

The Effect of Leadership on Entrepreneurial Orientation, Learning and Internationalisation Performance: A Case of Czech Firms*

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Abstract

This study aimed to understand the effect of leadership on entrepreneurial orientation, domestic and international learning and the internationalisation performance of Czech firms. An online survey was administered to executives working on Czech firms' internationalisation projects. The findings show that leadership positively affects domestic and international learning, entrepreneurial orientation and internationalisation performance. However, neither domestic and international learning nor entrepreneurial orientation had an effect on Czech firms' internationalisation performance. Furthermore, we found that entrepreneurial orientation moderates the relationship between international learning and performance and between leadership and performance. However, entrepreneurial orientation only moderates the relationship between domestic learning and performance when it has a higher value. Previous studies have primarily focused on developed and developing countries, and insights into Central and Eastern European contexts are relatively scarce. Consequently, the findings provide valuable insights for executives looking to expand their Czech firms into international markets.

Keywords: Leadership, internationalisation, domestic learning effort, international learning effort, entrepreneurial orientation, performance, Czech Republic, Central and Eastern Europe (CEE)

JEL Codes: M16, L26

1. Introduction

Firms from diverse institutional environments aim to expand their business beyond their domestic environments despite several constraints, such as a lack of resources, internationalisation knowledge and insufficient access to technology. Emerging market firms (EMFs) are further disadvantaged because they have a weak domestic institutional environment, which forces them to start their internationalisation efforts late (Srivastava/Tyll 2021; Srivastava/Gopalakrishnan/Moser 2021). Moreover, EMFs face the liability of foreignness and weak brand awareness in the international market (Teece 2014; Gaur/Kumar/ Sarathy 2011). To overcome these challenges, EMFs invest in building their network relationships to gain access to the market and make informed decisions. Several

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EMFs pursue exports or mergers and acquisitions (M&A) to access richer information faster and learn significantly from these processes.

Through these processes, firms gain learning opportunities such as exposure to diverse institutional environments, foreign product markets and innovations (Hitt/Li/Xu 2016). For example, learning through exports is a low-cost indirect learning process that may increase EMFs' innovation capabilities (Salmon/Jin 2010) and improve visibility and customer behaviour. These processes help EMFs make a faster move and avoid costly investments in resources and technology (Purkayastha/Kumar 2021). More specifically, through high-level international learning (Kumar/Singh/Purkayastha 2020), EMFs can mimic the internationalisation process of other firms, which can help EMFs overcome challenges in the international market (Lindorfer/d'Arcy/Puck 2016) and pursue accelerated internationalisation (Ramamurti 2012). Besides exports, EMFs can also learn through M&A (Alon/Elia/Li 2020), as these transactions may provide a new avenue for accessing resources and learning from acquired firms. This learning process can eventually build an aggressive entrepreneurial orientation (EO) in firms (Kale/Singh 2017). Exposure to a foreign institutional environment can further develop firms' knowledge and learning bases (Chittor/Aulakh/Ray 2015; Cuervo-Cazurra/Luo/Ramamurti/Ang 2018).

In this learning process, the role of firm's leaders, such as chief international officers (CIO), chief executive officers (CEO), chief operating officers (COO), presidents and senior managers, is of paramount importance (Ahrens/Calabrò/Huybrechts/Woywode 2019; Keil/Maula/Syrigos 2017). As mentioned earlier, EMFs lack the knowledge and resources needed for their internationalisation ventures. In this context, their leaders can provide a clear vision and process to help EMFs proceed with their internationalisation efforts. Leadership can be defined as the process of influencing a group of individuals towards a common goal. A leader knows the way, goes the way and shows the way (Northouse 2021). They decide which strategy to adapt to achieve their business goals. Entering the international market requires a process that is balanced with company goals. Efficient leadership can build network relationships and motivate employees to develop innovative capabilities to achieve superior performance in the international market. In this way, leaders can develop and influence EO among employees to help firms take more risks and be proactive in the international market (Covin/Miller 2014; Gupta/Macmillan/Surie 2004).

A company's international performance depends on the choices made by its decision makers. More specifically, developing the capability to adapt, be flexible in a continuously evolving international market and be ready to act on opportunities is of utmost importance in internationalisation. Today's companies are increasingly interested in expanding business outside national borders, aiming to improve financial results by reducing costs and increasing revenue, leading to

higher profits (Jensen/Fred 2006). The responsibility to decide where to expand the business, which new markets to enter and which strategy to use is in the hands of a firm's leaders, and their decisions are based on the company's vision and mission. Since a firm's leaders, such as top-level managers, make strategic decisions for the company, it can be said that they are the guide for all other employees (Luo/Zheng/Ji/Liang 2016; Rosing/Frese//Bausch 2011). Leaders show others the way and motivate them to paddle in the same direction. Effective leadership in internationalisation depends on several factors, including the country's institutional context, as different situations require different behaviours, approaches and capabilities. Therefore, the findings in one institutional context may not apply to other institutional contexts, such as firms from the Central and Eastern European (CEE) region. Therefore, a separate study is warranted to understand the effect of leadership on CEE firms' internationalisation processes (Srivastava/Tyll, 2021).

