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# Management Control Systems and International Entrepreneurship in Small, Young Firms from Resource-Based Theory, Contingence, and Effectuation Approach Perspectives

Marta Pérez Sigüenza <sup>1,2</sup> , Laura Rodríguez-León Rodríguez <sup>3</sup>, Juan Manuel Ramon Jeronimo <sup>3,\*</sup> and Raquel Flórez López <sup>3</sup>

- <sup>1</sup> Department of Business Organisation and Marketing, University Pablo of Olavide of Seville, Ctra. Utrera, Km. 1, 41013 Sevilla, Spain
- <sup>2</sup> Faculty of Economics and Business Studies, University of Seville, Avenue of Ramon and Cajal, 1, 41018 Sevilla, Spain
- <sup>3</sup> Department of Financial Economics and Accounting, University Pablo of Olavide of Seville, Ctra. Utrera, Km. 1, 41013 Sevilla, Spain
- \* Correspondence: jmramjer@upo.es



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**Abstract:** This study analyses how entrepreneurs adapt or change international control management and organisation structures in response to their resources and capabilities and the context of the situation, from the resource-based theory (RBT) and contingency and effectuation framework approaches, taking the dynamism from knowledge-intensive services (KIS) into consideration. A multiple case study has been performed, based on semi-structured interviews with nine founders (entrepreneurs) of less-than 5-year-old international businesses who are actively involved in the management. All the interviews have been recorded, coded, and analysed through factsheets. The findings suggest that there is a relation between entrepreneurship and the characteristics of the entrepreneur; the character of owners or founders is key to embarking on this kind of business challenge. Furthermore, the age and nature of the manager—entrepreneur or non-entrepreneur—influence the business direction. This research analyses the role of the founder, owner, and/or management depending on the resources, capabilities, and uncertain contexts of the small, young firms. The age of the organisation's and the degree of professionalism of the management's impact on the management style and the use of control mechanisms are scarcely analysed yet, which could improve the relationships in MCS to achieve local and global control needs.

**Keywords:** international entrepreneurship; management control systems; small young firms; resource-based theory; contingency approach; dynamism; knowledge-intensive services; effectuation; causation

## 1. Introduction

Management control systems (MCS) influence the behaviour of organisational resources to implement organisational strategies (Grabner and Moers 2013; Hofmann and Van Lent 2017; Masschelein and Moers 2020), and managers engaged with MCS apply its beliefs and desires, using MCS in an interactive and/or diagnostic manner, with different effects as boundary controls in international activity (Pešalj et al. 2018). Among the reasons why the different controls ought to be complementary and simultaneous are that they ease the transmission of common values and understanding and help in the achievement of the desired performance (Liu 2015; Kreutzer et al. 2015; Cardinal et al. 2017; Hofmann and Van Lent 2017; Sihag and Rijdsdijk 2019; Masschelein and Moers 2020), as entrepreneurship also does. Entrepreneurship is not only characterised by innovation and management, but also by uncertainty. A small firm is more likely to suffer the implications of uncertainty than a large firm since it is constantly under the pressure of environmental uncertainty (Magnani and Zucchella 2019). Nevertheless, “born global” firms are companies that internationalise early and rapidly. Their importance is increasing and aspects such as the

internationalisation strategies that make them successful have contributed substantially to the development of the research field of international entrepreneurship (IE), which focuses on the entrepreneurial aspects of doing business across borders (Cavusgil and Knight 2015; Zander et al. 2015; Oviatt and McDougall 2005). Entrepreneurs should identify, assess, and choose between different options for internationalisation (Vlačić et al. 2020), considering that IE is influenced by three types of generic dynamic capabilities: international entrepreneurial orientation, learning, and adaptation (Frasquet et al. 2013).

In this paper, MCS and IE in small, young firms are studied, how the entrepreneurial orientation emerges and changes over time, and the roles of the entrepreneur and MCS in this process. The purpose of this study is to analyse the following research question: how do entrepreneurs adapt or change international control management and organisation structures in response to their resources and capabilities and the context of the situation? The analysis of this research question is done from the resource-based theory (Leiblein 2011) and contingency and effectuation framework approaches (Uzhegova and Torkkeli 2022; Reuber et al. 2016), taking the dynamism from the knowledge-intensive services (KIS) into consideration (Martínez and Guarasa 2020).

To achieve that, a multiple-case study has been performed, based on nine semi-structured interviews with nine founders of nine less-than 5-year-old international businesses with the founder (entrepreneur) actively involved in the management. All the interviews have been recorded, coded, and analysed through factsheets.

In front of the previous literature, which has provided an overall view of the international process based on resources and capabilities and how those affect MCS design and use, this research analyses the role of the founder, owner and/or management depending on the resources, capabilities, and uncertain contexts of the small, young firms (Ballesteros et al. 2022). This research provides a significant contribution, something new and powerful about IE and MCS in small, young firms. Factors such as organisational structure, experience, and training determine a firm's success in the internationalised context (Freixanet et al. 2020; Andres et al. 2022; Foli et al. 2022; Uzhegova and Torkkeli 2022; Vanninen et al. 2022). However, the age of the organisation and the degree of professionalism of the management as they impact on management style and the use of control mechanisms are scarcely analysed yet, which could improve the relationships in MCS to achieve local and global control needs. The relationship between MCS and strategy might not have been properly studied yet, since specific factors that lead to strategic success should be analysed when studying strategy and MCS.

Following RBT, MCS use contributes indirectly to performance through capabilities. The dynamic tension caused by the interactive and diagnostic use of MCS has a positive impact on performance, and it is considered a capability. The contingency framework supports the variation of the model by considering the different levels of uncertainty, which creates the need for different communication forms. Therefore, this paper also aims to contribute to current research by integrating a very influential strategy framework, RBT, into a management accounting setting, providing an interesting insight into the double role of MCS in the formulation and implementation of strategies. Entrepreneurs should make the proper resource allocation and strategic decisions to gain a competitive advantage and satisfy local and global needs (Ballesteros et al. 2022), taking dynamism into consideration.

Finally, the remainder of this paper is structured as follows. First, a theoretical framework is provided, with some explanations about international entrepreneurship, management control, resource-based theory, contingency and effectuation approach frameworks, and dynamism and knowledge-intensive services firms. This is followed by the methodology and the findings. Finally, the conclusions and discussions are presented.

## 2. Theoretical Framework

### 2.1. Management Control Systems

MCS are systems that gather and use organisational information to evaluate the performance of different organisational resources (human, physical, and financial), and

the organisation, taking the organisational strategies into consideration. It is also used to formalise routines and procedures with the objective of improving decision-making and cooperation (Grabner and Moers 2013; Hofmann and Van Lent 2017; Masschelein and Moers 2020). MCS contribute to the efficiency of a firm by helping in the calculation of potential earnings, decreasing the time spent on tasks, assigning accountability for outcomes to specific employees or members, reducing risks in nonproper behaviours, and giving managers autonomy to achieve multiple targets. These MCS can develop several control choices that can be complementary (Bedford 2020; Speklé and Widener 2020).

MCS influence the behaviour of organisational resources to implement organisational strategies (Bedford 2020). Moreover, MCS are mostly considered strategy implementors whose focus is on the presence or absence of specific systems, properties, and their design. The relationship between MCS and strategy might not have been properly studied yet, since specific factors that lead to strategic success should be analysed when studying strategy and MCS (Leiblein 2011).

