 2024).

Nevertheless, empirical research remains limited regarding how Traditional Internationalizers (TIs) and Born Globals (BGs) differ in their use of resources and strategic responses under extreme market shocks such as the pandemic, and how these differences are reflected in business performance. To address this gap, the present study adopts an integrative framework drawing on dynamic capabilities, RBV, and network theory to examine and compare the impact of Export Capability, Human Capital, and International Customer Quality on the business performance of these two types of internationalized firms under the external shock of the COVID-19 pandemic. In particular, the study analyzes how resource-constrained ventures like BGs responded to the shock relative to TIs, thereby identifying differences in strategic response mechanisms and performance outcomes across internationalization paths.

Academically, this study contributes an integrated theoretical perspective to the field of internationalization research. Practically, it offers strategic insights for small and venture firms seeking to secure sustainable competitive advantage in increasingly uncertain global markets.

## 2. Literature Review and Hypotheses Setting

### 2.1. Internationalization and Market Shock

According to internationalization theory, firms typically undergo a gradual internationalization process in which they accumulate experience in foreign markets, acquire market

knowledge through learning, and incrementally expand their international presence (Johanson & Vahlne, 1977). However, changes in the global market environment have created opportunities for new forms of internationalization, distinct from the traditional gradual model. As a result, firms that initiate international activities from their inception have emerged and are referred to as Born Global firms or international new ventures. Born Globals are characterized by their intent to target international markets from the early stages of their development, and by executing business strategies oriented toward global expansion (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004; Romanello et al., 2019).

Although definitions vary slightly depending on research objectives and methodological approaches, previous studies have sought to quantify what constitutes a Born Global. For example, Koed Madsen et al. (2000) define Born Globals as firms that enter foreign markets and initiate internationalization within three years of establishment. Moen and Servais (2002) set the threshold at two years, while Zahra et al. (2000) extended it to six years. Despite these differences, the common implication is that Born Globals are firms that internationalize within a relatively short period after their founding.

Accordingly, this study adopts the International New Ventures framework to define Born Globals (BGs) as firms that were founded within four years before or after the onset of the COVID-19 pandemic—a representative market shock. In contrast, firms established before 2018 are assumed to follow a more traditional and gradual internationalization trajectory, and are classified as Traditional Internationalizers (TIs) for this study. This classification reflects not only temporal characteristics but also fundamental differences in internationalization logics. TIs are generally characterized by incremental capability-building, long-term resource accumulation, and formalized routines aligned with the Uppsala model (Johanson & Vahlne, 1977). In contrast, BGs are often resource-constrained but agile, relying heavily on the global orientation and prior international experience of founding members. They actively exploit network-based learning and non-linear market entry pathways, enabling them to operate across borders with speed and flexibility (Freeman & Cavusgil, 2007; Sharma & Blomstermo, 2003). These distinctions underscore the importance of analyzing the performance determinants of each group through a differentiated theoretical lens.

A market shock is defined as a sudden disruption in the market environment that results in economic contraction and a deterioration in business performance (Huber et al., 2021; Srivastava et al., 2024). Among the most significant shocks in the global economy of the 21st century, the COVID-19 pandemic exerted widespread influence on global economic systems. It negatively impacted key performance indicators

of firms—such as profitability, liquidity, and employment stability—yet the effects varied across firms depending on differences in internal capabilities and external networks.

For instance, a study of firms operating in the Vietnamese market during the pandemic found that short-term sales declined significantly. Moreover, firms with limited strategic flexibility and resource availability were less likely to recover, resulting in negative impacts on their business performance (Bui et al., 2022). Other studies have shown that market shocks like the COVID-19 pandemic adversely affect entrepreneurship and the business performance of SMEs, leading to reduced sales and loss of customers. Supply chain disruptions have further exacerbated performance deterioration and posed threats to firm growth and survival (Belitski et al., 2022). These disruptions have negatively affected global value chains, particularly for firms reliant on foreign components for final product assembly. Compared to firms sourcing and producing domestically, those dependent on international supply chains have suffered more severely from pandemic-induced production and logistics constraints (Hayakawa & Mukunoki, 2021).

