



# Mental Capital and the Internationalization of Chinese IP-Sensitive Enterprises: The Impact of WTO Intellectual Property Protection Policies on Entrepreneurial Performance

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## ABSTRACT

This study examines the impact of WTO Intellectual Property Protection Policies, particularly patents and trademarks, on the internationalization performance of Chinese enterprises in IP-sensitive industries, with a focus on mental capital. Mental capital, a critical intangible asset comprising knowledge, flexibility, and cultural sensitivity, is explored as a key enabler for firms to navigate WTO frameworks and adapt to global markets. IP-sensitive industries, such as electronics, pharmaceuticals, and telecommunications, were chosen for their reliance on intellectual property. Data was collected through a mixed-methods approach, including a structured survey of 250 participants from senior and middle management levels in these industries and in-depth interviews with five business leaders selected based on their international market experience. Quantitative findings reveal that Patent Protection and Trademark Protection significantly influence entrepreneurial performance, collectively explaining 76.3% of the variance. Qualitative data highlights the role of mental capital in strategic decision-making, risk management, and cultural adaptability, enabling Chinese enterprises to respond effectively to global challenges. Grounded in the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT), the study demonstrates how intellectual property protections and mental capital function as critical global competitive assets. RBV underscores the importance of firm-specific resources, while DCT highlights the dynamic adaptability required to thrive in rapidly evolving markets. This research offers actionable recommendations to enhance R&D investment, develop mental capital through training and leadership programs, and strengthen national IP systems to support the globalization of Chinese enterprises.

**Keywords:** Mental Capital, WTO Intellectual Property Protection, Chinese Enterprise Internationalization, Entrepreneurial Performance, Patent and Trademark Protection.

## INTRODUCTION

### Background

The internationalization process of Chinese enterprises began rapidly after China's accession to the WTO in 2001. This feature can be seen in the marked increase in globalization of Chinese firms and companies. For instance, Huawei in the telecommunication sector, Lenovo in the electronics sector, and Sinopharm in the health sector have turned into industry leaders. Huawei, especially, has grown unabatedly in foreign markets with support from superior technology and better collaborations, covering over 170 countries by the end of the second decade of China's WTO membership. Another crucial factor that has impacted the performance of Chinese firms in the international environment is mental capital which is the sum of experience, skill, and wisdom embedded in human resources and corporate creativity (Y. S. Zhang, 2015). Mental capital is rather paramount in industries that rely on intensive IP protection like pharmaceuticals, electronics, and telecommunication industries. For instance, Chinese firms' competitive ability in developing new drugs while coded by WTO's TRIPS circumstances

shows the need for mental capital, which is defined as knowledge of patent systems and international standards and regulation environment. With Chinese companies venturing into the international market, especially in sectors that are highly implicated with IP value creation, mental capital has in essence inundated other forms of enterprise capital. However, the WTO through its IP protection policies especially the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement has introduced a new dimension to this internationalization process (Kassor, 2018). Mental capital is crucial in two ways: fostering innovation and guiding strategic management (Trimble, 2021).

It is important to note that, through the protection of IP, WTO has directly impacted the internationalization of Chinese firms. Athreye, Piscitello, and Shadlen (2020) have opined that the TRIPS agreement providing minimum standards for the protection of IPRs has compelled Chinese firms to step up innovation and pay proper heed to the management of IP assets. This shift has had its advantages and disadvantages. Firstly, it has been noted that firms in China have gradually increased their spending on R & D as a result of having stronger IP protection as this gives them the confidence that their innovations are protected under international law. Besides, Huang, Geng, and H. Wang (2017), insisted that this protection of intellectual assets has given these firms the confidence to venture into high-value markets and engage in partnerships with international firms. At the same time, the adherence to international IP standards has raised operating expenses and made Chinese firms realize the necessity of enhancing their mental capital in aspects such as patents, law talent, and strategic thinking. Furthermore, W. He, Tong, and M. Xu (2022), explained that mental capital also helps Chinese enterprises to identify the foreign legal regime and the risk factors arising from possible patent and trademark infringement, a factor that may eventually perish into their image and profit in the foreign markets. Mental capital enables firms to identify and mitigate risks associated with patent and trademark infringement, which, if not addressed, can harm their brand reputation and profitability in international markets. For example, Chinese electronics companies like Xiaomi have faced trademark disputes in India, but their ability to adapt legal strategies and strengthen brand identity has allowed them to maintain their market position.

### **Problem Statement**

The internationalization of Chinese enterprises faces significant challenges, particularly in the area of Intellectual Property (IP) protection. Research indicates that Chinese enterprises operating in IP-sensitive industries, such as electronics, pharmaceuticals, and telecommunications, often encounter difficulties in securing their intellectual property due to the stringent requirements of global IP frameworks (Huang et al., 2017; W. He et al., 2022). Although WTO membership has granted China access to international markets, compliance with the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement has introduced complications. These include the need to meet international patenting standards, navigate complex foreign trademark registration systems, and address legal risks associated with IP infringement, which can result in litigation, market exclusion, or reputational damage (Athreye et al., 2020; Wan, Yuan, Yao, & Y. Xu, 2023). To operate successfully under such circumstances, Chinese enterprises must also cultivate robust mental capital. This includes building the knowledge, skills, and cultural competence necessary to adapt to foreign legal systems, manage risks, and drive innovation to remain competitive in international markets (Lan & Hao, 2015). The purpose of this study is to investigate the effects of WTO IP protection policies, particularly patent and trademark protections, on the entrepreneurial performance of Chinese firms. Additionally, it aims to examine the role of mental capital in enhancing strategic planning, fostering flexibility, and improving the intercultural sensitivity of Chinese managers during the internationalization process.

### **Research Objectives**

To evaluate the impact of patent protection under WTO Intellectual Property Protection Policies on entrepreneurial performance.

To investigate the effect of trademark protection under WTO Intellectual Property Protection Policies on entrepreneurial performance.

To explore how the mental capital of Chinese business leaders influences strategic decision-making in the internationalization process.

To examine the role of mental capital in fostering adaptability and cultural competence among Chinese managers in managing international operations.

### **Research Questions**

How does patent protection under WTO Intellectual Property Protection Policies impact entrepreneurial performance?

What is the effect of trademark protection under WTO Intellectual Property Protection Policies on

entrepreneurial performance?