Moreover, the development of EO is also context specific, and findings in one context may not be generalisable to another context (Ellis 2011; Wales/Monsen/McKelvie 2011). Lastly, scarce research is available about the relationship between EO, leadership and international performance since most research has studied the relationship between EO and organisational performance (Rauch/Wiklund/Lumpkin 2009) and between leadership and international or organisational performance (Lo/Ramayah/Wei/Songan 2010; Ling/Simsek/Lubatkin/Veiga 2008) separately. Therefore, there is a need to study the relationship between the three variables (Todorovic/Schlosser 2007). Consequently, we aim to answer the following research questions:

- Q1: Does leadership influence the internationalisation performance of Czech firms?*
- Q2: Does leadership influence the internationalisation performance of Czech firms through EO and domestic and international learning efforts?*

2. Theoretical background and hypothesis development

2.1. Leadership, learning and entrepreneurial orientation

According to Winston/Patterson (2006, p.7), a leader can be defined as someone 'who selects, equips, trains, and influences follower(s) with diverse abilities and skills and direct them towards the organization's mission and objectives willingly and enthusiastically to achieve the organizational mission and objectives.' The role of a firm's leaders is pivotal to learning processes (Ahrens et al. 2019; Keil et al., 2017; Arregle/Naldi/Nordqvist/Hitt 2012). This is especially true for resource-constrained EMFs that lack proper direction for their international ventures (Simsek/Jansen/Minichilli/Escriba-Esteve 2015). Firm leaders have been shown to affect EMFs' performance and EO through their leadership qualities

(Lubatkin/ Michael/Simsek/Yan 2006). EO can be defined as a strong appetite for taking risks, a desire for innovation and a proactiveness towards seeking opportunities (Covin/Slevin, 1991). For example, entrepreneurial leadership may affect members' motivation and develop an innovative and risk-taking mindset, which may help firms grow in the international market. More specifically, a leader can sense learning opportunities and motivate people within an organisation to learn and take risks to succeed in domestic and international markets (Leitch/ Claire/Mcmullan/Harrison 2013).

Consequently, this type of leadership may positively influence EO and firm performance internationally (Aziz/Abdullah/Tajudin/Mahmood 2013; Engelen/Gupta/Strenger/Brettel 2013). For example, a leader's transformational leadership may influence EO (Muchiri/McMurray 2015; Hayat/Riaz 2011), as it may nurture innovation and an entrepreneurial mindset (Nofal/Jaradat 2020). Transformational leadership refers to leaders going beyond self-interest and moving people through their charisma and skills (Bass 1999). Moreover, transformational leadership promotes innovation and influences employees' well-being, empowerment and motivation towards learning. Organisations with transformational leadership may have a stable learning environment with a clear vision and commitment (Yizhong/Baranchenko/Lin/Lau/Ma 2019). On the other hand, transactional leadership has also been studied in the context of EO. Transactional leadership encompasses motivating people through rewards, but its effects have been short-lived (Purkayastha/Kumar/Gupta 2021).

The concept of organisational learning was formulated by Senge (1990). Developing an organisational learning culture may impart knowledge sharing and acquisition to create a nurturing environment (Salarian/Baharmpour/Habibi 2015). Mentoring leaders can enhance an organisation's learning experience and environment (Hanaysha 2016); as such, mentorship increases employee satisfaction and improves organisational performance (Ahmad/Marinah, 2013). In this learning process, leadership could be transformational or transactional; however, previous studies have been inclined more towards transformational leadership (Horth/Jonathan, 2012). The topic of leadership's effect on EO is relatively under-researched (Hayat/Latif/Humayon/Ahmed/Azeem, 2019; Verma/Kumar, 2022; Wales/Gupta/Mousa 2013). Nevertheless, entrepreneurial leadership may influence EO drastically, as leaders may affect employees' thoughts and actions to achieve entrepreneurial objectives (Newman/Herman/Schwarz/Nielsen 2018). Entrepreneurial leaders may generate business ideas and channel resources to pursue goals (Parente/El/Vesci/Botti 2018). They use their networks and experience to build relationships, access resources, and improve communication for their firms' strategic positioning (Davids 2012; Lancot/Irving 2010). Collective identity theory further supports the idea that entrepreneurial leaders may influence firms' EO (Dick/Lemoine/Steffens/Kerschreiter/Akfirat/Avanzi/Haslam 2018). This theory predicts that employees may develop motivation, innovative

behaviour and a risk-taking approach due to belonging to a community or a particular activity (Bolton/Lane 2012), thus significantly affecting EO and performance (Covin/Rigtering/Hughes/Kraus/Cheng/Bouncken 2020). Effective leadership positively affects learning and EO in international markets, regardless of the leadership type. This is particularly useful for internationalisation, as the foreign market requires adaptation in firms' behaviours and strategies (Luo et al. 2016; Rosing et al. 2011). Therefore, we propose the following:

H1: Leadership is positively associated with domestic learning.

H2: Leadership is positively associated with international learning.

H3: Leadership is positively associated with EO.

2.2. Leadership, entrepreneurial orientation, learning and international performance

EMFs internationalise for several reasons: a lack of resources, a weak home institutional environment, a lack of technology and capital and late entry into the international market (Luo et al. 2016, Srivastava 2021). For example, many EMFs face severe resource shortages, such as high-end technology in their home countries, weak regulations, poor support from the government and a grey economy. This forces firms to look for opportunities and resources outside their home markets. Moreover, many EMFs began their internationalisation late compared to their Western counterparts. Hence, EMFs are aggressively expanding their base in the international market.

Due to institutional reforms, the need for learning is much higher for these firms than those in developed countries (Stucchi/Pedersen/Kumar 2015). Consequently, they must acquire knowledge and learn from firms in developed countries to catch up with such firms' internationalisation efforts (Gaur/Kumar/Singh 2014; Luo/Tung 2018). Moreover, learning is even more critical for EMFs, as they face the liability of foreignness (Teece 2014; Gaur et al. 2011). More specifically, these countries' governance standards are less developed (Wu/Ang 2020). In addition to international learning, domestic learning is essential for firms. More specifically, firms should scan their domestic environments to explore opportunities and threats. Based on what they learn through this scanning, they must decide on their international ventures (Purkayastha et al. 2021).

This learning can materialise through a partnership with individual stakeholders, such as suppliers, buyers and partners (Mukherjee/Makarius/Stevens 2021; Yang/Li/Wang 2020), or specific processes, such as exports, cross-listing, and M&A (Purkayastha et al. 2021). This learning may empower firms to overcome competitive disadvantages (Musteen/Datta 2011). For example, several EMFs succeed by learning through exports, including Haier from China and Mabe

from Mexico (Luo/Sun/Wang 2011). Similarly, the acquisition of Tetley by India's Tata provided a great opportunity for the latter company. EMFs can develop intangible technological competencies and acquire new tangible resources (Luo/Tung 2007).