Importantly, the pandemic did not function as an isolated shock affecting only specific firms or industries; instead, it operated as a complex, system-wide event with widespread effects across the global market. From the perspective of dynamic capabilities theory, firms with the ability to flexibly adapt to environmental change are better positioned to maintain sustainable business performance. Drastic changes in the external environment amplify the significance of internal factors such as Export Capability and global partnerships. These factors can act either as buffers that mitigate the impact of market shocks or, conversely, as vulnerabilities that exacerbate risk exposure. In this context, Export Capability allows firms to reconfigure market strategies, adapt product offerings, and maintain responsiveness to external disruptions. Human Capital, particularly individuals with global experience and market knowledge, enables rapid adaptation and learning in unstable environments. Furthermore, International Customer Quality becomes a vital relational asset, as reliable foreign buyers may sustain purchase orders, facilitate collaborative problem-solving, and provide early signals of market recovery. Together, these three factors are not merely static resources but function as dynamic enablers of performance during crisis periods, justifying their inclusion as key variables in the present study's analytical framework (Freeman & Cavusgil, 2007; Sharma & Blomstermo, 2003).

## 2.2. Export Capability and Business Performance

According to the Resource-Based View (RBV), firms

achieve competitive advantage in the market and enhance their business performance based on the internal resources and capabilities they possess. Prior studies on business performance have explained Export Capability in terms of factors such as the firm's new products and technologies, market research efforts, various marketing functions, and relationships with external partners and supply chains (Boso et al., 2019; Gupta & Sumedha, 2021; Munawara et al., 2019). These studies emphasize that core components of Export Capability include internal organizational competencies such as market analysis, export strategy formulation and implementation, employee capabilities, and the commitment of the CEO.

In addition to internal elements, external factors—particularly relationships and networks with overseas customers—also play a critical role. Together, these internal and external capabilities form key determinants of business performance and are fundamental to sustainable management. The establishment and implementation of marketing strategies enable firms to respond effectively to dynamic market conditions, and successful strategy execution positively influences business performance (Morgan et al., 2012). This becomes especially crucial in uncertain market environments, where well-developed capabilities contribute to improved performance.

Furthermore, export market research, the CEO's international experience, and a strong commitment to internationalization have been identified as significant drivers of performance outcomes (Munawara et al., 2019). A firm's proactive stance toward internationalization contributes to cultivating an export-oriented organizational culture and facilitates effective resource allocation. Investments and efforts aimed at export expansion strengthen relationships with foreign partners and foster collaborative partnerships, ultimately enhancing business performance. Notably, the internationalization efforts of executives and organizations are found to have a relatively stronger impact on performance in venture firms (Gupta & Sumedha, 2021).

Additionally, the availability of promotional materials related to the firm's products in global markets is essential for facilitating efficient communication with overseas clients and building trust (Demena, 2024). Recognizing the importance of these capabilities, many countries have implemented export promotion programs to enhance firms' competitiveness. These programs, which include training and the provision of marketing materials and export information, have been found to positively influence export performance (Traiyarach & Jantima, 2022). Based on these discussions, the following hypothesis is proposed:

**H1:** The higher a firm's Export Capability, the greater its level of business performance.

### 2.3. Human Capital and Business Performance

According to the Resource-Based View, a firm's business performance is fundamentally rooted in the capabilities of its Human Capital. Specifically, employees with foreign language proficiency who can engage in export consultations and those with overseas academic backgrounds are considered valuable strategic resources. These individuals enhance external communication, contribute to the establishment of global networks, and effectively handle interactions with international buyers. Language skills, in particular, are essential for overcoming linguistic and cultural barriers that arise during foreign market entry. Furthermore, strong communication with buyers, improved negotiation capabilities, trust-building with partners, and access to overseas market information all serve to strengthen firm capabilities and resolve various operational issues.

In the case of small and medium-sized enterprises (SMEs), the foreign language skills of management and key personnel have been shown to positively influence business performance and contribute to the attainment of competitive advantage in global markets (Kostić-Bobanović et al., 2016). Likewise, overseas experience or foreign academic degrees increase global market understanding and aid in strategic decision-making related to international negotiations and market expansion, thereby positively affecting business performance (Chen, 2025). Executives with overseas experience tend to demonstrate a relative advantage in export market analysis and in establishing and leveraging local networks. The competencies of these internal organizational members ultimately play a decisive role in outperforming competitors and enhancing business outcomes (Alaoui & Hind, 2013).

However, in some cases, divergent overseas experiences among CEOs and top management teams can create friction, thereby reducing the efficiency of firm operations and decision-making (Xu, 2023). In this study, Human Capital is defined as the core competencies required for export activities, including the expertise, global experience, and language proficiency of organizational members. Based on the above discussion, the following hypothesis is proposed:

**H2:** The higher the level of Human Capital, the greater the level of business performance.

### 2.4. International Customer Quality and Business Performance

According to network theory and relationship marketing theory, the business performance of export firms is significantly influenced by the qualitative attributes of their international buyers. The knowledge and expertise

possessed by foreign buyers can be transferred to exporters, fostering their growth and transforming the buyer into a strategic partner (Awan et al., 2020). Empirical studies indicate that beyond increasing export volume, responding to buyer demands and accommodating their requests can improve production efficiency and, in turn, firm profitability. More importantly, knowledge transfer from advanced markets enhances product quality and production capabilities, allowing exporters to achieve higher profits compared to domestic sellers (Atkin et al., 2017).