Previous MCS literature suggests MCS as a set of formal information routines and procedures that managers use to maintain or modify procedures in organisational activities, and that enterprises use different controls depending on the purpose, so managers can use controls in a diagnostic or interactive manner. Diagnostic control evaluates outcomes against objectives and corrects deviations. Interactive control encourages dialogue and learning to allow new strategies to emerge in response to perceived opportunities and threats. Both controls are governed by the beliefs and boundary systems of the firm. Belief systems have the purpose of communicating basic values and mission; boundary systems are to set limits and procedures within the organisation (Simons 1995). As an example, results or formal control could have a positive impact on social controls (belief systems and social staff practices) since their complementary natures could help to achieve the objective with better alignment and synergy and thus better profitability (Gerdin et al. 2019).

Moreover, organisational contingencies should be also taken into consideration in the relationship between interactive and diagnostic control (Bedford et al. 2016). Control in innovative firms is used to measure or cut the excess of innovation (Chenhall and Moers 2015). In these firms, planning can be used to select innovative projects for the future (Hayward et al. 2017), and MCS mechanisms for the desired organisational results (Chenhall and Moers 2015).

Managers engaged with MCS apply its beliefs and desires, using MCS in an interactive and/or diagnostic manner, with different effects as boundary controls in an international activity (Pešalj et al. 2018). The different organisational controls (outcome, behaviour, and clan) are complementary since the use of one makes the use of the others more effective (Kreutzer et al. 2015). Achieving the desired performance depends on the types of control used by managers (Cardinal et al. 2017). Outcome control positively influences the setting of direct goals and therefore helps the alignment of interest with the objectives and the desired performance (Sihag and Rijdsdijk 2019). Behaviour control improves the consistency of the work, procedures, and rules, and understanding through an active dialogue, which fosters commitment and motivation to follow the procedures and achievement of the desired performance, too (Liu 2015).

Furthermore, MCS have two major dimensions: design and use. MCS design is the scope and integration of the information. Use refers to the manner the information is used. Once MCS are designed, managers can decide how to use the information: to foster discussion and learning (interactive use) or for deviances (diagnostic use). The interactive use of MCS refers to formal control systems that managers use to regularly involve the staff in the decision activities for developing new strategies and plans (Braumann et al. 2020; Müller-Stewens et al. 2020).

In an international context, a challenge for MCS is to provide managers with information that both meets individual decision-making needs and improves the value of export decisions (Jack et al. 2018).

Entrepreneurs and managers are the ones who should give the same importance to outcome, behaviour, and clan controls when they exercise control in or around the organisations. The use of these controls simultaneously brings synergies that help to overcome the limitations of the individual controls, since they do not rely on a single kind of control, but they appreciate the strengths and positive values of using all of them. It also eases the transmission of common values and understanding and helps in the achievement of the desired performance. All this makes the transmission of common values and understanding easier and helps in the achievement of the desired performance. Therefore, it is worth affirming that outcome, behaviour, and clan control are positively related to performance and its effectiveness. Since managerial control is complemented, the use of these controls simultaneously brings synergies that help to overcome the limitations of the individual controls. This happens because they do not rely on a single kind of control, but they appreciate the strengths and positive value of using all of them (Sihag and Rijdsdijk 2019).

Entrepreneurs set objectives in the short term, while non-entrepreneurs set objectives in the long term. This fact denotes the difference in the MCS design and the planning to achieve the objectives. MCS elements can be used more interactively to encourage the seeking of opportunities and creativity. However, organisations also need efficiency and, therefore, a diagnostic use of MCS is needed too (Simons 1995).

## 2.2. The role of Entrepreneur and International Entrepreneurial Orientation

Entrepreneurship consists of the ability to create and manage innovation. An entrepreneurial organisation is opportunity-focused. Entrepreneurship also causes the transmission of knowledge to other individuals or organisations, and it generates diversity in the companies in any location, since each company is different and unique, which encourages economic growth, competition, and opportunity (Burns 2016). Entrepreneurship should be understood as a combination of innovative, proactive, and risk-seeking behaviour (McDougall and Oviatt 2000), as doing new things in a new manner, which means novelties in goods, manners of production, markets, supply, and organisations, creating new business or companies in which the entrepreneur is the person in charge of the change in society. The entrepreneur invents a business; the manager produces the results, giving the employees the directions for developing and implementing systems able to produce the desired results (Cavusgil and Knight 2015).

Even if most entrepreneurs fail before succeeding, those failures make them learn for future success (Kuratko 2016). Entrepreneurship is not only characterised by innovation and management, but also by uncertainty because an entrepreneur knows the price of the inputs that he buys but not the selling price of the outputs, with the hope of obtaining a proper margin. A small firm is more likely to suffer the implications of uncertainty than a large firm since it is constantly under the pressure of environmental uncertainty (Magnani and Zucchella 2019).

Nevertheless, “born global” firms are companies that internationalise early and rapidly. They help large multinational firms, so their importance is increasing and aspects such as the internationalisation strategies that make them successful have contributed substantially to the development of the research field of IE, which focuses on the entrepreneurial aspects of doing business across borders. IE is much broader than “born global”, but these firms are crucial to the IE field (Cavusgil and Knight 2015; Zander et al. 2015). IE is the process of discovering, evaluating, and exploiting opportunities across national borders to create products and services (Oviatt and McDougall 2005).

International entrepreneurial orientation is the dynamic capability to sense and seize international opportunities in an innovative, visionary, proactive, and timely manner, with market orientation (Cavusgil and Knight 2015). The entrepreneur’s global orientation supports the determination of the firm’s internationalisation decisions, which involve considering different aspects (environmental, firm, and managerial). Entrepreneurs should identify, assess, and choose between different options for internationalisation (Vlačić et al.

2020), considering that IE is influenced by three types of generic dynamic capabilities: international entrepreneurial orientation, learning, and adaptation (Frasquet et al. 2013). International entrepreneurial orientation is the dynamic capability to sense and seize international opportunities in an innovative, visionary, proactive, and timely way, with market orientation (Cavusgil and Knight 2015). Learning means being able to acquire, integrate, and exploit all information acquired during the internationalisation process (Villar et al. 2014) and turn it into knowledge (Freixanet et al. 2020).

Adaptability consists of reconfiguring resources and processes according to changes in the context and national differences, to keep a constant balance between the firm's routines and local needs (Frasquet et al. 2013). Evers (2011) demonstrated that the dynamic capability to adapt, together with international entrepreneurial orientation, facilitates the fight against the difficulties found in the different markets and improves the performance of a firm, and this behaviour is influenced by the entrepreneur.

From the internationalisation process model, the key explanation for gradual internationalisation is the knowledge and experience of the firm and the entrepreneur in international activities. The relationships between the entrepreneur, the firm, and the environment affect the firm's international behaviour, which is a consequence of the managerial perceptions of the environmental changes and challenges (Freixanet et al. 2020).