Moreover, they can establish superior production and customer-oriented capabilities (Altinay/Madanoglu/De Vita/Arasli/Ekinci 2016), further configuring their EO. For example, M&A can provide ample learning opportunities regarding collaboration, post-merger capabilities and human-resource adjustment (Kim/Hoskisson/Lee 2015). Moreover, this learning is a sustained process in which firms must continuously adapt their understanding and learn new skills to adjust to the changing foreign environment. Organisations grow and learn more through shared learning (Li/Qian/Yao 2015). EMFs learn to mould their organisational structure to suit their internationalisation efforts better, and they become entrepreneurial and innovative in their mindsets to further strengthen their EO (Kostova/Beugelsdijk/Scott/Kunst/Chua/Van 2020). The resource-based view also suggests that new resources should be accumulated, learned and bundled together (Sirmon/Hitt/Ireland/Gilbert 2011). Similarly, this view depicts influential leaders as intangible assets (Barney 1991) that could help improve firms' learning processes (Harsanto/Roelfsema 2015) and subsequent EO and performance (Isichei/Agbaeze/Odiba 2020). In addition to transformational and transactional leadership, ambidextrous leadership may foster EO and promote the learning process (Rosing et al. 2011; Nofal/Jaradat 2020). Ambidextrous leadership encompasses two different approaches—opening behaviour (to cultivate exploration) and closing behaviour (to cultivate exploitation)—and the flexibility and adaptability to switch between the two based on requirements. This style may reduce employees' fear of uncertainty and enhance innovation, encouraging them to embrace learning (Harsanto/Roelfsema 2015).

However, the role of leadership in firm's international performance has been less researched (Elenkov 2002; Hashim/Ahmad/Zakarai 2012). More specifically, scarce research is available about the relationship between EO, leadership and international performance since most research has studied EO and organisational performance (Rauch et al. 2009) or leadership and organisational performance (Lo et al. 2010; Ling et al. 2008) separately. Therefore, there is a need to study the relationship between the three variables (Yang 2008; Todorovic/Schlösser 2007). According to upper echelon theory, top management skills, such as leadership, may foster change among employees for international expansion, improving a company's international performance. (Daily/McDougall/Covin/Dalton 2002; Hambrick/Mason 1984). Consequently, based on our review of the literature, we propose the following hypotheses:

H4: Domestic learning has a positive effect on international performance.

H5: International learning has a positive effect on international performance.

H6: Entrepreneurial orientation has a positive effect on international performance.

H7: Leadership has a positive effect on international performance.

2.3. The moderating role of entrepreneurial orientation

It has been reported that firms active in international entrepreneurship have EO. EO is required to improve the performance of firms in the international market (Chen/Lin/Tsai 2020; Schwens/Zapkau/Bierwerth/Isidor/Knight/Kabst 2018; Karami/Tang 2019). Firms with a high EO may take greater risks in international markets than those with a low EO (Kollmann/Stockmann/Niemand/Hensellek/de 2021; Kalinic/Brouthers 2022). Although most firms must have EO for their potential expansion, EO is necessary for EMFs because they lack the necessary resources and capital for their international expansion (Wales 2016; Rauch et al. 2009; Kim et al. 2015; Luu/Ngo 2019). EO is usually a fingerprint for firms because it depicts their embeddedness within their surroundings—specifically, their institutional environments—and is developed using contextual factors (Ellis 2011; Wales et al. 2011). These contextual factors could comprise other firms, entrepreneurs and external and internal environments, including local governments (Kahiya 2020). Therefore, the findings on EO in one institutional environment may not be replicable in another institutional context. Consequently, it is essential to study firms' contextual factors to gain insight into their EO and subsequent international performance (Wright/Hitt 2017; Reuber/Knight/Liesch/Zhou 2018; Sarabi/Froese/Chng/Meyer 2020).

More specifically, EO might not be a homogenous phenomenon, as it may evolve as firms progress through their international ventures. For example, the role of top management in a firm's headquarters (HQ) could be a decisive factor, as it may affect a firm's risk-taking propensity (Covin/Miller 2014; Wales et al. 2011; O'Brien/Sharkey-Scott/Andersson/Ambos/Fu 2019). A weak EO may result from poor HQ support (Ciabuschi/Dellestrand/Martin 2011; Riviere/Romero-Martinez 2021; Forsgren 2016). However, it has been observed that top management leadership, such as company CEOs, may drastically affect EO. The network relationships of a firm's leader can influence the access to and exchange of information both inside and outside the firm, thus shaping the firm's EO (Coviello 2006; Hadjikhani/Ghauri/Johanson 2005; Meyer/Mudambi/Narula 2011; Wales et al. 2011). The network relationships of a firm's top leaders can also facilitate information exchange and the seizing of new opportunities in the international market to generate proactiveness and innovativeness (Kennel/Michailova 2016). In addition to the leadership role of a firm's HQ and CEO, a subsidiary manager's leadership skills can further unlock poten-

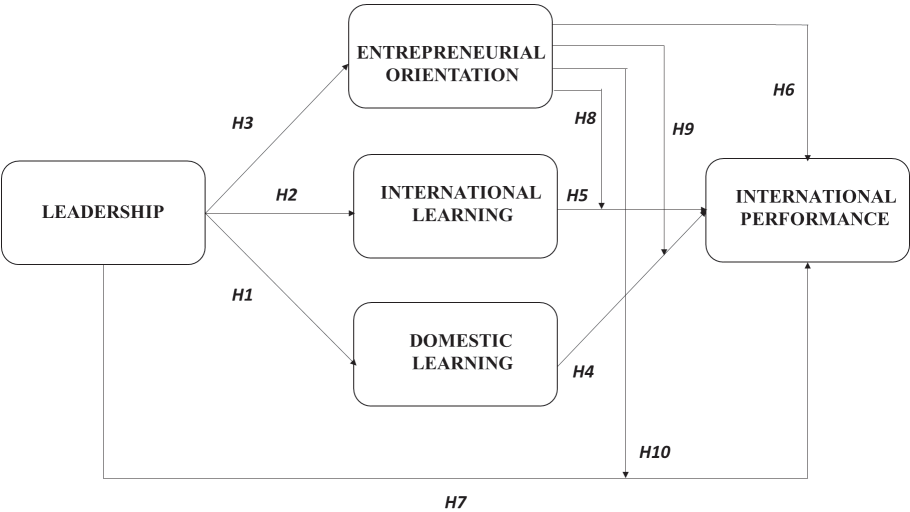
tial EO (O'Brien et al. 2019). The performance of international ventures has been gauged in several ways, such as through personal satisfaction, financial measures and the presence of subsidiaries in different countries (Jones/Coviello/Tang 2011). Other performance measures may include size, age, international experience and knowledge acquisition (McKenny/Short/Ketchen/Payne/Moss 2018; Schwens et al. 2018).