Moreover, stronger ties between exporters and international buyers facilitate cost-driven innovation and the execution of business strategies. As such, the closer the relationship between buyers and exporters, the more positively it impacts business performance (Najafi-Tavani et al., 2023). From a relationship marketing perspective, close buyer relationships enhance the efficiency of resource utilization and strategic decision-making, while promoting trust and minimizing conflict between firms, ultimately contributing positively to performance outcomes (Morgan et al., 2004).

This relationship becomes even more critical for Born Global firms, which tend to have smaller scales and more limited resources. For such firms, rapid internationalization and market expansion depend heavily on buyer relationships (Freeman et al., 2006). In this context, international buyers serve not merely as purchasers but also as collaborative partners who help firms achieve economies of scale, reduce costs, and stabilize financially while mitigating market risk.

In this study, International Customer Quality is defined as the overall quality of a firm's international customer base, encompassing the global competitiveness of buyers, their contribution to exports, transaction stability, and the frequency and volume of repeat orders. Based on this perspective, the following hypothesis is proposed:

**H3:** The higher the level of International Customer Quality, the greater the level of business performance.

### 2.5. Control Variables

To clarify the relationship between firm characteristics and business performance, this study incorporates the following control variables. First, Firm Size, measured by the number of employees, reflects the firm's tangible and intangible resources and its capacity to leverage them. Generally, larger firms are considered to have higher levels of Export Capability and better performance outcomes (Oura et al., 2016). However, firms with high external dependency, high debt ratios, or financial fragility may be more severely affected by market shocks, often experiencing sharper declines in employment (Grenet et al., 2023). While larger firms typically enjoy greater

competitiveness and stronger performance, they may also be more vulnerable in rapidly changing environments, such as a market shock.

Second, Firm Age—the length of time a firm has operated in the market—typically reflects organizational maturity and accumulated experience, which can enhance strategic planning, market understanding, and ultimately business performance (Majocchi et al., 2005). Nonetheless, firm age can also lead to organizational rigidity. Prior studies have observed a U-shaped, non-linear relationship between age and performance, wherein performance declines during the early years due to limited experience, but subsequently improves as the firm gains market knowledge and develops its capabilities (Dang et al., 2022).

Third, Export Intensity, measured as the proportion of exports in total sales, is another widely used control variable. A study of firms in the Indonesian market found that higher initial export intensity was positively correlated with performance, but beyond a certain threshold, the relationship reversed, forming an inverted U-shaped curve (Revindo et al., 2020). This suggests that excessive dependence on export sales may, at some point, hinder performance. Additionally, the relationship between export intensity and performance may vary across industries. For example, in labor-intensive industries, higher export intensity does not necessarily translate into increased productivity (Jiao et al., 2018). Accordingly, this study controls for these variables to more precisely identify the relationship between the independent variables and business performance.

### 3. Research Methods and Data

#### 3.1. Research Model and Measurement

In this study, firms established before 2018 are classified as Traditional Internationalizers (TIs), based on the gradual internationalization theory. Firms founded between 2018 and 2021—four years surrounding the COVID-19 pandemic—are defined as Born Globals (BGs), applying the framework of International New Ventures. The study compares and analyzes the impact of capabilities on business performance for each group of internationalized firms.

The independent variables are categorized into internal and external capabilities. Internal capabilities include Export Capability and Human Capital, while the external capability is represented by International Customer Quality, which reflects the level of global buyers in foreign markets. Control variables include Firm Size (measured by the number of employees), Firm Age, and Export Intensity. Figure 1 illustrates the research model used in this study.