How does the mental capital of Chinese business leaders influence strategic decision-making in the internationalization process?

In what ways does mental capital foster adaptability and cultural competence among Chinese managers in managing international operations?

### **Significance of the Research**

This research helps to investigate the issue of intellectual property protection and its effect on entrepreneurial performance with special reference to the internationalization of Chinese enterprises. In this regard, the study contributes insights into how mental capital affects strategic choices and the ability to respond to dynamic conditions in foreign markets for Chinese firms desiring competitive capability globally. It also provides insights to the policymakers regarding the various WTO IP policies that help encourage innovations in international business domains.

## **LITERATURE REVIEW**

### **Overview**

In this chapter, previous studies on WTO Intellectual Property Protection Policies, patent protection, and trademark protection will form the basis for evaluating how they have affected entrepreneurial performance. Furthermore, the impact of mental capital as a resource that enables strategic decision-making, flexibility, and cultural sensitivity of Chinese managers in the process of internationalization will be investigated. Theoretical perspectives like the Resource-Based View and the Dynamic Capabilities Theory will also be highlighted to support the formulated research hypothesis.

### **Impact of WTO Patent Protection on Entrepreneurial Performance**

One of the most relevant and important agendas in research is to establish the relationship between the level of patent protection under WTO Intellectual Property Protection Policies and entrepreneurial performance precisely in innovation-led economies. In this regard, Cho and Kim (2017), opined that patent protection significantly helps in ensuring the entrepreneurs' competitive advantage by enabling them to have monopoly control over their patented inventions for a given timeframe. Specifically, under WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), countries are bound to afford the minimum measures of patent protection. The objective of implementing such a policy is to foster innovation yet maintain a fair level of access to technology. Furthermore, Wan et al. (2023) established that the protection of patents encourages innovation and the development of new inventions allowing entrepreneurs to develop new technologies without the risk of being emulated which increases the chances of generating profits. This legal protection can also boost the possibility of obtaining funding in the early stages of startup development because investors are more likely to invest in projects with protected and easily expandable IP assets. Nonetheless, Hammami (2021) pointed out that even though patent protection could foster innovation and enhance the performance of entrepreneurs, it has some negative effects. These are issues arising from equity since large firms and well-established companies may be able to afford the highly-priced and complicated process of filing patents more so for the startups and other small-scale firms.

### **Effect of WTO Trademark Protection on Entrepreneurial Performance**

Trademark protection is another component of intellectual property rights that greatly affects the performance of entrepreneurship. According to the TRIPS Agreement, WTO member countries are required to have laws that protect trademarks and these are instruments that protect the image of a business. Trademarks are essential to the success of any business since they provide a way to distinguish a product or a service in the marketplace, and also assist in establishing and maintaining a base of customers (Gervais, 2017). Trademark protection enables business people to create a strong brand image that can act as a source of competitive edge, especially in industries where there is a lot of rivalry. In the context of start-ups and expanding enterprises, a protected trademark assists in reducing confusion and legal issues covering brand infringement (Dong, Y. Guo, & X. Hu, 2022). In addition, the legally protected brand is easily recognizable by people and can lead to the growth of the business's overall value, thus attracting investors and creating opportunities for further development through franchising or licensing.

However, the impact of trademarks on entrepreneurial performance may differ in the sense that the structure of the market and the proprietor's capacity to assert trademark protection affect entrepreneurial performance. For instance, Çela (2015) pointed that although enforcement mechanisms remain inadequate, infringement of

trademarks may persist hence exposing the businesses to loss of huge amounts of money. Furthermore, Castaldi (2018) pointed out that appropriate trademark protection is effective in protecting brand equity, however, the cost associated with trademark registration and implementation could pose a challenge to firms or start-ups. Yet, trademarks continue as a critical part of the intellectual property system within WTO policies, offering foundational enforcement that contributes toward the growth and longevity of entrepreneurial operations.

### **Mental Capital and Strategic Decision-making in Chinese Internationalization**

Mental capital is a rather general term that defines the skills and orientations used by individuals in solving problems. Mental capital is vital for Chinese business leaders and affects strategic decisions, especially when entering the internationalization process (Fernández-Alles, Hernández-Roque, Villanueva-Flores, & Díaz-Fernández, 2022). The relatively recent globalization of Chinese enterprises that can be observed in the last few decades underlines that mental capital plays an important role in gaining a competitive edge in global markets. Some of the managerial tasks include handling change including new rules and procedures, the occurrence of cross-cultural conflicts, and competition in international markets as noted by T. Wu, Y. J. Wu, Tsai, and Y. Li (2017). It then becomes manifest in their viable strategic choices as their mental capital, including knowledge, emotional strength, self-awareness, and flexibility.

The advantages of mental capital are a better understanding of risks and opportunities for performing in foreign countries, appropriate behaviour patterns, and a strategic outlook on overseas operations. For instance, Jiang, Ananthram, and J. Li (2018) posited that mental resilience helps leaders manage new threats and failures in international business. Moreover, cognitive flexibility enables Chinese entrepreneurs to be creative in a way to counteract any challenge they face while doing their business in other countries. Additionally, Azam, Bertolotti, Boari, and Atif (2020) elaborated that the other subcomponent of mental capital; emotional intelligence, aids leaders in the handling of cross-cultural relations making transactions easier and less complicated. Therefore, the mental capital of Chinese business leaders will remain a prominent criterion that will sustain its influence on the decisions associated with the international market entry modes, localization endeavors and risk management.

### **Mental Capital in Fostering Adaptability and Cultural Competence in Chinese Managers**

Mental capital is also essential in flexibility and cultural intelligence for the Chinese manager and this is especially convenient where operations are to be conducted overseas. When Chinese managers and their companies begin the process of internationalization, they are compelled to operate in different cultures, and thus need a significant level of cultural adaptability, a notion that has been noted by B. He, An, and Berry (2019). Moreover, it is important to note as D. Wang, D. Fan, Freeman, and C. J. Zhu (2017) have stated that mental capital which includes the ability to learn, emotional stability, and interpersonal skills is important for these managers to be able to manage teams and other operations in foreign markets. Another aspect of mental capital is flexibility which empowers the managers to adopt new forms of attitude, behaviors or practices in order to reflect the culture of the host country.