Entrepreneurship may be understood as the nexus of individual and opportunity: the entrepreneur or the managing director assure that the correct path is followed for the achievement of the strategy, considering the firm's strategic direction and ensuring the effective use of the objectives (Davidsson 2015). The character of owners or founders is key to embarking on this kind of business challenge. Furthermore, the age and nature of the manager—entrepreneur or non-entrepreneur—influence the business direction. Moreover, Turunen and Nummela (2017) see the language skills of the entrepreneur as one of the key factors for internationalisation, and add the availability of resources, company network, entrepreneurial capabilities, global mindset, and cultural awareness as key dimensions for the internationalisation of small, young firms, especially in the service industry.

### 2.3. Resource and Capability-Based Theory and Contingency Approach

RBT has become a very influential framework in the fields of competitive advantage and strategy since it advises that competitiveness is a function of valuable resources and capabilities controlled by a firm. RBT suggests that competitiveness is the result of strength, the leveraging of internal resources and capabilities controlled by a firm, which should be distinctive, valuable, and protected from imitation, adoption, and substitution by a competitor to create a sustainable competitive advantage (Leiblein 2011). MCS must be aligned with capabilities to be effective and consistent with strategic choices. RBT advises that each firm has its resources that help in strategies of value creation.

Primary capabilities for competitive advantages and market change are innovation, organisational learning, and entrepreneurship. Entrepreneurs create new resources or combine the existing ones differently to develop new products and services or to move to new markets and/or customers. Hence, MCS is an important formal mechanism that can be used to gather information to develop capabilities and its interactive use can foster capabilities of market orientation, entrepreneurship, innovation, and organisational learning. Following RBT, MCS use contributes indirectly to performance through capabilities. The dynamic tension caused by the interactive and diagnostic use of MCS has a positive impact on performance, and it is considered a capability.

The contingency framework supports the variation of the model by considering the different levels of uncertainty, which creates the need for different communication forms. Therefore, this paper also aims to contribute to current research by integrating a very influential strategy framework, RBT, into a management accounting setting, providing an interesting insight into the double role of MCS in the formulation and implementation of strategies.



These two theories have been chosen mainly for the three following reasons: first, because firms organise and control resources differently; second, the conditions of a market provide some explanation for those differences; and third, differences in resources, market conditions, and organisational capabilities could explain some performance differences between competitors. Entrepreneurs should make the proper resource allocation and strategic decisions to gain a competitive advantage and satisfy local and global needs (Ballesteros et al. 2022).

#### 2.4. Dynamism and Knowledge Intensive Services

Knowledge-intensive services (KIS) aim to offer customised services with a high added value for the clients. To satisfy their present and future needs, they acquire information from the market and generate new knowledge. Since in this transformation they use organisational resources able to measure, control, coordinate, and lead knowledge to obtain their know-how, this theoretical framework is not only the most adequate one if combined with RBT and a contingency framework, but also for a better explanation among the internationalisation theories. The transformation of these resources and capabilities in networks, dynamics, knowledge, and innovation allows them to better adapt to the environment, becoming more competitive and easing their internationalisation (Martos-Martínez 2017).

Since dynamic capabilities (international entrepreneurial orientation, learning, and adaptation) facilitate the fight against the difficulties found in the different markets and improves the performance of a firm, the dynamic tension caused by the interactive and diagnostic use of MCS has a positive impact on performance (and it is considered a capability). Dynamism is considered one of the key factors for success, especially for knowledge-intensive services. That dynamism fosters flexibility and thus adaptability to different entries into the international market (such as mergers, acquisitions, cooperation agreements, and strategic alliances). This phenomenon then questions if the traditional internationalisation theories apply to those intensive-knowledge services (Martínez and Guarasa 2020).

Therefore, to apply a proper framework for this research, some potential modifications to the RBT and contingency framework are raised and implemented with the conceptual framework of Martínez and Guarasa (2020), which includes the key factors for the KIS to reach the dynamic capabilities. KIS should follow the following strategies:

- International market orientation implies knowing the customers' needs, technology influence, and competition. This is objective and experimental knowledge, which will allow KIS firms to have the needed information to develop their know-how and organisational culture and thus ease their capabilities and transform them into dynamic businesses.
- International network orientation, by the creation of a social (foreign promotion agencies, international fairs, and congresses) and business network (e.g., clients, competitors, and service to firms).
- International entrepreneurship orientation, by offering innovative services and characteristics to the founder (autonomy, innovation, proactivity, and competition).

These strategies drive the intellectual capital of the KIS firm (human, organisational, relational, and technological) to reach the following dynamic abilities, which are also resources and capabilities (Martínez and Guarasa 2020):

- Knowledge: staff values, positive aptitudes, organisational learning, autonomy, and decentralisation, which translates into a competitive advantage.
- Network: to maintain the initial network and create new ones, both between clients and suppliers, and among employees and in the organisation itself belonging to the organisational culture.
- Innovation: to have innovative culture and reach technical and technological abilities.

- Fast internationalisation process: which is influenced by the global mindset of the businessperson along with his/her abilities and business spirit, which strongly determine the KIS firms' international expansion.

Furthermore, information technologies have allowed services to differentiate the manufacturing process from consumption. Therefore, the entry mode to other countries can be done through export, which represents the main internationalisation manner for the KIS firms (Martínez and Guarasa 2020).

Among the reasons why this theoretical framework not only enhances the RBT and contingency framework but also becomes the most accurate internationalisation theory is the following. The transactional and internationalisation cost theory is very static and needs some adaptation to improve its application to the KIS firms, since they have some resources and abilities, such as the qualified human ones or the innovation, networking, or learning ability, which can be transformed into dynamic capabilities to ease the internationalisation process, such as knowledge creation, organisational learning, network creation, or innovation (Pitelis and Teece 2018). KIS firms have a strong market orientation and their main aim is to offer services with high added value for the customers. However, this theory does not predict how a firm could use its capabilities to reduce the costs associated with the market uncertainty.

Even if the orchestration theory was born to overcome the inefficiencies of the previous theory and includes the importance of the dynamic capabilities, it does not apply to the KIS, since it does not predict the needed strategies to reach the dynamic capabilities before (only during) initiating the internationalisation process from their resources and capabilities. This theory combines technology and other resources to create new products and processes, independently from the location and through the organisational limits (Lessard et al. 2016). Value creation is achieved through the information and knowledge exchange between alliances with universities, employees, suppliers, local businesses, and social networks (Pitelis and Teece 2018).

The eclectic paradigm becomes the most complete one and, in its evolution, the dynamic capabilities become more important. However, it does not apply to KIS firms, since they use their resources and capabilities to develop orientation strategies for social networks (foreign promotion agencies, international fairs, and congresses) and business (customers, business services, and suppliers). For this theory, dynamic capabilities would be the evolution of the advantages of property, internationalisation, and location, and the KIS firms would be the development of their resources and capabilities (Dunning 2015).

