Scared to internationalize, or willing to take a chance?

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MASTER THESIS

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Abstract

When a firm feels an internal need to innovate or is being pushed by changes in the environment, decision-makers can choose to move business activities abroad. This action, called internationalization, can range from activities like exporting and licensing to merging with other (local) companies. Internationalization can safeguard the survival of a firm. What seems to be missing in the literature on internationalization is the influence of managerial cognition on this process. Also, contextual factors are mentioned but not extensively discussed.

Managers possess different personality traits that influence how they lead and make certain choices. One theory regarding decision-making choices is the regulatory focus considering both the prevention-focus and the promotion-focus with regard to strategic choices. This research has examined the relationship between the regulatory focus theory and the internationalization process within small and medium-sized enterprises, accounted for by internal and external conditions that influence this process. Digital surveys were distributed under 1024 individuals, of which 79 responded and around 60 were valid to use for the research.

A high amount of insignificant information was found. Both the promotion-focus as well as the prevention-focus seemed to influence the consideration to internationalize positively. Also, to some extent, decision-makers seemed to possess both regulatory foci. Gender of individuals influenced the internationalization tendency of decision-makers significantly. Male decision-makers were more likely to consider to internationalize.

Keywords: internationalization, regulatory focus, small and medium-sized enterprises, environmental uncertainty, organizational resources

Chapter 1: Introduction

The survival and growth of firms is influenced by individual choices made by decision-makers within the firm. Managers make strategic choices concerning the path the organization needs to go and are able to influence the behaviour and actions of individuals within the firm, resulting in moving the organization into a certain direction (Dasi, Iborra & Safon, 2015). One of those directions for the organization can be to search for opportunities in the foreign market. If the direction of the firm is steered to a foreign market, it means the organization will internationalize its business activities (Dasi et al., 2015). This does not necessarily mean the organization moves its entire business to a foreign market, but it can mean the organization is involved in activities ranging from exporting to licensing to merging with other (local) companies (Li & Gammelgaard, 2014). There is much unknown on the determinants of managerial decision-making with regard to internationalization, for instance, under what conditions decision-makers would prefer to internationalize (Gamache, Mcnamara, Mannor, & Johnson, 2015).

Managers possess different personalities that influence how they lead and make certain choices. Decisions in general, but in this case specifically with regard to internationalization, can be made by using different reasoning processes. A distinction, for example, can be made between managers that are especially focused on achieving positive outcomes versus managers that are opposed to arriving at negative outcomes. This distinction is the focal point of the regulatory focus theory of decision-making (Brockner, Higgins, & Low, 2004). Furthermore, decisions made by managers can be influenced by a variety of internal and external factors that can be taken into account as well (Laufs & Schwens, 2014). A question that seems to be important considering the different elements mentioned before, is: "*how does the regulatory focus of decision-makers influence the managerial tendency to internationalize the firm?*".

This research will investigate the relationship between the regulatory focus theory and the question if decision-makers of a firm would consider to internationalize, accounted for by internal and external conditions that influence this process.

1.1 Relevance of the research

In order to understand the relevance of the research question, the before mentioned concepts will be elaborated on and prior literature will be discussed.

The regulatory focus theory shows two different paths of cognition. A prevention-focused CEO is focused on security and stability. The promotion-focused CEO emphasizes the need for growth and achievement, and especially focuses on positive outcomes (Brockner et al., 2004). The regulatory focus of CEOs determines the direction of their motivation and the decisions made in the organization. It seems decision-makers' personal reasoning processes influence the decisions they make regarding the strategic direction of the firm (Brockner et al., 2004). Child and Hsieh (2013) state that because decision-makers are human beings, their individual characteristics are entangled in the decision-making process. This is something especially present in SMEs, which are often "characterized by an individualized leadership" (Child & Hsieh, 2013, p. 1). Therefore, it is important to view internationalization from the perspective of the decision-maker's cognition (Child & Hsieh, 2013). Taking the regulatory focus into account when looking into internationalization is therefore highly relevant.

Regarding the internationalization of the firm, the internationalization strategy of entrepreneurs can be examined by looking at two different concepts: the question if entrepreneurs are willing to internationalize and the mode of entry when internationalizing. Businesses differ in what moves they make regarding internationalization as taking different paths results in different levels of risk, control and resource commitment (Laufs & Schwens, 2014). Examining internationalization processes is practically relevant as exploration into foreign markets can, for instance, provide firms with resource opportunities, market location increases and an overall growth of the organization (Child & Hsieh, 2013; Li & Gammelgaard, 2014). In order to grow, firms might need to examine the exact internationalization opportunities (Li & Gammelgaard, 2014).