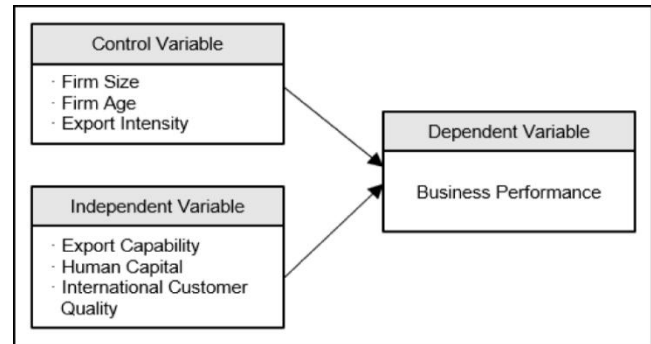


Figure 1: Research Model

Firm's Business Performance (FBP) was measured using a single-item indicator that captures the overall level of performance the firm achieved in global markets. The independent variable Export Capability was assessed through survey items that asked respondents to evaluate the following: the degree of strategic planning and execution for export operations at the organizational level, the willingness of the CEO and top management to expand exports, the level of investment and effort made by employees toward export growth, the availability of global promotional materials such as English-language catalogs and websites, and the extent to which information is collected to identify overseas markets or customers. Export Capability (EC) was measured using these five specific items. Human Capital was measured using items that assessed the availability of export-related professional personnel within the organization. Specifically, questions focused on the number of employees capable of conducting export consultations in foreign languages and the number of personnel holding overseas academic degrees. Accordingly, Human Capital (HC) was measured using two items. International Customer Quality was measured through responses to items that evaluated the extent to which existing foreign buyers contribute to the firm's export activities, the global competitiveness of these buyers, the degree of activity among international customers, and the frequency and volume of regular bulk orders.

Table 1: Measurement of Variables

Variable	Abbreviation	Description	Source
Firm Business Performance	FBP	Firm's Business Performance	Seong et al., 2024
Firm Size	FS	Number of Workers (ln)	Oura et al., 2016
Firm Age	FA	Business Period (ln)	Majocchi et al., 2005
Export Intensity	EI	Exports / Sales Ratio (ln)	Jiao et al., 2018
Export Capability	EC	Export Capability	Gupta & Sumedha, 2021
Human Capital	HC	Human Capital	Chen, 2025
International Customer Quality	CQ	International Customer Quality	Morgan et al., 2004

Thus, International Customer Quality (CQ) was measured using four survey items. The responses for all variables were based on Likert-type scales: all items used a four-point scale except for the “customer acquisition level” items in the HC and CQ constructs, which were measured on a five-point scale. To effectively analyze the impact relationships of these variables, the number of employees, firm age, and export intensity were used as control variables. All measurement values were log-transformed (natural logarithm) for statistical analysis. A summary of the variable measurements is presented in Table 1.

### 3.2. Research Sample

The data used for the empirical analysis in this study were obtained from the Global Competency Level (GCL) test, a corporate-level survey conducted by the Korea Trade-Investment Promotion Agency (KOTRA). The survey targets registered member companies and is designed to provide customized recommendations for overseas marketing support services. The data utilized in this study were collected during the first quarter of 2022, specifically between January 2 and March 31. Although detailed documentation regarding survey response rates and the handling of missing data is not publicly available, this study employed a refined dataset by excluding 251 cases—out of the original 915 collected—that lacked responses to essential variables such as number of employees, year of establishment, export volume, and total sales. As a result, the final sample used for empirical analysis consists of 664

firms.

The primary method of data collection was an online survey, with additional responses gathered via fax when necessary. After excluding incomplete responses, a total of 664 valid firm-level cases were included in the final analysis. Of these, 474 firms were classified as Traditional Internationalizers (TIs), and 190 firms were categorized as Born Globals (BGs), based on the classification criteria described earlier. These two groups formed the basis for the empirical comparison. The sample firms share a common characteristic in that they are actively engaged in export activities. From a broader industrial perspective, these firms facilitate the movement of goods and services from domestic producers to international markets and can therefore be positioned within the distribution industry. In line with this interpretation, the present study employs GCL data to examine export-performing firms as representative entities within the global distribution sector.

## 4. Analysis Results

### 4.1. Factor Analysis and Reliability Analysis

To ensure the validity of the measurement instruments used in this study, a factor analysis was conducted along with a reliability analysis to assess internal consistency. The results are summarized in Table 2. Principal Component Analysis (PCA) was used for factor extraction, and the Varimax rotation method was applied.

**Table 3:** Factor and Reliability Analysis

Traditional Internationalizers (TIs)					Born Grobals (BGs)				
Variable		Component			Variable		Component		
Independent	Cronbach`α	Factor 1	Factor 2	Factor 3	Independent	Cronbach`α	Factor 1	Factor 2	Factor 3
CQ1	.850 (.632)* (.873)**	.847	.201	.064	CQ1	.844 (.619)* (.867)**	.827	.216	.013
CQ2		.813	.253	.045	CQ2		.824	.252	-.012
CQ4		.770	.021	.204	CQ3		.750	.263	.284
CQ3		.747	.333	.156	CQ4		.743	-.024	.281
EC5	.715 (.413)* (.775)**	.263	.748	.119	EC2	.644 (.350)* (.727)**	-.025	.659	.069
EC3		.122	.738	.014	EC1		.374	.610	.047
EC2		.118	.633	-.085	EC3		.301	.602	.039
EC4		.115	.530	.344	EC5		.419	.569	.104
EC1	.707 (.748)* (.856)**	.464	.527	.137	EC4	.787 (.748)* (.856)**	.031	.505	.318
HC2		.125	-.003	.851	HC2		.123	.056	.889
HC1		.155	.121	.845	HC1		.171	.228	.840
Eigen Value		2.894	2.293	1.669	Eigen Value		2.930	1.983	1.775
Pct of Var		26.307	20.846	15.175	Pct of Var		26.633	18.024	16.140
Cum Pct		26.307	47.153	62.328	Cum Pct		26.633	44.657	60.797
KMO(Eartlett's test of sphericity) 0.851 ( p< 0.001 )					KMO(Eartlett's test of sphericity) 0.809 ( p< 0.001 )				
Notes: 1. Convergence of factor rotation achieved after 5 iterations 2. (AVE)* , (CR)**									