The Uppsala model has evolved through the adaptation to globalisation, attaching more importance to the strategic alliances and cooperation among organisations. Trust could be created through information received in the networks, which increases knowledge, learning, and organisation capability (Vahlne and Johanson 2017). However, this process is gradual, which means that when the uncertainty decreases, the business compromise abroad increases. Therefore, in this model, the dynamic capabilities are acquired as the result of its dynamic activity, which demonstrates it does not properly adapt to the KIS firms because of the following reasons. First, KIS firms can convert their resources and capabilities into dynamics before initiating the internationalisation process, enabling them to be faster and more successful. Second, KIS firm can create networks for their relation network before their internationalisation and not gradually from the trust with the foreign market agents once the process is started, as indicated by the Uppsala model. Third, in the KIS firm, manufacturing and consumption do not need to happen in the same place at the same time, but services can be offered through networks (e.g., the internet) or can be stored in a file to be sent by email to the clients, which permits a better connexion among the different technological, organisational, or learning resources, and enables the intellectual capital a faster acquisition of the dynamic capabilities than the rest of the services firms. This explains the reasons why the internationalisation process does not need to be initiated to acquire those competitive capabilities. This model neither includes the possibility of a

company to be international from its beginning as happens with many KIS firms, as with those born global (Martínez and Guarasa 2020).

In conclusion, the traditional internationalisation theories do not include the manner a firm can obtain its dynamic capabilities with its resources and capabilities since in those theories the dynamic capabilities are obtained once the internationalisation process has begun and not before, as happened with the KIS and born-global firms. This explains why the theoretical framework from Martínez and Guarasa (2020) properly explains this process for the KIS firms; at the same time it enhances RBT and contingency frameworks.

## 2.5. Effectuation vs. Causation Theory

This theory explains the decision-making manner, either previously planned (formal MCS) or adapting to the coming situations in the international markets depending on the availability of the resources (network). Market uncertainty requires trust, which also influences internationalisation speed. The positive side of trust fosters the internationalisation speed and then the negative side of trust affects the firm's strength to relate with foreign business partners, through resource misallocation, or complacency. To alleviate the dark side of trust, a choice between causation and effectuation should be made (Oliveira and Johanson 2021; Uzhegova and Torkkeli 2022).

Uppsala's internationalisation model made mentions of effectuation without going into detail about the decisions made by firms during internationalisation (Dow et al. 2018; Andres et al. 2022), but performance is also affected by internationalisation speed (Mohr and Batsakis 2017; Vanninen et al. 2022), which can be understood as the change rate of the internationalisation process, once the firm has already entered the international market (Zahoor and Al-Tabbaa 2021). Trust fosters internationalisation because it reduces uncertainty (Anderson and Jap 2005; Foli et al. 2022), especially in foreign markets and when dealing with foreign firms (Johanson and Vahlne 2009; Andres et al. 2022). For this needed resource commitment and allocation, a choice should be made between planned decisions (causal decisions) and those that leverage available resources and opportunities over planning (effectual decisions) (Sarasvathy 2001). While causation's priority is analysis and clear goals, effectuation is focused on making the most of available resources, controlling contingencies, and leveraging opportunities (Oliveira and Johanson 2021).

Uncertainties also asymmetrically influence both sides of the inter-organisational relationship's perceptions (Wang et al. 2020; Foli et al. 2022). This explains why reliability and loyalty signs are relevant in these international relationships affected by the foreign market uncertainty and cultural distance (Malik et al. 2018), and that a significant number of resources is needed for a firm to be trusted once again. However, excessive trust can also cause resource misallocation if the perception of unnecessary obligation is created, which could go further than what could be considered efficient. The investment of time and resources provides the best conditions for trust building in the relationships happening in the firm, since it boosts interactions and commitment (Oliveira and Johanson 2021).

Resource availability effects are also related to the consequences of the firm size and age. When firms grow in size and become more mature, they have more available resources, and might have different perspectives on the number of resources they can afford to commit using effectuation-based decisions. When firms have more available resources, causation is more likely to control the level of commitment speed if the levels of trust are comparable (Uzhegova and Torkkeli 2022). Causation might be a better tool for larger and/or older firms than for smaller and/or younger ones. Resource constraints negatively affect the effects of both causation and effectuation on the relationship between trust and various dimensions of internationalisation speed, such as foreign resources commitment, international markets dispersion, and international commercial intensity (Oliveira and Johanson 2021). Therefore, resource endowment can be considered a contingency factor and a line should be drawn between the experience of small/young and large/old firms during internationalisation (Prashantham et al. 2019).



Causation and effectuations can be balanced and combined (Smolka et al. 2018). Firms aiming to avoid the dark side-effect of trust in internationalisation speed may need to adopt causation, either alone or in combination with effectuation (Oliveira and Johanson 2021).

Effectuation goes further than RBT, contingency framework, and dynamism, since it studies situations with limited resources, in which firms using effectuation employ their networking strategies to expand because of their dyad's available means. However, for those employing causation, the future is predictable, and they employ these predictions to search for resources that could guarantee them positive outcomes (Oliveira and Johanson 2021; Uzhegova and Torkkeli 2022).

This research has been strongly influenced by effectuation theory when explaining the international entrepreneurship of small, young firms. Effectuation was born in the entrepreneurship field as an addition to the existing internationalisation theories, which mostly fail to explain decision making in uncertain contexts. Effectuation is a theory applicable to both firm creations, the start of internationalisation and a decision-making manner during internationalisation, and all small, young firms have to deal with the uncertainty of internationalisation (Freixanet et al. 2020; Uzhegova and Torkkeli 2022). Moreover, effectuation enhances creativity, which helps to develop entrepreneurship (Reuber et al. 2016).

Based on the analysed theoretical framework and the scope of this study, the following research question is formulated: how do entrepreneurs adapt or change international control management and organisation structures in response to their resources and capabilities and the context of the situation?

### 3. Materials and Methods

In this paper, MCS and IE in small, young firms are studied, how the entrepreneurial orientation emerges and changes over time and the roles of the entrepreneur and MCS in this process. This study aims to analyse the research question from the resource-based theory and contingency and effectuation framework approaches: how entrepreneurs adapt or change international control management and organisation structures in response to their resources and capabilities and the context of the situation. To answer this research question, a case study has been performed, based on nine semi-structured interviews with nine founders of nine less-than 5-year-old international businesses with the founder (entrepreneur) actively involved in the management. In Appendix A, some details about the contextual setting are given to help the reader have a clearer idea of the specific challenges faced by the investigated small, young firms. All the interviews have been recorded, coded, and analysed through factsheets. Even if those cases have been selected among the network of contacts of the authors of this paper, a data saturation process was performed to decide the number of interviews, that is, until new information or themes from additional cases were no longer identified. The reason for choosing those nine companies (and not others) is that they are examples with strong potential to support the answer to the research question. Those companies have experienced how entrepreneurs adapt or change international control management and organisation structure in response to their resources and capabilities and the context of the situation, taking resource endowment, dynamism, and uncertainty into consideration for success.

The first interview was analysed through the identification of the statements related to each of the variables of this study. Factsheets were created for each of these variables to identify the main trends and relationships of the collected data. An explanation-building interpretative technique was used to construct an explanation of the case by establishing causal links among categories. It is very important to know that a case study's design may be modified because of the new information found during data collection. Following Yin's recommendation, the wider the variety of sources the researcher uses, the larger the amount of evidence and the better the corroboration. In this study, several documents, archive records, statistic records, or business register information were consulted, as well as interviews, which were the main sources of information (Yin 2017). These multiple

sources of evidence (interviews, secondary financial information from official registers, and websites) have been used to construct validity, as well as literature, to the external validity (framework), apart from internal validity (causal relation) that comes from detailed facts and circumstances recorded in interviews that can be accessed and reviewed.