For instance, a high mental capital may help the candidate to acknowledge the global experiences, embrace other cultural practices, and modify management processes according to the local workforce. This leads to effective cross cultural interactions in interpersonal as well as working environments and enhances the productivity and efficiency of cross cultural teams (Y. Z. Li, Castaño, & Y. X. Li, 2018). Moreover, it is important to state that most of the aspects of mental capital correspond to the attitudes of Chinese managers to the emotions and culture of their counterparts abroad, which contributes to enhancing the level of trust between individuals and increasing team performance (Yari, Lankut, Alon, & Richter, 2020). On the other hand, cultural competence helps managers to successfully steer clear of situations that would cause either of them to be offended because of their cultural differences and avoid conflict and missteps within a global organization.

### **Theoretical Framework**

This research draws on two key theories: The application of Resource-Based View (RBV) and the Dynamic Capabilities Theory in explaining the effects of mental capital in the internationalization of Chinese enterprises under the WTO Intellectual Property Protection. These theories explain how Chinese firms can utilize mental capital to build IP strategies, adapt to global regulations, and secure competitive advantages in international markets. According to Chung, Z. Ding, and X. Ma (2019) in their article, the RBV posits that certain resources, for instance, mental capital made up of knowledge, skills, and innovation capacities are firm-specific. When it comes to internationalization, firms from China require strong mental capital as it can assist to cope and manage knowledge intensive markets especially when the element of IP is a factor. For example, Huawei's ability to manage its global patent portfolio demonstrates how mental capital aids in navigating knowledge-intensive markets and protecting IP.

Dynamic Capabilities Theory can be considered as an extension of the RBV as it concentrates on the firm's

capacity to deal with changes in the environment. Mental capital thus facilitates the acquisition and application of strategies that would effectively address the changing dynamics of market demands and protection of IPs in China by its business leaders. For instance, Sinopharm has leveraged mental capital to comply with global patent regulations while maintaining innovation in vaccine development. This flexibility is imperative in industries where ownership of IP is particularly regulated but where companies have to innovate constantly while protecting their assets (Mudalige, Ismail, & Malek, 2019). Taken together, these theories offer a basis for analyzing how mental capital and, specifically, IP policies impact decision-making, flexibility, and performance in the global market for entrepreneurs. However, these theories may not fully capture the rapid technological changes or the complexity of applying dynamic capabilities in diverse regulatory environments.

### Research Hypothesis

The hypothesis of this research is presented in Table 1.

Table 1. Research Hypothesis

Research Hypothesis (H1)	Null Hypothesis (Ho)
H1: Patent protection under WTO Intellectual Property Protection Policies significantly impacts entrepreneurial performance.	Ho: Patent protection under WTO Intellectual Property Protection Policies has no impact on entrepreneurial performance.
H2: Trademark protection under WTO Intellectual Property Protection Policies significantly affects entrepreneurial performance.	Ho: Trademark protection under WTO Intellectual Property Protection Policies does not affect entrepreneurial performance.
H3: The mental capital of Chinese business leaders positively influences strategic decision-making in the internationalization process.	Ho: The mental capital of Chinese business leaders does not influence strategic decision-making in the internationalization process.
H4: Mental capital fosters adaptability and cultural competence among Chinese managers in managing international operations.	Ho: Mental capital does not foster adaptability and cultural competence among Chinese managers in managing international operations.

### Conceptual Framework

The conceptual framework of this research is depicted in Figure 1.

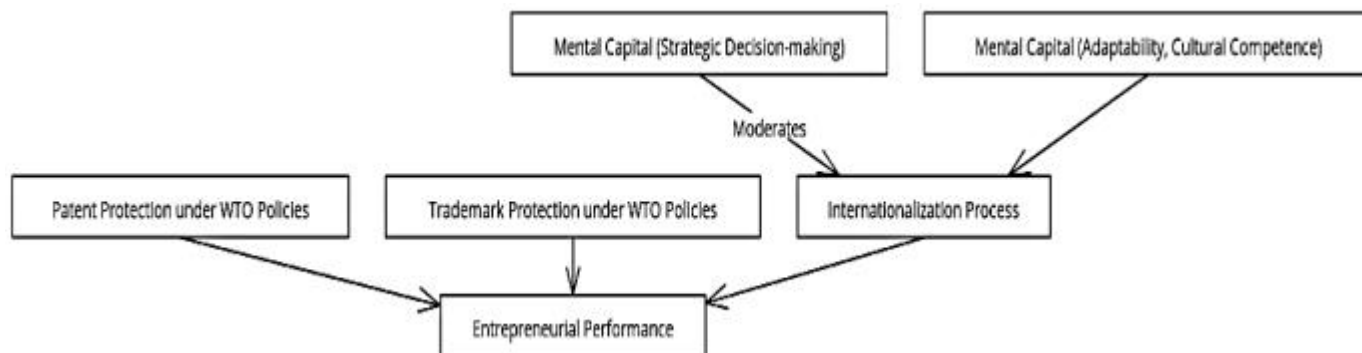


Figure 1. Conceptual Framework

This research aims to study the mental capital and the WTO Intellectual Property Protection Policies, which influenced the internationalization of Chinese enterprises and their performance. Independent variable comprises patent and trademark regimes within the WTO's TRIPS agreement, which affect how firms protect innovations and brands. The moderator is mental capital, which can be understood as the knowledge, flexibility, self-management, problem-solving, and decision-making skills of business people and managers. This characteristic influence a firm's ability to innovate new products and services, enter into foreign markets, and thrive in a global and evolving environment. The dependent variable is entrepreneurial performance and this is because the firm must be successful in the global markets, innovative, and culturally sensitive. It also draws attention to how Intellectual property rights policies affect mental capital and international competitiveness.

### Literature Gap

IP protection and mental capital are heavily advocated in the literature as having a significant influence on

entrepreneurship performance and internationalization. However, there is a lack of existing literature on how the link between WTO Intellectual Property Protection Policies, particularly the TRIPS Agreement, influences the internationalization and competitiveness of Chinese firms through mental capital. This gap is significant because it addresses how Chinese firms can leverage mental capital to navigate global IP frameworks, foster innovation, and compete effectively in culturally diverse markets. Understanding this relationship is crucial for international businesses aiming to operate in knowledge-intensive industries where intellectual property and human capital are critical competitive assets. Further research is needed to explore these connections in greater detail, particularly focusing on how firms integrate mental capital to drive innovation and adapt to the cultural nuances of foreign markets.