Due to these conflicting measures, it may be challenging to link international performance with EO (Jones/Coviello 2005). Consequently, there is little understanding of how EO affects other variables (Wales et al. 2011), such as the EO–international performance link (Engelen et al. 2013). Few studies have attempted to explore the effect of EO on international performance (Acosta/Crespo/Agudo 2018; Kalinic/Brouthers 2022; Chen et al. 2020; Thanos/Dimitratos/Sapouna 2017; Asemokha/Musona/Torkkeli/Saarenketo 2019). EO may help firms scan and configure the knowledge gained from domestic and international learning. This advanced knowledge can be used in international ventures to develop new innovative products, gain market and customer insights and develop networks, eventually improving international performance. EO can also help firms establish network capabilities. There is consensus that firms with effective EO perform well in the international market (Brouthers/Nakos/Dimitratos 2015; Karami/Tang 2019). Several studies have shown a positive relationship between EO and firm's performance in the international market (Abebe 2014; Semrau/Ambos/Kraus 2016; Lisboa/Skarmas/Saridakis 2016; Wiklund/Shepherd 2003). For example, EO may improve organisational commitment and encourage employees to innovate, leading to higher performance. Leaders may support this movement. However, EO may also mediate the relationship between leadership and firm's international performance (Engelen et al. 2013; Chung-Wen 2008). Thus, we propose the following hypotheses:

- H8: EO positively moderates the relationship between international learning and international performance.*
- H9: EO positively moderates the relationship between domestic learning and international performance.*
- H10: EO positively moderates the relationship between leadership and international performance.*

The conceptual model is shown in Figure 1.

Figure 1. Conceptual model



3. Research methods

3.1. Research sample and data collection

The current study focused on the Czech Republic. As mentioned in the previous section, recent findings on the role of leadership in learning, EO and subsequent performance cannot be applied to the CEE region, where institutions are still developing (Srivastava et al. 2021; Srivastava/Tyll 2021; Srivastava 2021; Meyer/Grosse 2018). The Czech Republic has been classified as an emerging market country by the FTSE, MSCI and S&P (Liu/Leigh/Ghauri/Cavusgil 2021). An online questionnaire was developed to collect the necessary data with twelve questions answered on a 5-point Likert scale. The first was a screening question: ‘Are you involved in the internationalisation process of a Czech company?’ The next seven questions were related to the main variables—*international learning effort*, *domestic learning effort*, *EO*, *international performance*, and *leadership* (*leader action efficacy*, *leader means efficacy*, *leader self-regulation efficacy*)—and were followed by four general questions about the firms’ number of employees and industry and the respondents’ number of years of experience handling international projects and job title. The survey was designed using the SurveyMonkey online tool, and the platform’s panel data were employed. SurveyMonkey’s panel data are widely used to collect audience responses relevant to specific research questions. This tool has been widely used in previous research (Gligor/Holcomb/Stank 2013; Tams/Grover/Thatcher/Ahuja 2022). To identify respondents with the correct profile, screening questions were used to capture only Czech firms with international business operations. The firm was

the unit of analysis. The respondents in the panel data did not receive any direct financial incentives. The survey was sent to the SurveyMonkey panel until we reached the required responses (110). The questionnaire, exploratory factor analysis and confirmatory factor analysis are provided in Appendix 1.

3.2. *Dependent variables*

Three dependent variables—*international learning effort*, *domestic learning effort* and *EO*—were based on the study conducted by De Clercq/Dirk/Bouckenoghe/Raja (2005). The fourth dependent variable in this study, *international performance*, was also developed using previous studies (De Clercq et al. 2005; Shu/De Clercq/Zhou 2019). *International performance* was measured using four indicators: *export sales*, *international assets*, *number of international markets* and *number of international branches*.

3.3. *Independent variable*

The independent variable in this study was *leadership*, which was measured by *leader action efficacy*, *leader means efficacy* and *leader self-regulation efficacy*. The variable was developed using previous studies (Hannah/Avolio/Walumbwa/Chan 2012; Hannah/Avolio 2013).

3.4. *Control variables*

We used several control variables in this study. These variables were inspired by a previous study (Clark/Hartline/Jones 2009). The control variables for this research were the *firm's number of employees* and the *respondent's age, gender, industry, years of experience* and *job title*.

The sample was 71.8 % male and 28.2 % female. Job roles were diverse, including CEOs (15 %), directors (10 %), senior managers (40 %), managers (30 %) and others (5 %). Among the sample, 68 % of the firms had up to 250 employees, and the remaining firms (32 %) had more than 250 employees, meaning that SMEs dominated the sample. We found that 54.5 % of the respondents were between 40 and 50 years of age, and the remaining (45.5 %) were above 50. The data were analysed using SPSS 25 and AMOS 24. We also checked the VIF values for possible multicollinearity. All the VIF values were below three, so we can say that multicollinearity is not likely an issue in our research. Table 1 shows the mean, SD and Pearson correlation coefficients of the key constructs.