Qualitative research was adopted because it is useful when seeking to explain the *hows*, *whos*, and *whys* of organisational processes (Doz 2011). Because of the purpose of this paper, the works of Gioia et al. (2013) have been chosen by focusing on the individual's interpretation or cognitions, how they evolve (for example, their lives' experiences), and the temporal dynamics in the process. The replication of codes across cases and over time within the organisation has been the aim of this research.

In selecting the cases, a purposeful sampling focused on small firms was used. A multiple case study approach was adopted to develop and reconnect the theoretical links, and to research if the codes could be replicated across cases and over time in the organisation. These units of analysis are formal units because they are organisations of which the researcher has in-depth knowledge, and they are selected for intensive analysis instead of peripheral analysis (Gerring 2004). Finally, a comparison among the different cases analysed and literature findings on the topics have been developed.

In-depth, personal semi-structured interviews have been conducted, with a long duration, ranging from 45 min to 2 h, to obtain the most accurate information about the role of the MCS in international entrepreneurship. They have been conducted following a conversational model, with an open manner, although maintaining a common structure. Semi-structured questions aimed to give enough latitude to interviewees to follow the elaboration of his/her discourse while having a list of topics to ask if they did not appear spontaneously. The questions asked during the interviews were set after the analysis of literature and were shaped into a questionnaire, which has been used to guide the development of the interviews. Every interview was recorded in audiotapes and then transcribed. The objectivity of the information obtained in the interviews was verified by the information available online, documents given during the meetings and other public information. Knowledge codification is useful to transform knowledge into information that can be easily processed. It is also the process of defining codes, and similar codes emerging from the information obtained from the participants enabling the procurement of knowledge researched (Hall 2006). Following Gioia (2021), data in the form of qualitative interviews were collected to explore a phenomenon, recognise themes and explain the heterogeneous internationalisation patterns to supplement the extant theory on international entrepreneurship.

Finally, a comparison among the different cases analysed and literature findings about the topics have been developed. It is very important to know that a case study's design may be modified because of new information found during data collection.

Following Yin's (2017) recommendation, it should be highlighted that the wider the variety of sources the researcher uses, the larger the quantity of evidence and the better the corroboration. In this study, several documents, archive records, or business register information were consulted, as well as interviews, which were our main sources of information. The interviews conducted have been semi-structural focused interviews, with a short duration, ranging from 20 to 45 min, with one of the founders of each firm, to obtain the most accurate information about the role of the entrepreneur and the beginnings of the companies. They were conducted following a conversational model, with an open manner, yet maintaining a common structure. The information about the nine young SMEs interviewed is shown in Appendix A.

The questions asked during the interviews were set after analysis of the literature, and were shaped into a questionnaire, which has been used to guide the development of the interviews. Every interview was recorded on audiotape and then transcribed. The objectivity of the information obtained in the interviews was verified by the information available online, the documents given during the meetings, and other public information.

Once the data has been collected and the transcription has been finished, the next step consisted of data analysis.

Knowledge codification is useful to transform knowledge into information that can be easily processed. It is also the process of defining codes and the similar codes emerging from the information obtained from the participants enabling the procurement of knowledge researched. There are two types of codification: the codification of previously “tacit” knowledge, which can be seen as a primary level of codification because it emerges from the person who has the knowledge; and the codification of information, which is referred to this information previously codified (Hall 2006). In this study, both types of codification have been used. First, the founders shared their knowledge in the interviews and this tacit knowledge has been codified using the transcriptions. Second, the transcription has been analysed and information has been obtained through codification and tree node execution (Gioia 2021). It has applied QSR Software NVivo 11, which is a computer-assisted tool used to support qualitative and mixed research methods (Yin 2017). After an analysis of all the transcribed interviews, this software has given 50 main terms. Furthermore, a codification conducted by hand was also carried out and it gave us 26 main new terms, different from those obtained through QSR Software NVivo 11. Defining the codes is a necessary step that is very useful in the process of knowledge codification because it helps to interpret the information (Hall 2006). Following this premise, the five main aspects studied have been established as our codes to create the node tree. The objective of the node tree is to separate the information and to set the terms that compose each aspect or code to start the in-depth analysis in an easier manner.

Knowledge codification is useful to transform knowledge into information that can be easily processed. It is also the process of defining codes and the similar codes emerging from the information obtained from the participants enabling the procurement of knowledge researched (Gioia 2021). According to Conway and Lance (2010), when perceptual variables are being analysed, self-reporting is the best manner to collect data. In this paper, the anonymity of the interviewee people and reduced evaluation apprehension is protected by explicitly stating in the questionnaire that there are no right or wrong answers, and that interviewees should answer questions as honestly as possible (Podsakoff et al. 2003).

Qualitative research has been chosen for this paper because of its significance, novelty, curiosity, scope, and actionability, all criteria that apply very well to qualitative research (Colquitt and George 2011; Gioia 2021). Furthermore, qualitative work neither suffers the measurement, operationalization, nor model specification problems (Bono and McNamara 2011). As qualitative researchers, we have built a case for the research question and have motivated the work more strongly than quantitative researchers (Gioia 2021).

## 4. Results

### 4.1. MCS and International Entrepreneurship in Small Young Firms

Among the findings of this research, the following can be highlighted. First, most of the interviewed small, young firms agree that they differ from SMEs in the following aspects. Larger companies have more resources and thus market reputation and share. However, small, young firms have less experience in the market and thus more effort is required. In small, young firms, there are fewer formal controls (since they are in a learning phase) and the structure is less hierarchical and more horizontal: people have more similar roles and responsibilities in different markets, which explains the flexibility and multirole management (all employees are multifunction). In addition, in their work atmosphere, treatment and relationship are more familiar. However, they are weaker than already-established companies, and they should make more effort. Other examples of the most difficulties for a small, young firm are to get capital, have contacts and business angels (networking), not be able to manage the growth, lack regular income at the beginning, interdependence because of the small size and structure, and commercial difficulties in the market in the sense of becoming well-known versus the already established and known brands. Expense control is also more difficult for them, especially at the beginning, and

therefore profits should be invested in acquiring more things or in innovation. Legal regulations and technological development are the biggest internationalisation risks for them. The main threat is distribution because the market is very global. The brand positioning is important and being small becomes a weakness because of their economic capacity. Negotiating with huge brands and distribution chains is difficult if you are a small, young firm because of the capacity and volume that can be offered. The smaller you are, the more things there are to learn. The small firm has fewer resources, which suppose more risks for the internationalisation of the small, young firms than for other types of firms. If a large firm makes a mistake in the international market, a product line could disappear, but if you are a young, small firm the entire firm could be extinguished.

For others, such as Company 5 and 9, international orientation is easier for young, small firms because they are more flexible, and procedures can be modified easily and quicker (they are not already established as are the second). The biggest difficulty is to launch the product to the market and get the first client.

Furthermore, born global firms intend to start a business with the required infrastructure and knowledge to become international, while the other firms might have to develop it over time.