## **METHODOLOGY**

### **Overview**

This chapter explains the methodology adopted in this study, where a cross-sectional survey and a qualitative case study were used to investigate the antecedent of mental capital and the effect of WTO Intellectual Property Protection Policies on internationalization and entrepreneurial performance of Chinese enterprises. In this section, research design, data collection, sampling, data analysis, and the adherence to ethical standards are described.

### **Research Design**

Therefore, there is a need to analyze the research problem using both quantitative and qualitative research approaches to present quantitative data of large samples and qualitative findings from business leaders. The selection of the primary research method ensures that the data collected from Chinese businessmen and managers are pertinent to the purpose of the study, which is the policy on the protection of IPs and Mental Capital as an internationalization indicator. This design of including both quantitative questionnaires and qualitative interviews is significantly more expansive in terms of gathering further data on the complex connection between the entities of IP policies, mental capital, and entrepreneurial performance. While quantitative data provides statistical insights into the relationship between WTO IP policies, mental capital, and entrepreneurial performance, qualitative data complements this by offering deeper contextual understanding through personal experiences and perceptions of business leaders. The two approaches will be integrated during the data analysis phase, where qualitative findings will help interpret and validate the patterns and trends observed in the quantitative results. This ensures a holistic understanding of the research objectives.

### **Data Collection Methods**

There are two major approaches to data collection:

#### **Online Questionnaire Survey (Quantitative)**

Primary data is captured through an online structured questionnaire where quantitative data is sought. They are designed to measure the impact of the WTO Intellectual Property Protection Policies and Patent protection and trademark on the performance of entrepreneurs. The questionnaire includes closed-ended statements utilizing Likert scales to measure other variables, like the effectiveness of the particular patent/trademark protection or the level of the organization's mental capital.

#### **Interviews (Qualitative)**

Qualitative data is collected through semi-structured interviews with a sample of Chinese business leaders of either Chinese origin or those who have business dealings with China. Through these interviews, the details of how they encountered these restrictions, what they did to create and manage mental capital, and the impact on strategic decision-making and cultural acclimatization during internationalization are unveiled. The interviews provide valuable qualitative data that helps to support the numerical results of the survey with detailed descriptions of the ways in which mental capital contributes to internationalization.

### **Sampling Technique and Sample Size**

#### **Quantitative Sampling**

The technique used is the stratified random sampling to guarantee that the sample contained Chinese enterprises of different sectors especially those sectors where Intellectual Property Protection Policies are essential which included electronics, pharmaceuticals and telecommunication. Stratified random sampling was chosen to ensure representation from IP-sensitive industries like electronics, pharmaceuticals, and telecommunications, which are central to this study. This method ensures that insights are generalizable to the

broader population of Chinese enterprises in these sectors, capturing the variations in their experiences with IP protection and mental capital development. The survey sample includes 250 participants, such as entrepreneurs, senior managers, and innovation executives in these firms. Hypothesis testing and the generalizability of the findings to the population of Chinese firms interested in international business are also considered when fixing sample size.

#### Qualitative Sampling

In conducting the interviews, a purposive sampling technique shall be used to identify 5 business leaders especially those who have first-hand experiences in their respective international businesses, especially in industries that have sensitive issues to IP. This smaller sample permits a deeper analysis of individual perceptions, People's knowledge of IP policies and the use of mental capital to understand global markets.

#### Data Analysis

##### Quantitative Analysis

The data is collected through the online questionnaire survey and is analyzed through the Statistical Package for the Social Science software or SPSS software. Measurements tools: Descriptive statistics will be used to describe findings while inferential statistics such as regression analysis is used to test the research hypothesis and establish the relationship between IP protection, Mental Capital and performance of entrepreneurs. In this study, the dependent variable is entrepreneurial performance, while the independent variables are patent protection and trademark protection under WTO IP policies. Mental capital acts as a moderator, influencing the relationship between the independent and dependent variables. These relationships will be examined using regression analysis to determine their statistical significance.

##### Qualitative Analysis

The findings from the interview data are analyzed using the thematic analysis technique. Thematic analysis will identify recurring patterns and insights by coding interview data based on predefined and emergent themes. Themes were selected based on their relevance to the research objectives, including strategic decision-making, adaptability, cultural competence, and innovation. This ensures that the qualitative data aligns closely with the study's focus on mental capital and IP protection. This method entails analyzing the interview transcripts in a way that helps in reoccurring themes and patterns with regard to the role of mental capital in strategic decision-making and adaptability. Qualitative data would be used to enrich the study findings as well as the experiences of the Chinese business leaders in IP protection and mental capital.

#### Ethical Considerations

On the ethical consideration front, there are aspects like consent to participate in the study, the management of the participants' data, and anonymity of the participants among others. As a note, the individuals were informed that they could agree to participate in the study or decline at any one time. All the collected data will be handled in accordance with the established legislation, including GDPR.

## DATA ANALYSIS AND FINDINGS

### Overview

This chapter presents an analysis of data on Patent Protection, Trademark Protection, and Entrepreneurial Performance, incorporating descriptive statistics, reliability tests, normality checks, correlations, and regression analysis. Additionally, it includes a thematic analysis of interview responses, exploring how business leaders navigate decision-making, risk assessment, innovation, and cultural adaptation in international markets. The aim is to examine the relationship between intellectual property protection and entrepreneurial success, supported by both quantitative findings and qualitative insights from participant interviews.

### Descriptive Statistics

Table 2. Descriptive Statistics

STATISTICS				
		Age	Industry Sector	Job Role
N	Valid	250	250	250
	Missing	0	0	0

Table 2 shows that 250 valid responses were collected for each of the three variables: Age, Industry Sector,

and Job Role. There are no missing values in the dataset, meaning all participants provided complete information for these categories. The sample size is consistent across all variables.

**Table 3. Age**

<b>AGE</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>VALID</b>	20-29	33	13.2	13.2	13.2
	30-39	90	36.0	36.0	49.2
	40-49	69	27.6	27.6	76.8
	Above 50	58	23.2	23.2	100.0
	Total	250	100.0	100.0	

**Table 3** displays the age distribution of 250 respondents. The largest group is aged 30-39 (36%), followed by those aged 40-49 (27.6%), and those above 50 (23.2%). The smallest group is aged 20-29 (13.2%). Together, these groups account for 100% of the total respondents.