For the Traditional Internationalizers (TIs) group, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.851, and the significance level of Bartlett’s test of sphericity was below 0.001. For the Born Globals (BGs) group, the KMO value was 0.809, and the p-value for Bartlett’s test was also below 0.001. These results confirm the suitability of the data for factor analysis in both groups. Three distinct factors were extracted for each group. In the TI group, the cumulative explained variance was 62.328%, with the highest factor loading recorded for HC2 (0.851) and the lowest for EC1 (0.527).

In the BG group, the cumulative explained variance was 60.797%, with HC2 showing the highest loading (0.889) and EC4 the lowest (0.505).

To assess the presence of common method bias, Harman’s single-factor test was conducted. The analysis extracted three factors with eigenvalues greater than 1, and the factor representing International Customer Quality exhibited the highest explanatory power in both groups. This suggests that no single factor accounted for the majority of variance, indicating a low risk of common method bias (Podsakoff et al., 2003).

In addition, Cronbach’s  $\alpha$  values for all independent variables in both groups were above 0.6, indicating acceptable internal consistency and confirming the reliability of the measurement items (Drost, 2011). Furthermore, to evaluate the convergent validity and construct reliability of the multi-item constructs, Average Variance Extracted (AVE) and Composite Reliability (CR) were calculated. For both internationalization groups, the AVE and CR values for Human Capital (HC) and International Customer Quality (CQ) met the commonly accepted thresholds ( $AVE \geq 0.50$ ,  $CR \geq 0.70$ ), indicating satisfactory convergent validity and internal consistency. However, the AVE values for Export Capability (EQ) were relatively low—0.413 for Traditional Internationalizers and 0.350 for Born Globals—yet their corresponding CR values were 0.775 and 0.727, respectively. According to previous research, convergent validity can still be considered acceptable when CR exceeds 0.70, even if AVE falls slightly below the threshold. These findings support the overall reliability and validity of the constructs used in this study (Hair, 2009).

#### 4.2. Correlation analysis

Correlation analyses were conducted for the two internationalization groups identified in this study model. The results for Traditional Internationalizers (TIs) are presented in Table 3, and those for Born Globals (BGs) are shown in Table 4.

In the TI group, all variables except for Firm Age (FA) showed statistically significant correlations. Among them,

International Customer Quality (CQ) demonstrated the strongest correlation with the dependent variable, Firm’s Business Performance (FBP), with a coefficient of 0.792. Conversely, Firm Size (FS) showed the weakest correlation with FBP, with a coefficient of 0.092.

**Table 3: Correlation Analysis**

TIs	M	S.D.	1	2	3	4	5	6	7
FBP	2.47	0.81	1						
FS	2.41	1.61	.092*	1					
FA	2.56	0.58	.040	.557**	1				
EI	1.34	.214	.214**	-.002	.083	1			
CQ	2.66	0.76	.792**	.082	.085	.308**	1		
EC	3.29	0.53	.537**	.043	-.037	.042	.559**	1	
HC	2.31	1.04	.280**	.607**	.320**	.191**	.307**	.259**	1

Notes: 1. \*p<0.05, \*\*p<0.01

In the BG group, none of the control variables—FS, FA, or Export Intensity (EI)—exhibited statistically significant correlations with the dependent variable. Among the significant predictors, CQ had the highest correlation with FBP at 0.711, while Human Capital (HC) had the lowest at 0.382.

These results indicate that there are no issues with discriminant validity among the variables used in the correlation analysis. Additionally, to check for potential multicollinearity between the dependent variable (FBP) and CQ—the variable with the highest correlation—the Variance Inflation Factor (VIF) values were examined. In both internationalization groups, all VIF values were found to be below 2, confirming that multicollinearity is not a concern.