Second, the role of the entrepreneur of small, young firms has a direct influence on the internationalisation process and an indirect one on the MCS. All the interviewed born-global founders are involved in the management of the firm and are active players in the business. Moreover, entrepreneurs use the MCS during the internationalisation process more optimally and efficiently than non-entrepreneurs. Entrepreneurs identify MCS as one of the main sources of information for the organisation, for performance control, as well as for obtaining information and planning their objectives for decision making, since this will provide them with an adequate competitive advantage over their competitors. Furthermore, the values and culture of the firm guide its MCS too.

Third, firms do not use both approaches at the same time; some are more inclined to use the diagnostic approach, while others are more inclined to use the interactive approach, thus causing their divergence in the MCS. Diagnostic and interactive use of MCS is also affected by the founder or owner of the organisation. When the company is not large enough, it neither needs a specific control system for the management of the international activity nor a financial control system (Davila and Foster 2007). They usually have different coordination tools, but they rarely have a system that controls everything. Instead, they use interactive strategic management control to expand opportunities and learning, stimulating the new generation's ideas and guiding the emergence of strategy, but they limit it to some areas of the organisations, applying the diagnostic use in a limited manner.

Fourth, most of the small, young firms decided to manage the control of the whole business core on their own, but they usually outsource non-core activities. For them, the most important resources are the human ones, and the rest of the resources are acquired considering the programmed needs.

Fifth, a substantial difference between an entrepreneur and a non-entrepreneur is that the first one decides to create their own company because of a need, motivation, or desire to grow professionally, whereas the second one is there because he/she applied for this job, or through contacts, family businesses, or other opportunities. Most entrepreneurs started their businesses because they found a problem to be solved or a manner to improve the existing products, leaving their previous jobs voluntarily. It denotes innovativeness and proactiveness of business perspectives, which are the main aspects of entrepreneurial orientation. Entrepreneurship is influenced by higher education, but it is not a differentiating element between entrepreneurs and non-entrepreneurs. However, non-entrepreneurs are more experienced. The positions assumed by the entrepreneurs in the company is not merely those of a founder, assuming general manager responsibilities, and becoming part of the enterprise. Creativity, persistence, leadership, the propensity to risk, and tolerance to frustration are dimensions that characterise individuals with an entrepreneurial orientation.

Sixth, general objectives are usually set in the long run and the project targets are established in the short term. Both objectives and activity planning are set through meetings in which they evaluate the situation and try to get a consensus, and they also work with an information system for business management. Some firms had a mental change in their entrepreneurship phase: they started with very short-term goals and now also have long-term goals with investment plans for some years.

#### 4.1.1. Management Control Systems

The entrepreneur or the managing director should assure that the correct path is followed for the achievement of the strategy, considering the firm's strategic direction, and ensuring the effective use of the objectives. Hence, the following MCS dimensions have been analysed. Only non-core activities are subcontracted. Human resources are the most relevant and they do not follow any special criteria for the selection of these resources; they select them depending on accounting and quality. Their business's performance philosophy is summarised in a common goal, honesty, and a homelike atmosphere. General objectives are established in the long run, project targets in the short-run, and meetings are organised to get consensus. The planning is done with the schedule of meetings and the control through the outsourcing of the non-core activities, with an interactive use and with a balanced scorecard.

Subcontracting is a form of strategic management control, through the interdependencies or the lack of them with suppliers and clients. Most firms collaborate with other companies and delegate part of the activity to other companies. They do not absorb all the work volume. Marketing, communication, advisory (fiscal, legal, patent, labour, and R&D), mechanical processes, finance and accounting, logistics, and management of the corporate website are examples of activities done by an external company.

Most of the interviewee firms agreed that human and financial resources are the most significant ones. Having good people you can trust is essential. Technology is developed by people.

When setting the objectives, most of the interviewee companies, such as 6 and 8, give more importance to the potential benefits than to the potential risks. Risks exist but objectives should be set and met.

Regarding the classification of the control systems that can be used through the diagnostic approach (goals, objectives, and continuous monitoring) and the interactive approach (they discuss the provided information), the interviewees do not use both approaches at the same time; some are more inclined to use the diagnostic approach, while others are more inclined to use the interactive approach, thus causing their divergence in the MCS. Following MCS and how they establish control, some companies plan their activities with a weekly meeting, and they work with an information system (sometimes their website) for the support of the business management, such as Companies 3 and 9, who use it to know how often the clients repeat or how much the clients spend on average, for example, or to allow the assignment of tasks and control the execution. The most important control for Company 9 to be successful is to align the staff with the company goals. Most of the companies, such as 1, 2, and 8, also use an information system for business management, an ERP (enterprise resources system) that also includes CRM (customer relationship management). Some other companies, such as Company 4, do not work with any information system for the support of business management. They establish planning of the business activities with the number of manufactured lots. If an unexpected event or mistake occurs, the management programs communicate to them that the product has failed, that they should mark the lot and its production date, keep it for two years in case the pharmacy requires this information; then they can discard it.

The majority of the interviewee companies control objectives through meetings. Neither incentive nor reward is currently given for the accomplishment of the goals in most of the companies, as in Companies 3, 5, 7, and 8. Most companies, such as 1, 2, 7, and 8,



establish objectives in the short and long term. The obtained information, feedback, which is also a learning tool, is used to do new things.

Findings also clarify that the role of the manager has a direct influence on the internationalisation process and an indirect influence on management control. In this sense, education and previous working experience are relevant common traits of people who decide to become managers. All the interviewed born-global young firms' founders are involved in the management of the firm and are active players in the business. Most entrepreneurs started their businesses because they found a problem to be solved or a manner to improve existing products, leaving their previous jobs voluntarily. It denotes innovativeness and proactiveness of business perspectives, which are the main aspects of entrepreneurial orientation.

Finally, findings indicate that most small, young firms decided to manage the control of the whole business core on their own, but they usually outsource non-core activities such as accounting, legal consulting, or marketing. For them, the most important resources are the human ones and the rest of the resources are acquired considering the programmed needs.

Diagnostic and interactive use of MCS is also affected by the founder or owner of the organisation, even in smaller organisations. Interactive use of MCS starts to appear when the management of internationalised small young firm become professional.

Supporting the postulation of [Davila and Foster \(2007\)](#), most of the small, young firms interviewed asserted that the most important MCS is the financial control system. However, unexpectedly, most of them recognized that they do not have a special financial control system.

In brief, it could be highlighted that most small, young firms use interactive strategic management control because these MCS are used to expand opportunities and learning, stimulating the new generation's ideas and guiding the emergence of strategy. However, they limit this interactive use to some areas of the organisations, also applying the diagnostic use in a limited manner.

#### 4.1.2. The Role of the Entrepreneur and International Entrepreneurial Orientation

Most small, young firms do not have an international activity control system. The role of the entrepreneur has been analysed, considering the concepts previously defined: psychological traits, attitudes, values, and attributes. The dimensions of this variable are education and training of the entrepreneur, their main qualities, their position inside the company, the cause of the entrepreneur to embark on a new project, the relationship with founders, and their previous international experience.

In all cases, people graduated from higher studies (university). The position assumed by the founders in the company is not that of a mere founder, assuming general manager responsibilities, becoming part of the enterprise, and assuming the role of the entrepreneur. The causes of entrepreneurs are key here. Most of them do not have any previous experience in their current sector, but they have in others. Their main qualities are innovativeness and proactiveness. They have senior positions with an active role: CEO or general manager. The causes for entrepreneurs to embark on a new project are that they found a problem to be solved and/or to earn money. Founders' relationships are either family or friends. In most of the cases, they do have previous international experience.