**Table 4. Industry**

<b>INDUSTRY SECTOR</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>VALID</b>	Electronics	84	33.6	33.6	33.6
	Pharmaceuticals	96	38.4	38.4	72.0
	Telecommunications	70	28.0	28.0	100.0
	Total	250	100.0	100.0	

**Table 4** shows the distribution of respondents across industry sectors. Pharmaceuticals has the largest share (38.4%), followed by Electronics (33.6%), and Telecommunications (28%). These three sectors make up the entire sample of 250 respondents, with no missing data, totaling 100%.

**Table 5. Job Role**

<b>JOB ROLE</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>VALID</b>	Executive/Founder	86	34.4	34.4	34.4
	Senior Manager	89	35.6	35.6	70.0
	Middle Manager	75	30.0	30.0	100.0
	Total	250	100.0	100.0	

**Table 5** shows the distribution of respondents by job role. Senior Managers make up the largest group (35.6%), followed closely by Executives/Founders (34.4%), with Middle Managers comprising 30%. These roles together account for the full sample of 250 respondents, with no missing data, totaling 100%.

### Reliability Analysis

**Table 6. Scale: Patent Protection**

<b>RELIABILITY STATISTICS</b>	
<b>CRONBACH'S ALPHA</b>	N of Items
<b>0.830</b>	5

For Patent Protection, the Cronbach's Alpha of 0.830 indicates strong internal consistency across the five items. This suggests that the items are closely related in measuring the same construct, and the scale is reliable for assessing perceptions of patent protection (**Table 6**).

**Table 7. Scale: Trademark Protection**

<b>RELIABILITY STATISTICS</b>	
<b>CRONBACH'S ALPHA</b>	N of Items
<b>0.829</b>	5



For Trademark Protection, the Cronbach's Alpha of 0.829 also reflects strong reliability. The five items are consistent in capturing views on trademark protection (Table 7).

Table 8. Scale: Entrepreneurial Performance

RELIABILITY STATISTICS	
CRONBACH'S ALPHA	N of Items
0.846	5

For Entrepreneurial Performance, the Cronbach's Alpha of 0.846 shows excellent internal consistency, indicating reliable measurement across the five items in assessing entrepreneurial outcomes (Table 8).

### Normality Analysis

Table 9. Normality Analysis

TESTS OF NORMALITY						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PATENT PROTECTION	0.159	250	0.000	0.920	250	0.000
TRADEMARK PROTECTION	0.141	250	0.000	0.924	250	0.000
ENTREPRENEURIAL PERFORMANCE	0.174	250	0.000	0.907	250	0.000

**A. LILLIEFORS SIGNIFICANCE CORRECTION**

Table 9 shows results from the Kolmogorov-Smirnov and Shapiro-Wilk tests for Patent Protection, Trademark Protection, and Entrepreneurial Performance. For all three scales, the significance values (Sig.) are .000, which are below the conventional threshold of 0.05. This indicates that the distributions of the data for these variables significantly deviate from a normal distribution. Both the Kolmogorov-Smirnov and Shapiro-Wilk tests confirm non-normality for each of the scales. In such cases, non-parametric statistical methods may be more appropriate for further analysis, as the assumption of normality is violated.

### Correlation Analysis

Table 10. Correlation Analysis

CORRELATIONS			
ENTREPRENEURIAL PERFORMANCE		Patent Protection	Trademark Protection
	Pearson Correlation	0.826**	0.840**
	Sig. (2-tailed)	0.000	0.000
	N	250	250

**\*\* . CORRELATION IS SIGNIFICANT AT THE 0.01 LEVEL (2-TAILED).**

Table 10 shows strong positive relationships between Entrepreneurial Performance and both Patent Protection ( $r = 0.826$ ) and Trademark Protection ( $r = 0.840$ ). The Pearson correlation coefficients are significant at the 0.01 level ( $p = 0.000$ ), indicating that higher levels of patent and trademark protection are strongly associated with better entrepreneurial performance. With  $N = 250$  for both correlations, these results suggest robust, statistically significant connections between intellectual property protections and entrepreneurial success, supporting the hypothesis that stronger protections may positively influence performance.

### Regression Analysis

Table 11. Model Summary

MODEL SUMMARY <sup>B</sup>										
MODEL	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	0.874 <sup>a</sup>	0.763	0.761	0.561554560019721	0.763	397.839	2	247	0.000	1.930

**A. PREDICTORS: (CONSTANT), TRADEMARK PROTECTION, PATENT PROTECTION**  
**B. DEPENDENT VARIABLE: ENTREPRENEURIAL PERFORMANCE**

Table 11 indicates a strong relationship between the predictors (Trademark Protection and Patent Protection) and the dependent variable (Entrepreneurial Performance), with an R-value of 0.874. The model explains 76.3% of the variance in entrepreneurial performance (R Square = 0.763). The Adjusted R Square (0.761) confirms this fit. The model is significant (Sig. F Change = 0.000) with an F-value of 397.839. The Durbin-Watson statistic of 1.930 suggests no serious autocorrelation in the residuals, indicating model reliability.

Table 12. ANOVA

ANOVA <sup>A</sup>						
MODEL		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	250.912	2	125.456	397.839	0.000 <sup>b</sup>
	Residual	77.890	247	0.315		
	Total	328.801	249			
<b>A. DEPENDENT VARIABLE: ENTREPRENEURIAL PERFORMANCE</b>						
<b>B. PREDICTORS: (CONSTANT), TRADEMARK PROTECTION, PATENT PROTECTION</b>						

Table 12 shows that the model, with Trademark Protection and Patent Protection as predictors, is highly significant (F = 397.839, Sig. = 0.000). The Regression Sum of Squares (250.912) indicates the explained variance, while the Residual Sum of Squares (77.890) represents unexplained variance. The total variance in Entrepreneurial Performance is 328.801. The model's Mean Square for regression is 125.456, and the low residual Mean Square (0.315) indicates a good fit, as a large proportion of variance is explained by the predictors.