Problems that entrepreneurs can encounter when internationalizing can be related to the nature of the firm. The nature of the firm can be seen in, for example, financial and personnel (human) resources, external influences applicable to that firm and the structure and management of the firm (Laufs & Schwens, 2014). In a significant amount of literature, resources are mentioned as a factor influencing internationalization (Casillas, Moreno, Acedo, Gallego, & Ramos, 2008; Dasi et al., 2015; Laufs & Schwens, 2014; Lu & Beamish, 2001). Considering resource allocation when looking at internationalization processes is relevant as

the quantity of resources allocated to the foreign market can determine the risk the firm is exposed to. By implementing a low resource-commitment strategy the firm is more easily able to exit the international market (Brouthers & Nakos, 2004). Also, as small and medium-sized enterprises can have limited resources, this can problematize internationalization. On the other hand, potential resources in the foreign market can stimulate the SME to find opportunities abroad. Resources therefore seem to play a significant role for SMEs (Lu & Beamish, 2001).

Furthermore, an important factor to include can be the potential uncertainty of the environment when internationalizing. Uncertainty of the environment is a relevant concept as organizations that explore – either nationally or internationally – face risk and uncertainty that arises when experimenting (Dasi et al., 2015). Swamidass and Newell (1987) state that uncertainty in the environment of the firm can impact a manager's ability to make decisions. Furthermore, decision-making regarding internationalization is stated to be "extremely complex and dependent on time and experience, and with high influence of environment, competitors and resources" (Vlacic & Gonzalez-Loureiro, 2016, p. 464). There is an increased risk when internationalizing, because the foreign market is often unknown and decision-makers are often not experienced in that specific area (Vlacic & Gonzalez-Loureiro, 2016). It, therefore, depends on the mindset of the entrepreneur to which extent experimentation will happen (Kammerlander, Burger, Fust, & Fueglistaller, 2015). Above all, managers face an increasing amount of challenges compared to the past, such as fast changes in demand, globalization, innovation and increasing governmental regulations. Decision-makers need to be aware of their own cognition, while trying to deal with the mentioned uncertainties, when guiding the organization in the right direction (Vlacic & Gonzalez-Loureiro, 2016).

Internationalization has remained an important topic in the literature, but there seems to be a gap as to the why CEOs choose for certain internationalization strategies. Also, the combination between regulatory focus and internationalization is barely mentioned in the literature, although the exploration-exploitation perspective often takes internationalization strategy into account as part of exploration (Dasi et al., 2015; Vlacic & Gonzalez-Loureiro, 2016). For the reasons mentioned before, it is interesting to look at the personal motivations and aspirations of the decision-makers. Also, the two factors of resources and uncertainty within the environment are chosen because those factors seem to be most appealing to this

specific research. Both factors are influencing the internationalization decision of every strategist.

1.2 Problem statement

The gap in the literature can be filled by looking into the relationship between the regulatory focus theory and internationalization, while looking at contextual factors. This will give a more complete overview than prior research.

The following conceptual model has been created:
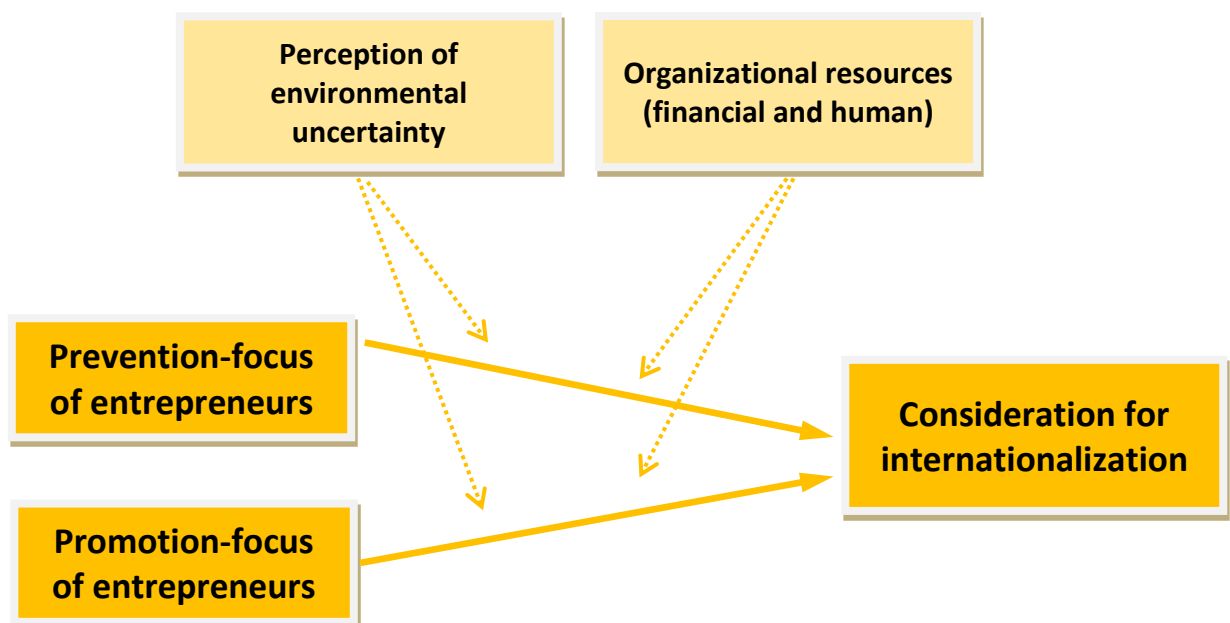
Figure 1: conceptual model