Table 1. Mean, SD and Pearson correlation coefficients for key constructs

		M	SD	1	2	3	4	5
1.	Leadership (L)	3.43	0.780	1				
2.	Performance (PERF)	3.49	0.841	0.609**	1			
3.	Entrepreneurial Orientation (EO)	3.21	0.766	0.703**	0.490**	1		
4.	Domestic Learning Effect (DL)	3.26	0.814	0.767**	0.428**	0.717**	1	
5.	International Learning Effect (IL)	3.33	0.843	0.724**	0.434**	0.710**	0.722**	1

N = 110, *M* = Mean, *SD* = Standard deviation, ***p* < 0.01.

4. Data analysis

To check *H1*, *H2* and *H3*, regression analysis was performed using leadership as an independent variable and domestic learning, international learning and EO as dependent variables. The results of the regression analysis are shown in Table 2. The regression coefficients for domestic learning ($\beta = 0.80$, $p < 0.001$), international learning ($\beta = 0.77$, $p < 0.001$) and EO ($\beta = 0.71$, $p < 0.001$) support *H1*, *H2* and *H3*, respectively.

Table 2. Results of regression analysis showing the effect of leadership

	Domestic Learning Efforts (H1)		International Learning Efforts (H2)		Entrepreneurial Orientation (H3)	
	B	SE	B	SE	B	SE
Age	0.01	0.07	-0.07	0.08	-0.07	0.07
Gender	0.02	0.11	0.24*	0.13	-0.01	0.12
Work Exp.	0.00	0.05	0.01	0.60	0.03	0.06
Job Role	0.01	0.04	0.03	0.04	0.03	0.04
Employees	0.00	0.03	0.04	0.04	0.04	0.03
Industry	0.01	0.02	-0.02	0.03	0.03	0.02
Leadership	0.80***	0.06	0.77***	0.07	0.71***	0.07
R	0.769		0.744		0.724	
R ²	0.592		0.554		0.524	
Adjusted R ²	0.564		0.523		0.492	
F	21.123***		18.082***		16.051***	

p* < 0.05, *p* < 0.01, ****p* < 0.001

To check *H4*, *H5*, *H6* and *H7*, multiple regression analysis was carried out using performance as a dependent variable and domestic learning, international learning, EO and leadership as independent variables. The results of the multiple regression analysis are shown in Table 3.

Table 3. Results of regression analysis: Effect on international performance

	B	SE	Performance							
			H4		H5		H6		H7	
	B	SE	B	SE	B	SE	B	SE	B	SE
Age	0.046	0.093								
Gender	-0.053	0.152								
Work Exp.	-0.064	0.070								
Job Role	0.010	0.052								
Employees	0.071	0.041								
Industry	-0.016	0.028								
Domestic Learning			-0.162	0.140						
International Learning					-0.055	0.131				
Entrepreneurial Orientation							0.217	0.140		
Leadership									0.674***	0.147
R	0.642									
R ²	0.413									
Adjusted R ²	0.353									
F	0.000									

p* < 0.05, *p* < 0.01, ****p* < 0.001

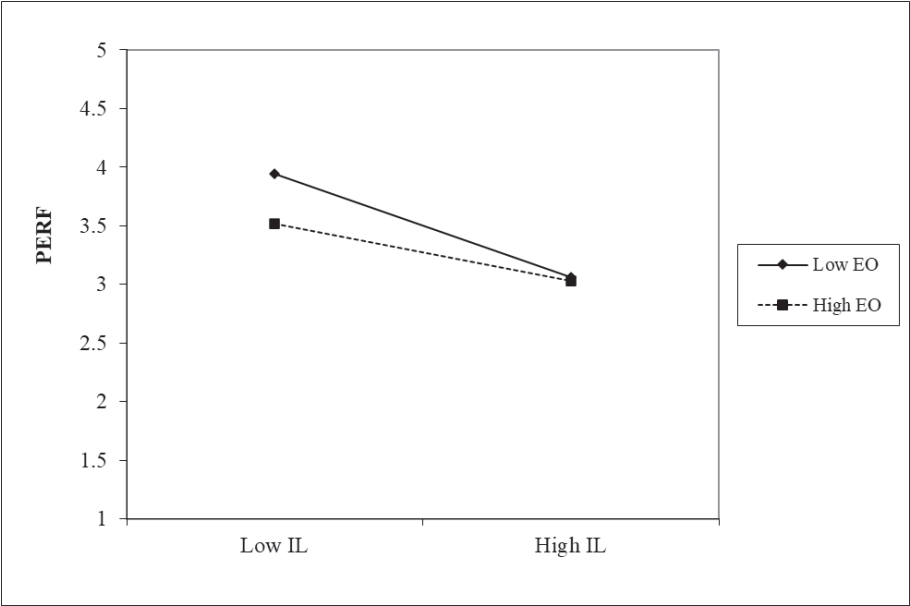
The nonsignificant regression coefficients for domestic learning, international learning and EO disconfirm *H4*, *H5* and *H6*. However, we obtained a significant regression coefficient for leadership ($\beta = 0.674, p < 0.001$), which supports *H7*. To check the moderating effect of EO, we used Hayes’ (2013) PROCESS MACRO Model 1. Hayes’ PROCESS MACRO MODEL 1 is a basic moderation model. The main advantage of using this model is that it eliminates multicollinearity by automatically providing the mean-centring function of the independent variable and moderating variable (Hayes 2013; Hayes/Montoya/Rockwood 2017). The results of the moderation analysis are shown in Table 4. The moderating effect of EO on the relationship between international learning effort and performance was significant (LLCI = 0.04 and ULCI = 0.34). This supports *H8*. The moderating effect is plotted in Figure 2.

Table 4. Moderating effect of entrepreneurial orientation on the relationship between international learning efforts and performance

	B	S.E.	p-value	LLCI	ULCI
International Learning Efforts	-0.44	0.26	0.10	-0.97	0.09
Entrepreneurial Orientation	-0.22	0.27	0.41	-0.78	0.32
Entrepreneurial Orientation × International Learning Efforts	0.19	0.07	0.01*	0.04	0.34

$R = 0.545, R^2 = 0.297, F = 14.966^{***}, *p < 0.05, **p < 0.01, ***p < 0.001$

Figure 2. Plotted interaction effects for entrepreneurial orientation and international learning



Similarly, the moderating analysis of EO on domestic learning and performance is shown in Table 5. The moderating effect of EO on domestic learning and performance was insignificant. However, when we checked the moderating effect for different values of EO, we found that the moderating effect was significant for higher EO values, as shown in Figure 2 and Table 6. This partially supports *H9*.