Table 13. Coefficients

COEFFICIENTS <sup>A</sup>						
MODEL		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.268	0.114		2.342	0.020
	Patent Protection	0.420	0.054	0.420	7.771	0.000
	Trademark Protection	0.503	0.055	0.495	9.156	0.000
<b>A. DEPENDENT VARIABLE: ENTREPRENEURIAL PERFORMANCE</b>						

Table 13 shows both Patent Protection and Trademark Protection significantly predict Entrepreneurial Performance. The unstandardized coefficients indicate that for each unit increase in Patent Protection, entrepreneurial performance increases by 0.420, and for Trademark Protection, by 0.503. Both predictors are highly significant (p = 0.000). The standardized coefficients (Beta) show Trademark Protection (0.495) has a slightly stronger effect than Patent Protection (0.420). The constant is 0.268, with a significance level of .020.

### Thematic Analysis

Theme 1: Influence of Personal Skills, Experiences, and Knowledge on Strategic Decision-making

This theme explores how personal skills, experiences, and knowledge influence the strategic decisions of business leaders in international expansion.

Participant 1: "My analytical thinking has always operated along the line that nothing should be done without facts to back it up. Before initiating competition in any given market, I conduct research on competitors, market conditions, and the market trends, to guarantee that am choosing a market worth competing within."

Participant 2: "Since my childhood, I've been surrounded by a multicultural environment, which helped me to develop an adequate understanding of how different markets work. It also helped me manage a range of market conditions more easily and led to better ways of entering the market."

Participant 4: "I believe that the finance experience I got during my studies is one of the advantages. Analyzing market conditions and parameters from the financial point of view helps to determine profitability and potential risks, which shapes my strategy."

Participant 1 emphasizes an analytical, data-driven approach to decision-making, relying on analysis to guide

strategic moves. Participant 2 draws on cultural exposure from their upbringing, using intuitive understanding to navigate diverse market needs. Participant 4 claims that financial knowledge allows the evaluation of profitability and risks; this underlines the crucial role of financial literacy in strategic choices. This highlights that the lack of theoretical and methodological unity in these different approaches strengthens the view that even one's own experience; analytical, cultural or in terms of finance defines the decision-making of leaders in international markets.

#### Theme 2: Mindset and Perspective in Overcoming Challenges

This theme examines how the participants' mindsets or perspectives helped them overcome challenges during international expansion.

Participant 1: "We also came across several issues with regulators that hampered our market entry into a particular area. Thanks to my long-term perspective, I was able to keep my eye on the prize and continuously engage local authorities until they complied."

Participant 2: "There was a disruption in supply chain in one market that we did not envisage. For instance, I may have said, 'My flexibility and proactive problem-solving allowed us to reroute resources away from the disruption source and avoid significant losses.'"

Participant 3: "It was a rather saturated market, and we started off with little success and virtually no sales. The perspectives of strategic thinking allowed me to better position our product, as well as to fine-tune the messages we conveyed to the public, which ultimately allowed for the successful launch of our product."

Participant 1 has a long-term perspective which is also evident in the rotten attitudes adopted towards the company's business with the regulatory agencies. Participant 2 described versatility in responding to the supply chain management problems with an aim of reducing loss. Competitive strategy in a competitive market; Participant 3 also underscores the product approach to success. Each response presents different mental processes indicating patience, flexibility, learning and planning strategies for solving issues that affect international business.

#### Theme 3: Risk and Opportunity Assessment in Foreign Markets

This theme focuses on the decision-making processes regarding risk and utilizing cognitive processes for evaluating opportunities in foreign markets.

Participant 2: "I can use both a rational approach and hunches. 'Years of experience in leading businesses in various industries have enhanced my sensitivity in identifying promising outcomes that other people may not see, and at the same time, approach risks with a structured analysis.'"

Participant 3: "That is, I do not try to guess how a specific market will perform in the next few days or weeks, but rather I consider long-term objectives, values and goals. My strategic thinking allows me to focus on the long-term picture, considering potential future trends that could possibly become opportunities."

Participant 5: "Out of all the strategies I have ever used, scenario planning is my most preferred approach. This means that in my mind, I plan for the worst-scenario and the best possible outcome which makes me to be prepared and take action whenever there is an unexpected hurdle that we cannot avoid."

Participant 2 combines reasoning and instinct while searching for opportunities and assessing potential threats. Participant 3 has more of a strategic approach taking into consideration the long term objectives of the market and where it is heading rather than giving in to short term fluctuations. Participant 5 uses the strategic contingency planning where one runs simulations of what could go wrong to enable him or her to act decisively when facing risks. These responses demonstrate different approaches regarding risk evaluation; the integration of experience, metrics, long-term vision, and, lastly, story-based analysis.

#### Theme 4: Innovation and Adaptation in International Growth Strategies

This theme focuses on participant's capacity regarding innovation and adaptiveness as key factors that affected their international growth plans.

Participant 1: "We had to cut down our products to a considerable extent, to suit the local markets. I have been able to drive product innovation in ways that have been effective in ensuring our products meet consumer needs in various regions."

Participant 2: "There was a need for a shift in our pricing mechanism, and my proactive method of offering packages of services and products enabled the company to employ better penetration in the market than our competitors."

Participant 5: "I have contributed to making our international expansion easier due to my ability to

incorporate new technologies in the business processes. This has made it possible for conglomerates to expand at a faster rate and with increased efficiency in new areas.”

To reflect their importance, Participant 1 underlines product development, adjusting the products to fit the local market and remain appealing. Participant 2 underlines the opportunities to innovate through prices, making use of bundling to win a competition. Participant 5 then points to technology adaptation and the ability to incorporate new systems aimed at enhancing performance with the expansion. These responses reveal that innovation does not only refer to altering the business products but also regards aspects such as pricing and processes as crucial for international growth.

#### Theme 5: Adaptation in Management Style for Culturally Diverse Teams

This theme examines the changes made by leaders when they have to manage employees from culturally diverse backgrounds.

Participant 1: “One of the changes that have occurred in me is that I have become more collaborative. Organizations in various areas value their participation in decision making and thus, I have embraced decentralization of decision-making processes.”

Participant 2: “The management style that I have adopted has become more flexible compared to what I was using previously. It is for this reason that I have come to understand that hierarchy and communication protocols may differ in every culture, and therefore, I get to adapt according to the teams' cultural norms.”