The entrepreneurial orientation, as one of the main variables in this study, has been analysed too. First, with the conception of the company's threats and difficulties: to get capital and contact networks, and to be able to manage growth and the governmental, legal, and tax changes. Second, with their strength with customized products they invest in technology, knowledge, and qualified staff. Third, with the relevant external factors: concern for competitiveness, and political and economic situations. Fourth, their prospective expectations: growth internationally to become the leader of their sector, and create new and developed products. The propensity to the risk of the entrepreneurs can be summarised with the fact that they are mostly focused on potential profits. However, there

is sometimes concern about capital risk. The risk and difficulties that internationalisation owns are legal regulations, political and banking situations, and facing payments and costs.

The values and culture of the firm, which are composed of its entrepreneurial orientation, affect the firm's performance philosophy. This philosophy guides the MCS of the firm. Considering the young, small firm's peculiarities, the most common culture and values of this type of firm are the efforts to achieve a common goal, honesty, and a homelike atmosphere. These cultural aspects affect the firm's performance philosophy, which is based, in most cases, on flexibility and freedom deriving from the inexistence of some MCS such as staff control. This relationship between management control and entrepreneurial orientation implies an indirect influence of the role of the entrepreneur on the MCS.

Regarding the relationship between the role of the entrepreneur and the internationalisation process, it could be highlighted that the previous international experience is also considered an important factor that affects the manner a firm faces the internationalisation process, giving entrepreneurs the needed knowledge to run in the international market and overcome environmental challenges.

#### *4.2. Resource and Capability-Based Theory and Contingency Approach*

This is directly related to the resource and capability-based theory if we understand the previous international experience, managers/founders' background, and the values and culture of the firm, as the resources for a most profitable internationalisation process and better firm performance. This is also directly related to the contingency approach, since educational background and experience are sources of competitive advantage and market change, and bring competitiveness and value creation in and outside the firm. They foster innovation, organisational learning, and entrepreneurship. Moreover, in uncertain contexts and markets, the contingency framework creates the need for different communication forms. The interviewed firms organise and control resources differently, and their market conditions and resources are different for each firm. Here is where the role of the entrepreneurs should be played: to make the proper resource allocation and strategic decisions to gain a competitive advantage and satisfy local and international needs.

#### *4.3. Dynamism and KIS*

These needs should be customised to gain a sustainable competitive advantage. This explains the interviewed firms' need of KIS, which use organisational resources to achieve a better adaptation to the environment and a more competitive and easier internationalisation. The dynamism that surrounds the interviewed firms fosters flexibility and adaptability to ease the potential different entries into the international market. Furthermore, international entrepreneurship orientation is one of the main KIS strategies that drive firms to learn, do networking, innovate, and make the internationalisation process more efficient.

#### *4.4. Effectuation vs. Causation Theory*

However, market uncertainty requires trust, which also influences internationalisation speed. Here is where effectuation vs. causation theory enters. Trust fosters internationalisation because it reduces uncertainty, especially in foreign markets and/or when dealing with foreign firms. Causation should be prioritised when an analysis of the goals is needed, while effectuation should be used when the focus is on making the most of the available resources. When trust should be built, time and resources ought to be dedicated, which will increase interactions and commitment. Causation might be a better tool for larger and/or older firms than for smaller and/or younger ones.

### **5. Conclusions**

This study aimed to analyse how entrepreneurs adapt or change international control management and organisation structure in response to their resources and capabilities and the context of the situation, from the resource-based theory (RBT) and a contingency and effectuation framework approach and taking the dynamism from the knowledge-intensive

services (KIS) into consideration. To carry out this research, a multiple case study was performed, based on nine semi-structured interviews with nine founders of nine less-than 5-year-old international businesses with the founder (entrepreneur) actively involved in the management. All the interviews were recorded, coded, and analysed through factsheets.

This research analyses the role of the founder, owner, and/or management depending on the resources, capabilities, and uncertain contexts of the small, young firms. The age of the organisation and the degree of professionalism of the management impact on management style and the use of control mechanisms are scarcely analysed yet, which could improve the relationships in MCS to achieve local and global control needs.

As qualitative researchers, we have built a case for the research question and have motivated the work more strongly than quantitative researchers (Gioia 2021). Factors such as organisational structure, experience, and training determine the success of MCS. However, the age of the organisation and the degree of professionalism of the management impact on management style and the use of control mechanisms are scarcely analysed yet, which could improve the relationships in MCS to achieve local and global control needs. Prior evidence in the literature is not enough to justify a direct relationship between MCS use and performance in an organisation (Bisbe and Otley 2004; Gerdin 2020).

Findings add support to previous studies on how small firms' internationalisation processes are influenced by entrepreneurial characteristics. Furthermore, they contribute to management control theory and practice in several ways. The managerial relevance of the present research relates to the introduction of new criteria for MCS in entrepreneurship and entrepreneurial orientation in SMEs in a variety of economic sectors. Findings also highlight the MCS roles of decision-making and cooperation (Hofmann and Van Lent 2017; Masschelein and Moers 2020), efficiency, and their complementary roles (Bedford 2020; Speklé and Widener 2020), to achieve the desired performance (Sihag and Rijdsdijk 2019), either with a diagnostic or interactive use of MCS (Braumann et al. 2020; Müller-Stewens et al. 2020). In an international environment like the researched one, a challenge for MCS is to provide managers with information that both meets individual decision-making needs and improves the value of export decisions (Jack et al. 2018).

They also highlight the relation between entrepreneurship and the characteristics of the entrepreneur (Davidsson 2015); the character of owners or founders is key to embarking on this kind of business challenge. Furthermore, the nature of the manager—entrepreneur or non-entrepreneur—influence the business direction, and a small firm is more likely to suffer the implications of uncertainty because it is constantly under the pressure of environmental uncertainty (Magnani and Zucchella 2019). This explains why entrepreneurs should choose between different options for internationalisation (Vlačić et al. 2020), taking resource availability into consideration to create sustainable competitive advantage (Leiblein 2011) in a very dynamic and customer-centric environment where key intensive services are encouraged to be used to achieve a better adaptation to the environment and a more competitive and easier internationalisation (Martos-Martínez 2017; Martínez and Guarasa 2020).

## 6. Discussion

Despite the accomplishments of the various contributions that have been published on the topic, their responses present specific limitations. By acknowledging the accomplishments of prior research and addressing the limitations and the voids highlighted in this paper, researchers may provide new answers to questions that have been unsatisfactorily resolved by previous contributions and generate new questions whose answers could engage the development of concepts more comprehensive for the society.

This paper changes, challenges, and advances theory through details focused on the researched phenomena, and it provides a significant contribution, something new and powerful about international entrepreneurship and management control systems in small, young firms, providing a significant contribution.

This study contributes to the literature on the theories of international entrepreneurship by providing detailed insights into the internationalisation of entrepreneurial small, young firms. Decisions made by teams within larger organisations could be researched. It also has limitations because of its small sample size. Moreover, since this research has been exploratory, caution should be used when generalising the outcomes of this paper, and more research is required to establish whether the findings can be replicated in other settings in terms of the types of organisations and the managerial levels involved. Larger samples can also support the use of more sophisticated research models, to better analyse key aspects of this paper. Finally, quantitative research could also further develop the researched concepts.