**Table 4: Correlation Analysis**

TIs	M	S.D.	1	2	3	4	5	6	7
FBP	2.55	0.85	1						
FS	1.22	0.94	.078	1					
FA	0.97	0.39	-.079	.007	1				
EI	1.91	1.99	.107	-.403**	-.089	1			
CQ	2.63	0.77	.711**	.023	-.109	.232**	1		
EC	3.36	0.49	.540**	.067	-.050	.184*	.563**	1	
HC	2.16	0.94	.382**	.366**	-.062	.009	.341**	.358**	1

Notes: 1. \*p<0.05, \*\*p<0.01

#### 4.3. Regression Analysis

This study aimed to compare the factors influencing business performance across two groups of internationalized firms under market shock conditions. The market shock was defined as the period of the COVID-19 pandemic, and the two groups were categorized as Traditional Internationalizers (TIs) and Born Globals (BGs) based on their level of internationalization. The dependent variable,

business performance, was modeled as being influenced by the independent variables Export Capability (EC), Human Capital (HC), and International Customer Quality (CQ). To enhance the precision of the analysis, the control variables Firm Size (FS), Firm Age (FA), and Export Intensity (EI) were also included in the regression model.

Table 5 presents the regression results for the TI group. In Model 1, which includes only the control variables, FS was found to have a statistically significant positive effect on business performance (Standard  $\beta = 0.166$ ,  $t = 2.150^{**}$ , VIF = 1.454). This result is consistent with previous studies suggesting that larger firms are better equipped to leverage internal resources to cope with external shocks such as the COVID-19 pandemic (Oura et al., 2016). EI also exhibited a significant positive effect (Standard  $\beta = 0.217$ ,  $t = 4.824^{***}$ , VIF = 1.010), indicating that a higher proportion of export revenue is associated with improved business performance. However, FA did not show a significant relationship with performance.

Model 2 incorporated the independent variables into the regression analysis. CQ showed a highly significant positive effect on business performance (Standard  $\beta = 0.719$ ,  $t = 19.937^{***}$ , VIF = 1.698). This aligns with prior research suggesting that the influence of foreign buyers becomes particularly critical during external shocks such as the COVID-19 pandemic (Atkin et al., 2017; Awan et al., 2020; Freeman et al., 2006; Morgan et al., 2004; Najafi-Tavani et al., 2023). Large and stable purchasing volumes from international buyers contribute not only to a firm’s financial stability but also to economies of scale, thereby enhancing performance. Additionally, the formation of strong networks

and close relationships with buyers facilitates the transfer of market intelligence and best practices, which are internalized by the firm and lead to performance gains.

Export Capability (EC) was also found to be a significant positive factor (Standard  $\beta = 0.128$ ,  $t = 3.717^{***}$ , VIF = 1.556). This result supports prior findings that investments in and commitment to internationalization improve business performance (Atkin et al., 2017; Awan et al., 2020; Demena, 2024; Freeman et al., 2006; Morgan et al., 2004; Najafi-Tavani et al., 2023; Traiyarach & Jantima, 2022). Specifically, firms that possess the ability to analyze international markets and formulate organization-wide export strategies are more capable of mitigating risks, entering foreign markets smoothly, and approaching markets efficiently. The strategic commitment to internationalization by the CEO and executive leadership plays a critical role in translating internal capabilities into improved business performance. Furthermore, the availability of promotional materials not only facilitates communication with international customers but also enhances the firm’s credibility and trust in global markets.

In contrast, Human Capital (HC)—measured by the export-related capabilities of the firm’s personnel—did not have a statistically significant effect on business performance for the TI group. This suggests that in traditional internationalization contexts, where firms rely more on cumulative routines, institutionalized processes, and long-term market learning, the individual qualifications or global experience of employees may have a relatively limited influence on performance outcomes.

**Table 5:** Regression Analysis(Traditional Internationalizers \_TIs)

Constructs	Model 1				Model 2			
	Independent	$\beta$ (SE)	Standard $\beta$ (t-value)	VIF	$\beta$ (SE)	Standard $\beta$ (t-value)	VIF	
C	2.376(.169)	(14.033)	***		-.128(.180)	(-.711)		
FS	.058(.027)	.166(2.150)	**	1.454	.021(.020)	.041(1.010)	2.162	
FA	-.059(.075)	-.042(-.779)		1.464	-.061(.047)	-.044(-1.292)	1.484	
EI	.082(.017)	.217(4.824)	***	1.010	-.005(.011)	-.013(-.418)	1.184	
CQ					.765(.038)	.719(19.937)	***	
EC					.196(.053)	.128(3.717)	***	
HC					.014(.029)	.018(.466)		
<b>F</b>	<b>9.201</b>			<b>***</b>	<b>139.855</b>			<b>***</b>
<b>R2(adj R2)</b>	<b>.055(.049)</b>				<b>.642(.638)</b>			

Notes: 1. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.001$

Table 6 presents the regression analysis results for the Born Globals (BGs) group. In Model 3, which includes only the control variables, Firm Size (FS) showed a positive relationship with business performance (Standard  $\beta = 0.143$ ,  $t = 1.816^*$ , VIF = 1.195). This indicates that larger firms tend to be more resilient in the face of market shocks and are more likely to demonstrate superior performance. These

results are consistent with both previous studies and the findings for the TI group (Oura et al., 2016).