Participant 5: “I have now come up with a better understanding that personal relationships with the team members should be encouraged. This has aided in eradicating barriers that might be based on culture and thus improving the understanding of employees from different cultures in the different teams.”

Participant 1 points to a change in the approach to the management from autocratic to devolved with more decentralization and involvement of regional teams in decision-making. Participant 2 underlines the importance of adapting to the certain cultural expectations regarding the order and ways of reporting. Finally, participant 5's approach emphasizes the importance of developing rapport with the target audience with the purpose of minimizing cultural differences and developing a sense of togetherness within the team. All three participants concur with the notion that the level of management has to be sensitive to cultural differences of the teams being managed.

#### Theme 6: Mental Qualities in Navigating Cultural Differences

This theme pertains to the cognitive aspects or abilities that enable the leaders to manage culture in international contexts.

Participant 1: “Emotional intelligence has been paramount. These fundamentals assist me in comprehending how individuals from various cultures act in specific contexts, thereby allowing me to modify my managerial approach and prevent possible confrontations.”

Participant 4: “The most useful skill that I have perfected in the process is patience. I still consider that cultural differences present numerous challenges in terms of trust and time; however, my endurance has never failed me while managing this aspect of work.”

Participant 5: “Empathy has been essential. Emphasizing with my team members has been beneficial in enhancing my cultural sensitivity when managing a culturally-diverse team and encouraging better teamwork.”

Participant 1 values Emotional Intelligence when it comes to reactions from other cultures to avoid getting into some sort of debate. Participant 4 specifically reflects on the role of time as a key component that is particularly influential when establishing trust across cultures. Participant 5 explains how they use empathy to gain better insights into how their teammates can work more effectively. Altogether, such qualities as emotional intelligence, patience, and empathy are crucial when dealing with cultural differences in the context of international business.

#### Theme 7: Impact of Cultural Understanding on International Projects

This theme examined the extent to which participants' awareness of cultural differences influences the effectiveness or ineffectiveness of projects in other countries.

Participant 1: “The first wave of marketing did not appeal to the local customers. It became apparent to me within a few days that we were missing out on some very important cultural preferences while defining our messaging; by tweaking this aspect, I made our brand so much more appealing to the audience.”

Participant 3: “In one project, the local team members were reluctant to voice their concerns during group meetings. Having comprehended that they were rather indirect in their communication, I knew how to interpret

the underlying problems even before they manifested themselves.”

Participant 5: “These are instances where one party may insist on working more than the other with the perception that their respective businesses or jobs afford them the opportunity to work more than the other party. In the given case, having an understanding of local work norms enabled us to adapt the timeline of the project, taking into account not only efficiency, but also the well-being of the employees.”

Participant 1 underlined the actions taken to adapt the marketing strategies towards the cultural tastes, which greatly enhanced the brand appeal. For instance, Participant 3 is able to consider and address different indirect communication styles stating, “This will help me address any concern that may arise and explain why they are not direct.” Participant 5 pays attention to fit the local work culture and norms, especially the hours and work demands that are demanded from the employees, in order to adjust the time frames of the project according to the results that are expected to be reached. Such responses illustrate how cultural knowledge affects the outcome of international initiatives in the marketing, communication, and project management domains.

#### Theme 8: Mental Agility in Responding to Rapid Market Changes

This theme focuses on how managers cope with constantly evolving business contexts in foreign markets.

Participant 1: “To remain relevant in the market, I adapt to local team developments and market changes by actively seeking out information. Customers are valued and changes are swiftly incorporated into the business strategy in an effort to remain competitive in ever-evolving markets.”

Participant 3: “Hence, I value short-time horizons, where decisions are made quickly based on latest information. My emphasis on flexibility ensures that we are in a position to address changes as they occur without neglecting the overall strategic direction.”

Participant 4: “I monitor the economic and political happenings in the local area frequently. This ability to quickly analyze information helps me be proactive and adapt the course of action in response to new information.”

Participant 1 underlines the constant learning from local teams and markets to remain responsive. Participant 3 highlights the need to make fast decisions based on real-time information to retain agility while keeping strategic goals in mind. Participant 4 uses the preparatory strategies implying the need to gather information on the current economic and political environment and then draw conclusions on how to act. These strategies suggest that the ability to think flexibly in volatile contexts is linked with the learning process, real-time responsiveness, and staying updated on outside conditions.

### Discussion

The result of this quantitative study unveils that both independent variables particularly Patent Protection and Trademark Protection had a positive influence over the dependent variable Entrepreneurial Performance where the total R-square value of 0.763 proved that 76.3% variation of the whole entrepreneurial performance is in some ways controlled or influenced by both these independent variables. The R-square value of 0.763 indicates a strong model fit, showing that the majority of the variation in entrepreneurial performance is explained by Patent and Trademark Protection. This underscores the critical importance of IP protections in supporting innovation and providing firms with the legal certainty to compete globally. This is consistent with previous studies advocating for safeguarding of IP as a means to promote innovation and commercialization. For instance, as noted by Autio and Acs (2015), enhanced IP protection motivates the investors to dedicate their resources towards research and innovation because they are assured their inventions and ideas will be protected. Also, Schautschick and Greenhalgh (2016) reveal that patent and trademark protection is instrumental in enabling firms to secure the economic returns on innovations, enhancing business results. These theoretical assertions are backed by the rejection of the null hypothesis that suggested that the granting of patents and trademarks would not influence the performance of entrepreneurs. The rejection of the null hypothesis was based on statistically significant findings ( $p < 0.01$ ) in the regression analysis, where both Patent Protection and Trademark Protection demonstrated strong positive effects on entrepreneurial performance.

Furthermore, the Pearson Coefficient correlation coefficients show positive associations between entrepreneurial performance as follows; Patent protection has a correlation coefficient of 0.826, while the trademark protection has 0.840. This accredits the notion that there is a relationship between higher levels of IP protection and better business performance as suggested by prior studies. According to Grimaldi, Greco, and Cricelli (2021), IP rights guarantee market positions and act as a shield against imitation hence improving firm performance. Moreover, there are quantitative findings by Agostini, Filippini, and Nosella (2016) that illustrate the point that IP protections provide crucial competitive advantages to the firms operating in the modern global markets and help them to sustain their growth. Based on these correlations and the significance values in this study, the null hypothesis suggesting no correlation between IP protection and entrepreneurial performance was

rejected. The higher correlation for Trademark Protection (0.840) may reflect its direct impact on brand identity, customer loyalty, and market differentiation, which are especially crucial in competitive global markets. This suggests that a strong trademark can more immediately drive consumer engagement compared to the longer-term effects of patent protection on innovation.