Table 5. The moderating effect of entrepreneurial orientation on the relationship between domestic learning efforts and performance

	B	S.E.	p-value	LLCI	ULCI
Domestic Learning Efforts	-0.32	0.27	0.24	-0.88	0.22
Entrepreneurial Orientation	-0.06	0.27	0.82	-0.60	0.48
Entrepreneurial Orientation × Domestic Learning Efforts	0.15	0.07	0.05*	-0.00	0.30

$R = 0.527, R^2 = 0.278, F = 13.614^{***}$

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Figure 3. Plotted interaction effects for entrepreneurial orientation and domestic learning

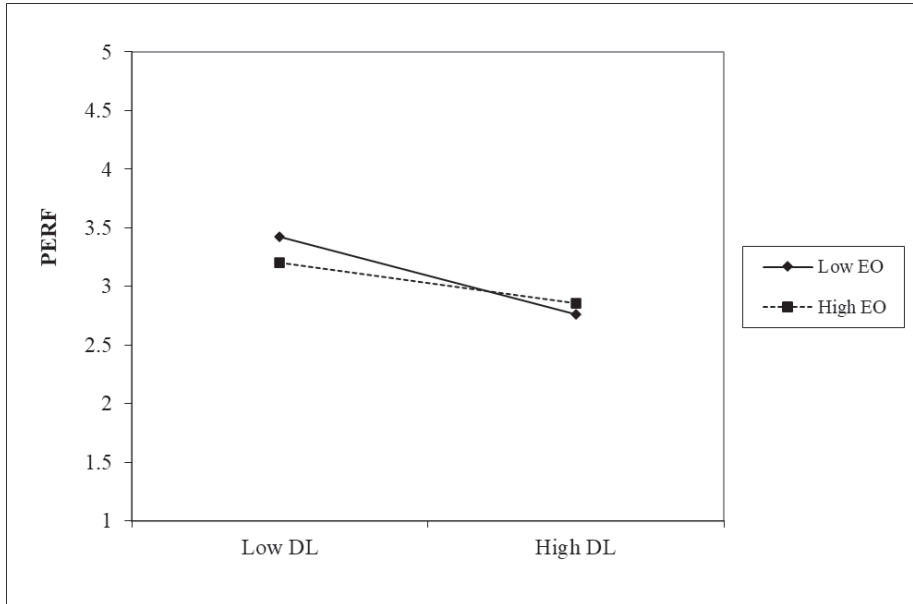


Table 6. The moderating effect of different values of entrepreneurial orientation on the relationship between domestic learning efforts and performance

Entrepreneurial Orientation	B	SE	p-value	LLCI	ULCI
2.450	0.04	0.13	0.13	-0.22	0.31
3.217	0.16	0.12	0.18	-0.08	0.40
3.984	0.27	0.13	0.04*	0.01	0.54

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The results regarding the moderating effect of EO on leadership and performance are shown in Table 7. As shown in Table 7, the moderating effect is significant, supporting *H10*. The moderating effect is plotted in Figure 4.

Table 7. The moderating effect of entrepreneurial orientation on the relationship between leadership style and performance

	B	S.E.	p-value	LLCI	ULCI
Leadership	-0.033	0.23	0.88	-0.50	0.43
Entrepreneurial Orientation	-0.55	0.27	0.42	-1.09	-0.02
Entrepreneurial Orientation × Leadership Style	0.20	0.07	0.005**	0.059	0.34

$R = 0.649$, $R^2 = 0.421$, $F = 25.731^{***}$,

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Figure 4. Plotted interaction effects for entrepreneurial orientation and leadership

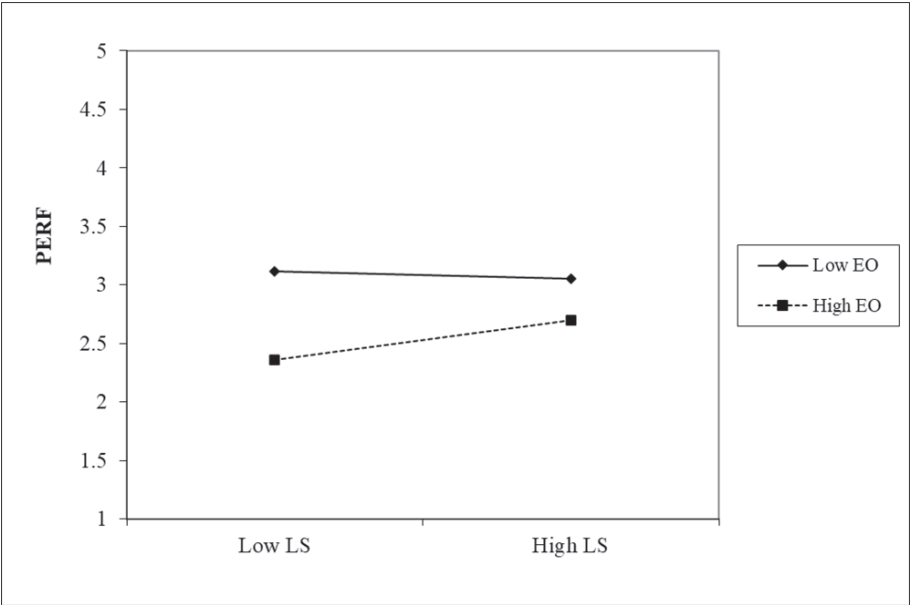
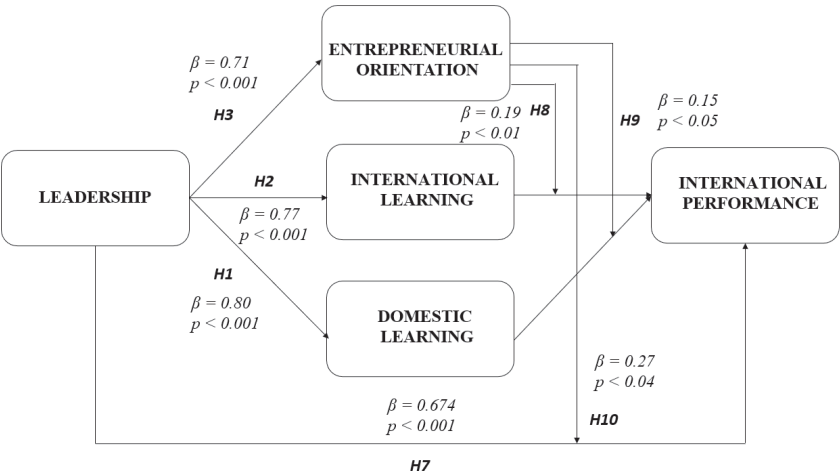