Export Intensity (EI) was also found to have a positive effect on business performance (Standard  $\beta = 0.159$ ,  $t = 2.013^{**}$ , VIF = 1.205), supporting the view that a higher share of exports in total sales enhances firm outcomes. Firm Age (FA), however, was not significantly associated with

business performance, indicating that age does not meaningfully affect outcomes in either group of internationalized firms (TIs or BGs).

In Model 4, which incorporates both the control and independent variables, International Customer Quality (CQ) showed a strong and significant positive effect on business performance (Standard  $\beta = 0.583$ ,  $t = 9.398^{***}$ , VIF = 1.571). This aligns with previous research indicating that during market shocks such as the COVID-19 pandemic, the influence of foreign buyers plays a critical role in enhancing the performance of export firms (Atkin et al., 2017; Awan et al., 2020; Freeman et al., 2006; Morgan et al., 2004; Najafi-Tavani et al., 2023).

Export Capability (EC) also had a statistically significant positive effect (Standard  $\beta = 0.180$ ,  $t = 2.927^{***}$ , VIF = 1.547), again confirming that investment in internationalization and export preparedness positively contributes to business performance.

Notably, Human Capital (HC) was found to be a significant performance factor in the BG group (Standard  $\beta = 0.128$ ,  $t = 2.192^{**}$ , VIF = 1.391), in contrast to the TI group, where it was not significant. This suggests that the export-related capabilities of internal personnel play a greater role in enhancing business performance for Born Globals. These capabilities include language proficiency, international experience, and academic credentials related to foreign markets. Such competencies allow for smoother

communication with buyers, improved negotiation skills, the building of trust with international partners, and more effective access to global information.

In particular, overseas experience helps organizational members overcome cultural differences, deepen their understanding of global markets, and strengthen the firm’s strategic choices and decision-making processes. In contrast, in the TI group, attributes such as foreign degrees and overseas experience were not consistently associated with better export performance. This likely reflects the fact that TIs pursue internationalization through incremental, path-dependent processes, where business performance relies more on established routines, product adaptability, and stepwise market entry strategies than on individual employee competencies.

On the other hand, Born Globals pursue rapid internationalization from inception and therefore place greater importance on organizational capabilities. For BGs, employees with foreign education or international market experience are instrumental in identifying global opportunities, adapting to cultural contexts, and formulating agile export strategies. Since BGs lack the institutionalized processes and accumulated market knowledge typical of TIs, they tend to depend more heavily on the global competencies and adaptive capacities of individual team members to drive performance.

**Table 6:** Regression analysis (Born Grobals\_BGs)

Constructs	Model 3				Model 4			
	$\beta$ (SE)	Standard $\beta$ (t-value)		VIF	$\beta$ (SE)	Standard $\beta$ (t-value)		VIF
C	2.398(.213)	(11.249)	***		-.332(.317)	(-1.047)		
FS	.129(.071)	.143(1.816)	*	1.195	-.021(.053)	-.023(-.393)		1.428
FA	-.141(.156)	-.066(-.906)		1.009	-.009(.108)	-.004(-.086)		1.018
EI	.068(.034)	.159(2.013)	**	1.205	-.031(.024)	-.072(-1.275)		1.312
CQ					.638(.068)	.583(9.398)	***	1.571
EC					.312(.107)	.180(2.927)	***	1.547
HC					.115(.053)	.128(2.192)	**	1.391
F	2.149			*	37.523			***
R2(adj R2)	.033(.018)				.552(.537)			

Notes: 1. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.001$

This contrast in the impact of Human Capital between BGs and TIs illustrates that the way firms utilize internal resources is contingent on their type of internationalization. In the case of BGs, globally competent key personnel play a critical role in overcoming structural limitations and ensuring early success in international markets. Based on these findings, Human Capital can be regarded as a strategic asset that significantly contributes to internationalization and market entry success in Born Global firms.