Qualitative research on this study reveals how entrepreneurs can apply their personal skills, knowledge, and cultural practises when they internationalise their operations. In their responses, participants also highlighted the importance of flexibility, creativity as well as cultural awareness in international markets. These themes align with the theoretical framework of international business strategy where Khalili (2016) argues that managers are required to change their leadership style and orientation, as well as business strategies to undertake various environments across different cultures. Another of the major issues raised was innovation where the participants emphasized the importance of product and process innovation for competitiveness. Furthermore, as highlighted by Ziemnowicz (2020), this observation is consistent with Schumpeter's (2013) theory of creative destruction where he postulates that innovation is the key to business success. Schumpeter's theory is relevant to this study as it highlights how innovation disrupts and reshapes existing markets, enabling firms to outcompete rivals. In the context of this study, creative destruction is reflected in Chinese firms leveraging IP protections to innovate, replace outdated products, and establish strong positions in global markets through advanced strategies like technological breakthroughs and product differentiation. The qualitative analysis also contributes to understanding that protection of intellectual property and strategic positioning is significant for the success of entrepreneurs in the global environment. This finding aligns with the Resource-Based View (RBV) theory, as firm-specific skills like strategic planning, cultural sensitivity, and adaptability form part of mental capital, which serves as a unique and valuable resource that provides a competitive advantage in international markets.

## CONCLUSION

The purpose of this research was to examine how WTO Intellectual Property Protection Policies has affected the entrepreneurial performance of Chinese enterprises particularly as it relates to patent and trademark protection when venturing abroad as well as the contribution of mental capital in the internationalization process. Thus, in line with the study objectives, the quantitative analysis reveals that out of the two independent variables, Patent Protection and Trademark Protection have a positive and significant impact on entrepreneurial performance. The Intellectual Property protection hypothesis suggests that when a country has strong protections in place, it will perform better when compared to other nations, and this model explained 76.3% of the variance in entrepreneurial performance. Patent and trademark protections are also relatively robust for Chinese firms to protect their innovations or brands where they have a competitive edge in global markets. This corresponds to the RBV theory asserting that firm-specific resources such as IP and mental capital are crucial to sustaining competitive advantage. The correlation analysis gave a strong positive relationship of both the forms of IP protection and the entrepreneurial performance. This is in concordance with cross-sectional empirical literature which posits that strategic IP management assists firms in sustaining their market standing, forging value, and ingeniously creating without any sense of imitation. It is thus possible to reject the null hypothesis that posited that patent and trademark protections do not impact entrepreneurial performance. These conclusions show that enhancing IP rights as per WTO's TRIPS Agreement possibly can act as an incentive for entrepreneurial advancement and globalization, especially in innovation-sensitive sectors like electronics, pharmaceuticals, and telecommunications.

Furthermore, in line with the qualitative data, it can be identified that mental capital which includes know-how, flexibility and cultural awareness significantly influences the internationalization process of Chinese firms. Skill, in this case, means that the Chinese managers have been able to effectively deploy their mental capital in foreign places and adapt to complicated market situations. This supports the Dynamic Capabilities Theory that holds that resources and capabilities must be updated to match the changing environments. The above thematic analysis demonstrates that mental capital plays an indispensable role in decisions, innovation, and risk management in Chinese business leaders to improve the performance of their firms in international markets.

## LIMITATIONS

There are several limitations to this research. First, the study targets mostly Chinese enterprises in industries that are sensitive to IP issues and this restricts generalization of the findings to organizations in other sectors. Second, the number of interviews that were conducted with the use of qualitative research was a limited number and there were only interviews with five business leaders. This compromises the depth of qualitative analysis and

may not allow for the capture of the different shades of the experiences of Chinese managers in different international environments. Further, the study fails to assess how enforcement of IP in different countries affects Chinese enterprises, which is pivotal to the performance of the enterprises.

## **RECOMMENDATIONS**

### **Strengthen IP Development and Protection**

The Chinese firms especially those operating in industries that highly rely on intellectual property rights should ensure that they have strong IP assets. This involves developing standard IP management frameworks and acquiring patents and trademarks to protect innovations from infringement in global markets.

### **Invest in Research and Development (R&D)**

Introducing vigorous competition all over the globe, corporations are to raise investment in R&D to boost innovations so that they are capable of remaining in the international market space. This way, firms are able to generate valuable IP, which when protected under foreign IP laws, serves to strengthen the market position as well as the profitability of firms.

### **Acquire Legal Expertise for IP Laws**

Companies should consult attorneys with expertise in global IP legal structures to advise on compliance. This will assist them in obtaining IP protections in other countries, reduce the chances of having to deal with infringement concerns, and manage exposure to diverse legal frameworks across international markets.

### **Cultivate Mental Capital Among Leaders**

Chinese business leaders should embark on building mental capital through executive education, intercultural sensitivity training, and leadership training. The degree of emotional intelligence and cultural competence will improve their capability to oversee international operations and deal with various conditions in the foreign market.

### **Enhance National IP Protection Frameworks**

A major step that should be taken by Chinese officials is to enhance the intellectual property rights protection legislation to foster the development of an innovation culture among the local firms and enable them to venture into the international market. Advanced frameworks for IP protection will boost the sense of security for the innovators and offer better legal redress against infringement in international markets.

## **FUTURE DIRECTION**

Future studies should also look into how WTO IP protection policies affect areas other than the IP-sensitive industries for instance the manufacturing or service industries. Moreover, the qualitative study having a broader participation of business leaders from different industries and geographical locations would be more helpful in understanding the human capital in the context of globalization. Lastly, future research can explore the moderating effect of regional distinctions in IP compliance by incorporating the cross-sectional differences in IP protection and compliance into the analysis of the performance of Chinese enterprises. This would assist in understanding how firms leverage legal and competitive forces in light of changing strategy.

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#### ETHICAL DECLARATION

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