In MCS and decision-making processes, resource constraints could negatively affect the effects of both causation and effectuation on the relationship between trust and various dimensions of internationalisation speed (Oliveira and Johanson 2021). Therefore, resource endowment can be considered a contingency factor and a line should be drawn between the experience of small/young and large/old firms during internationalisation (Prashantham et al. 2019). Causation and effectuations can be balanced and combined (Smolka et al. 2018), and firms aiming to avoid the dark side-effect of trust in internationalisation speed may need to adopt causation, either alone or in combination with effectuation (Oliveira and Johanson 2021).

Effectuation goes further than RBT, contingency framework, and dynamism, since it studies situations with limited resources, in which firms using effectuation employ their networking strategies to expand because of their dyad's available means (Oliveira and Johanson 2021). This research has been strongly influenced by effectuation theory when explaining the international entrepreneurship of small, young firms, since effectuation was born in the entrepreneurship field as an addition to the existing internationalisation theories, which mostly fail to explain decision making in uncertain contexts. Effectuation is a theory applicable to both firm creation and the start of internationalisation and decision-making manner during internationalisation, and all small, young firms have to deal with the uncertainty of internationalisation (Uzhegova and Torkkeli 2022). Moreover, effectuation enhances creativity, which helps to develop entrepreneurship (Reuber et al. 2016).

Many contributions in the entrepreneurship literature have been published to explore the features of entrepreneurial orientation in small, young firms (Freixanet et al. 2020). However, further research needed to be conducted to deepen our knowledge regarding the concepts of IE in small, young firms. In front of the previous literature, which has provided an overall view of the international process based on resources and capabilities and how those affect MCS design and use, this research analyses the role of the founder, owner and/or management depending on the resources, capabilities, and uncertain contexts of the small, young firms. This research provides a significant contribution, something new and powerful about IE and MCS in small, young firms.

It also represents an initial attempt to explain that managerial decisions are not only driven by external contingencies. Practitioners can also benefit from this research by using it for the designing or improvement of the relationships in an MCS to achieve the local and global control needs. One of the most managerial implications of this paper is the relevance of another part of the organisation beyond the commercial department. The flexibility that small, young firms have because of their size, their organisation structure, their definition of the strategy, their future, and how they control internal resources and plans justify the relevance of the MCS and the resources that these MCS consume, not only in terms of saving costs in the short term, but also in the employees' motivation. These employees will know where the organisation and the entrepreneur want to be in the future because of the planning process, through which they will evaluate their actions and results using the performance evaluation. In this sense, they will obtain either penalty or rewards. This entire process ought to be supported by the MCS and how this MCS will be designed and used in the young organisation.

In summation, this paper provides many interesting possibilities for future studies to explore. The objective of this paper was not only to present the state of the art in this field, but also to evaluate the achievements and to assist in developing new research questions. For all the explained reasons, there is a call to move this topic about entrepreneurship in small, young firms beyond.



## 7. Research Limitations

With respect to the limitations in this paper, findings could have been more far-reaching if other approaches or data collection methodologies (such as questionnaires) had been applied. Nonetheless, the choice of these methods would have obstructed the accomplishment of details about the topic. Additionally, this study examines different variables that had been investigated separately by prior authors, so a qualitative approach was required to engage in a further comprehension of all the aspects analysed in this research. This research represents an initial attempt to explain that managerial decisions are not only driven by external contingencies.

This study has limitations because of its small sample size. However, these preliminary findings provide a basis for future research in MCS literature. Moreover, since this research has been exploratory, caution should be used when making a generalization with the outcomes of this paper, and more research is required to establish whether the findings can be replicated in other settings in terms of the types of organisations and the managerial levels involved.

Larger samples can also support the use of more sophisticated research models, to better analyse the key aspects of this paper. Finally, quantitative research could also develop the researched concepts further.

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## Appendix A

**Table A1.** Contextual setting of the interviewee companies.

Nº	Industry	Activity	Size	Company Age	Other Countries of Activity	Nº Founders	Founders Age	Position	Previous Experience in the Industry
1	IT	Producer and wholesaler automatic identification systems <sup>1</sup>	Micro	2012	Europe, Africa and Latino America (31 countries)	2	42 and 40	CEO and co-founder. Management and international expansion <sup>2</sup>	Yes
2	HR Services	Domestic care recruiting platform <sup>3</sup>	Small	2012	Spain, Chile, Mexico, Panama, Uruguay and USA.	2	31 and 35	CEO and co-founder.	No
3	Fashion	Production and sale of 100% customized online tailor shop of Indian costumes	Micro	2012	Spain, USA, UK, Germany, France, Italy, Brazil, etc.	2	30 and 31	CEO and co-founder.	No
4	Health	Manufacturing of dental components <sup>4</sup>	Micro	2013	Argentina, Italy and Spain	3	50, 54 and 57	CEO and co-founder.	Yes
5	IT	Development of IT services and consulting.	Micro	2012	Spain, Germany and USA	3	27, 27 and 26	CEO and co-founder <sup>5</sup>	Yes
6	IT	Innovation and sales of t-shirts and augmented reality <sup>6</sup>	micro	2012	Every continent, especially America and Europe	3	25, 23 and 54	CEO and co-founder.	Yes
7	Bikes	The only manufacturing of road bikes with basalt fibre in the world <sup>7</sup>	Micro	2014	Spain (current internationalisation process)	4	26, 27, 27 and 30	CEO and co-founder.	No
8	Health	IT and telecommunications industry (hardware) in telemedicine <sup>8</sup>	Micro	2014	Spain (current internationalisation process)	4	41, 36, 31 and 38	CEO and co-founder. Strategic leadership and Sales	No
9	IT Communication	Research and development of IT in wireless communications industry (closed architecture) <sup>9</sup>	Small	2015	USA, Ireland, Israel, France and Spain	2	33	CEO and co-founder. Strategic, commercial and product design objectives.	Yes

Source: Own collaboration. <sup>1</sup> Two companies. This one does automatic identification systems (plastic card printers, offset plastic cards, consumables—data card, evolis, etc.—and access control and time and attendance solutions) and the other one develops technologies. <sup>2</sup> With his brother. <sup>3</sup> They help families to find domestic employees online (children, elderly, pets, etc.). <sup>4</sup> They import and export dental material, electromedicine and chemical components. <sup>5</sup> Moved from volunteer to working with the same aim with their university colleagues and co-workers. <sup>6</sup> Preference of selling to retailers (end client) than to wholesalers. <sup>7</sup> This material provides extra comforts regarding the others in the market. They start with the ARUS Andalucía Racing Team, Formula Student Team of the Engineers School. <sup>8</sup> They build technology based in hardware and software that helps to provide health to families. There is a huge potential in the telemedicine industry, since we live in an information society and any kind of connection between the doctor and the patient is essential. It begins in an entrepreneur event called the StartUp Week, in Sevilla. The future of the firm is to create a brand for patient monitoring. <sup>9</sup> In huge growth. The origin of the firm comes from the previous start-up experience and co-thinking about the improvement of the existent technology in order to launch a better roadcut in the market.

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