## 5. Discussion or Conclusion

### 5.1. Results and Implications

This study empirically compared the determinants of business performance between two types of internationalized firms—Traditional Internationalizers (TIs), based on the conventional model of internationalization, and Born Globals (BGs), aligned with international new venture theory—under the context of a market shock. The analysis

identified key factors influencing export performance across different organizational contexts.

The results indicate that for both TIs and BGs, Firm Size and Export Intensity were significant and positively related to business performance. This suggests that regardless of the internationalization path or the firm's operational maturity, the scale of resources and strategic focus on exports play critical roles in achieving performance in global markets. For TIs, resource accumulation over a longer period and path-dependent learning appeared to translate into performance advantages. Their focused export activities contributed to efficiency and risk management, thereby enhancing performance. In contrast, BGs were able to overcome resource constraints by strategically leveraging their size and export intensity to generate early-stage international success. These findings imply that firm size and export concentration are not merely structural factors but can be transformed into strategic assets.

On the other hand, Firm Age was not found to have a significant impact on either export performance or overall business performance in both groups. This suggests that export capability and strategic orientation are more critical than firm age in explaining performance.

With respect to the main explanatory variables, both Export Capability and International Customer Quality were identified as consistently significant and positive performance drivers in both groups. Export Capability enhances a firm's ability to implement strategies and respond to foreign markets, ultimately improving performance outcomes. For BGs, in particular, which often face resource limitations, proactive information search and CEO-driven export initiatives played a vital role in enhancing business performance.

Moreover, International Customer Quality was confirmed as a strategic external asset. Foreign buyers were not merely purchasers but acted as co-creators of export success. Their impact was especially pronounced in BGs, where buyer competencies facilitated early market entry. This finding underscores that, despite differences in market context and growth trajectory, internalization of export capabilities and the strategic use of buyer networks are fundamental to business success across firm types.

Finally, this study confirmed that Human Capital, especially the presence of personnel with international education and market experience, had differing impacts on business performance between the two groups. In the TI group, Human Capital was not a significant factor, likely because TIs rely more on institutionalized systems, organizational routines, and accumulated international experience. In this context, the influence of individual employee attributes on overall firm performance may be relatively limited.

Conversely, in BGs, Human Capital emerged as a core

factor influencing performance. These firms typically pursue rapid internationalization from inception and lack the accumulated systems and experience found in more mature firms. As a result, they rely heavily on globally competent key personnel with international education, experience, and market insight. Such employees significantly contribute to critical internationalization functions such as market entry strategy, partner development, cultural adaptation, and global communication. These findings suggest that Human Capital is not simply an internal asset but a key differentiator in international performance, depending on the firm's internationalization model.

This divergence in the effect of Human Capital may be explained by differences in organizational learning mechanisms and structural maturity. TIs tend to operate with routinized structures and formalized processes, reducing reliance on individual-level competencies. In contrast, BGs, lacking institutionalized systems, depend more heavily on agile, knowledgeable individuals to execute and adapt international strategies. This insight highlights the need for early-stage international firms to actively recruit, retain, and empower globally experienced personnel to drive international growth.

In practical terms, BG firms should consider establishing internal global talent pipelines and mentoring systems to accelerate knowledge diffusion and strategic alignment. Collaborations with universities and international institutions may further strengthen such efforts through targeted internships and training programs. For TIs, strategic enhancement of export concentration—through targeted market selection, localized customer feedback systems, and long-term buyer engagement—can provide operational focus and risk mitigation. Establishing a roadmap for export resource prioritization and performance monitoring can support continuous export optimization. These differentiated strategic recommendations, aligned with the firm's internationalization model, offer actionable guidelines that enhance the practical utility of this study. In doing so, this research contributes not only theoretically but also in delivering concrete implications for firm-level strategy under market shock conditions.

## 5.2. Limitation

While this study offers meaningful empirical insights and theoretical contributions, it also has several limitations. First, the data used—KOTRA's Global Competency Level test—is based on secondary data and carries inherent structural limitations. As such, there are constraints in terms of the generalizability of the findings and the scope for model extension. Future research should aim to develop more comprehensive and diverse datasets to address these limitations. This study is based on secondary data, which

limits the ability to incorporate expanded classification models using more detailed indicators such as the time to first foreign entry. Despite this constraint, we adopted the founding year-based classification approach commonly used in prior literature to ensure theoretical consistency and comparability. Future research is encouraged to develop an extended model incorporating more nuanced measures of internationalization speed to allow a more in-depth comparison between Born Globals and Traditional Internationalizers. Furthermore, given the use of secondary data, this study employed a single-item measure for firm performance, which may not fully capture its multidimensional nature. The reliance on a single perceptual indicator is acknowledged as a limitation, and future research is encouraged to adopt more comprehensive and objective performance metrics.

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