Figure 5. The conceptual model with supported hypotheses



The final conceptual model and supported hypotheses are shown in Figure 5, depicting the importance of leadership and EO. More specifically, the role of leadership is of utmost importance in the organization as it positively affects EO, international and domestic learning, and international performance. Furthermore, EO moderates the positive relationship between international learning

and performance and leadership and performance. Although the same positive effect of EO can be seen for domestic learning and performance, a higher value of EO is required to moderate the relationship between domestic learning and performance positively.

5. Discussion

The findings provide important insights into the internationalisation process of Czech firms. We aimed to close the gap in the literature to provide insights into the role of leadership in the internationalisation process of firms from the CEE region. We found that leadership plays a critical role in improving Czech firms' effectiveness in the international market. The results indicate that leadership positively impacts international, domestic, and EO. These results align with other studies highlighting the positive effects of leadership (Noruzy/Dalfard/Azhdari 2013). However, considering the institutional environment of the Czech Republic, leaders must play a critical role in preparing firms for the internationalisation process, as reliable information is not readily available due to weak institutions. Therefore, the onus on leaders to access and disseminate information is much greater, especially in Western contexts. The beta values show that leadership affects domestic learning, followed by international learning and EO. This is an interesting finding and can be interpreted in the CEE context. As we know, Czech firms have been late in beginning their internationalisation efforts; with most Czech firms doing business domestically, the role of leaders in domestic learning, such as providing information about suppliers, competitors and government regulations, is prominent. This is followed by international learning—information about foreign markets, regulations and modes of entry into the international market. Effective leadership can acquire this information through channels such as personal contacts and networks or through internationalisation processes such as exports. This is understandable, as Czech firms are gradually opening up their international ventures. Finally, leadership affects the EO of Czech firms. As firms gradually internationalise their businesses, EO is progressively building among Czech firms. Effective leaders will further strengthen this EO by motivating employees with a clear vision (Muchiri/McMurray 2015; Harsanto/Roelfsema 2015).

The findings on the relationship between domestic learning, international learning, EO, leadership and international performance are interesting. More specifically, domestic learning, international learning and EO were not found to have any positive effect on international performance, with only leadership showing a positive impact on international performance. The results deviate from previous studies' results (Pett/Wolff 2010; Meutia 2017; Soegoto 2018).

There could be several reasons for these interesting findings. Czech firms may be unable to efficiently leverage the knowledge gained from domestic and inter-

national learning to improve their performance in the international market (Srivastava/Moser/Meijer 2015). For example, organisations may find it challenging to turn knowledge into concrete new processes or strategies based on their learning experiences. Moreover, Czech firms may find it difficult to develop innovative strategies to improve performance based on the knowledge gained through EO. In addition, specific organisational factors, such as low investment in research and development and difficulties in resource mobilisation, could further hamper the process. This is evident given the institutional context of the CEE region, where there is corruption, a grey economy and a complicated bureaucracy for acquiring approvals for new initiatives (Srivastava/Tyll 2021; Srivastava 2021). The positive effect of leadership on international performance was not surprising. The weak institutional context of the Czech Republic warrants new avenues to access reliable information to make the right decisions to succeed in the international market, and influential leaders bridge this gap. Moreover, leaders with strong communication skills can motivate their followers to achieve more, resulting in better firm performance. Leaders are the strategic decision makers of companies, and their inputs affect firms' performance (Chung-Wen 2008; Deressa/Zeru 2019).

The findings regarding the moderating effect of EO were also interesting. We found evidence that EO positively moderates the relationship between international learning and international performance. This is evident as a higher EO will motivate employees to learn more from their international ventures, thereby improving the firm's international performance. This is more important for resource-constrained EMFs. However, EO moderated the relationship between domestic learning and performance positively only when EO values were higher. There could be several explanations for this finding. First, EO is usually associated with international learning and internationalisation. Hence, its effect on domestic learning may be diffused. Second, as weak institutions and a grey economy characterise the domestic market, a higher EO may be required to combat these difficulties. Therefore, a higher EO favours domestic learning. Finally, EO was found to positively moderate the relationship between leadership and international performance, which aligns with previous studies (Pett/Wolff 2010). Efficient leadership promotes EO, which affects firm's international performance.

6. Managerial implications

The study has several implications for managers. As evidenced by our research, the role of effective leadership is prominent among Czech firms. Therefore, managers, especially in firms that internationalise abroad, should ensure that the leadership within their organisation is effective and efficient. We observed that EO and domestic and international learning did not affect performance.

This is a very interesting finding, as it suggests that the knowledge gained and accumulated through learning and EO is not translated into performance in the international market. To overcome this, managers should have transparent processes, frameworks and strategies--such as market development, market selections, customer insights and innovations--for utilising the acquired knowledge. More specifically, the formal procedures in firms should be flexible enough to incorporate the insights gained through learning and EO.

7. Limitations of the study

The current research focused on the Czech Republic, so the results may not be generalisable to other countries. Countries present different characteristics, religious beliefs and approaches to solving problems. This influences how leaders behave and impacts the effect of their leadership on their firms' international performance. The sample size of this study was the second limitation, as the sample size was relatively small. Moreover, this research did not focus on any industry, meaning that it is impossible to draw any conclusions related to a single kind of industry; therefore, our findings are not industry specific.

8. Future Research

In the literature review, it was observed that transformational leadership seems to be the leadership style that leads to better performance, so a study focusing only on transformational leadership can help determine whether this trend is followed in the Czech Republic. Moreover, a larger sample size would provide a more robust analysis of the problem. There is much discussion about the role of women in leadership positions, and studies indicate that women could be better leaders than men. Therefore, it would be interesting to conduct research to understand whether the performance of teams led by women is higher, lower or equal to those led by men. Moreover, an industry-specific analysis can be conducted to check the validity of the findings.

9. Conclusion

The present study aimed to close the literature gap concerning the effect of leadership on internationalisation performance in the CEE context. The findings show that leadership has a direct impact on international performance. Our study provides valuable insights, as the concept of internationalisation was addressed along with three subclasses: international learning effort, domestic learning effort and EO. Leadership style has a direct positive impact on all three of these variables, and higher levels of leadership style, domestic learning effort, and international learning effort directly influence a company's performance. More light also pointed to EO's moderating effect on the relationship between

leadership style, international learning effort and domestic learning effort and international performance. It was observed that a moderating effect existed for high EO values in all three cases.

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Appendix 1

International learning effort: please indicate the extent to which your firm undertakes significant effort in for your most important foreign market (1 =strongly disagree, 5 = strongly agree), (standardised loadings in bracket)

- Exploiting current internal procedures regarding your international activities (0.71) Cronbach's alpha: 0.805
- Exploiting current reward systems regarding your international activities (0.82) KMO: 0.775
- Developing new internal procedures regarding your international activities (0.66) AVE=0.565
- Developing new reward systems regarding your international activities (0.77) CR=0.866
- Developing new knowledge regarding international laws that affect your business (0.79)

Model fit statistics: $\chi^2/df = 1.695$, CFI=0.983, TLI=0.957, RFI=0.902, NFI=0.961, RMSEA=0.08

Domestic learning effort: please indicate the extent to which your firm undertakes significant effort in for your most important foreign market (1 =strongly disagree, 5 = strongly agree)

- Exploiting current knowledge regarding domestic competitors (0.82) Cronbach's alpha: 0.857
- Exploiting current knowledge regarding domestic laws that affect your business (0.77) KMO: 0.864
- Exploiting current knowledge regarding domestic business norms in your industry (0.81) AVE=0.587
- Developing new internal procedures for managing the domestic market (0.75) CR=0.894
- Developing new reward systems regarding your domestic activities (0.67)
- Developing new knowledge regarding domestic competitors (0.77)

Model fit statistics: $\chi^2/df = 1.536$, CFI=0.982, TLI=0.966, RFI=0.909, NFI=0.951, RMSEA=0.07

Entrepreneurial orientation: please indicate the extent to which the following characterises your firm's business: (1 =strongly disagree, 5 = strongly agree)

- Our firm spend more time on long term R&D (3+years) than on short term R&D. (0.72) Cronbach's alpha: 0.755
- Our firm is usually among the first to introduce new products in the industry (0.82) KMO: 0.770
- Our firm rewards taking calculated risks (0.65) AVE=0.475
- Our firm uses only "tried and true" procedures, systems, or methods (0.55) CR=0.830
- Our firm challenges, rather than responds to its major competitors. (0.64)
- Our firm takes bold, wide-ranging strategic actions rather than minor changes in tactics (0.63)

Model fit statistics: $\chi^2/df = 1.279$, CFI=0.980, TLI=0.966, RFI=0.862, NFI=0.917, RMSEA=0.05

International performance: please indicate the degree of importance of the following variables in relation to the international performance of your company. (1 =strongly disagree, 5 = strongly agree)

- Export sales (0.74) Cronbach's alpha: 0.781
- International assets (0.78) KMO: 0.731
- Number of international markets (0.84) AVE=0.606
- Number of international branches (0.75) CR=0.859

Model fit statistics: $\chi^2/df = 1.506$, CFI=0.945, TLI=0.934, RFI=0.901, NFI=0.932, RMSEA=0.07

Please indicate your level of confidence as a leader in your organisation for the following item (1 = *strongly disagree*, 5 = *strongly agree*)

Leader action efficacy

- Energise my followers to achieve the best (0.82) Cronbach's alpha: 0.873
- Develop agreements with followers to enhance their participation (0.82) KMO: 0.897
- Coach followers to assume greater responsibilities for leadership (0.74) AVE=0.609
- Inspire followers to go beyond their self-interest for the greater good (0.75) CR=0.903
- Get my followers to meet the requirements we have set for their work (0.76)
- Get followers to identify with the central focus of our mission (0.79)

Leader Means Efficacy

- Rely on the organisation to provide the resources needed to be effective (0.81) Cronbach's alpha: 0.801
- Go to my supervisors for advice to develop my leadership (0.69) KMO: 0.781
- Effectively lead working within the boundaries of the organisation's policies (0.76) AVE=0.565
- Count on my leaders to support high standards of ethical conduct (0.81) CR=0.866
- Count on others to give me the guidance I need to complete work assignments (0.68)

Leader Self-Regulation Efficacy

- Determine what leadership style is needed in each situation (0.75) Cronbach's alpha: 0.849
- Motivate myself to take change of groups (0.76) KMO: 0.867
- Remain steadfast to my core beliefs when I'm challenged (0.80) AVE=0.527
- Motivate myself to perform at levels that inspire others to excellence (0.76) CR=0.885
- Developed detailed plans to accomplish complex missions (0.66)
- Think up innovative solutions to challenging leadership problems (0.69)
- Distinguish the ethical components of problems/dilemmas (0.65)

Model fit statistics = $\chi^2/df = 1.295$, CFI=0.961, TLI=0.954, RFI=0.825, NFI=0.854, RMSEA=0.05