The four main research question belonging to the conceptual model are:

RQ1:   *To what extent does the prevention-focus of decision makers in small and medium-sized enterprises influence the consideration for internationalization of the firm?*

RQ2:   *To what extent does the promotion-focus of decision makers in small and medium-sized enterprises influence the consideration for internationalization of the firm?*

RQ3:   *To what extent do organizational resources (human and financial) influence the consideration to internationalize for decision-makers?*

RQ4:   *To what extent does the perceived environmental uncertainty influence the consideration to internationalize for decision-makers?*

1.3 Research Outline

In this research the relationship between the regulatory focus of decision-makers and the internationalization process of the firm will be investigated, in combination with an investigation of the internal and external conditions of the firm. Chapter one has been introducing the subject and the relevance of this research. The next chapters will deepen the literature on the different concepts, inform about the methodological details, provide information on the results of this research and draw conclusions.

Chapter 2: Theoretical Foundations

In order to investigate the relationships between the concepts mentioned before, the main concepts will be explained.

2.1. Regulatory focus theory

Regulatory focus theory is a theory concerning two distinct views on strategic decision-making. The theory emphasizes the fact that managers are either prevention-focused or promotion-focused when making decisions (Brockner & Higgins, 2001).

A prevention-focused CEO is focused on security, stability and aims to prevent failure. His or her main emphasis is avoiding mistakes while making decisions for the organization. The prevention-focused manager is prudent because of the potential risk of making losses and has a tendency to process information more locally than, for instance, a promotion-focused CEO (Ahmadi, Khanagha, Berchicci, & Jansen, 2017; Brockner & Higgins, 2001; Gamache et al., 2015). Considering the variety of traits and emotions the individual possesses when being prevention-focused, a leader with the prevention-focused mindset will motivate its employees to keep up to their promises and perform their current tasks and responsibilities well. The decision-maker will stay clear of motivating its individuals to achieve utopian ideals (Brockner et al., 2004).

In contrast to the prevention-focused CEO, decisions can be made with a promotion-focused mindset as well. The promotion-focused CEO emphasizes the need for growth and achievement, and especially focuses on achieving positive outcomes. Promotion-focused managers are aware of many alternatives and focus on searching for new options. Furthermore, managers are open to taking risks (Ahmadi et al., 2017; Brockner et al., 2004; Lavie, Stettner & Tushman, 2010). A promotion-focused CEO will inspire its employees to become their best selves, to grow and advance in order to arrive at an ideal state (Brockner et al., 2004).

It has to be stated not one system seems to be better than the other. Researchers are still investigating into the levels of prevention or promotion-focused behaviour within an individual, and the different consequences for having one focus, both foci or no prevention or promotion-focus at all. Whereas individuals that have a low level of both foci seem to be

amotivated, individuals with both foci are able to combine the two positives of both regulatory foci (Johnson, Yang, & Chang, 2010).

2.2 Internationalization process

Firms can expand beyond existing activities in order to secure the survival of the organization. One option is to move the business operations to international grounds, for instance, to get access to foreign market demands or resources (Dasi et al., 2015). Internationalization can be defined as "the managerial decisions made regarding the utilization of an international business opportunity, either in the form of an increased commitment to existing foreign markets or as an entrance into a new foreign market" (Li & Gammelgaard, 2014, p. 153). Lu and Beamish (2001) state that international diversification is becoming a greater trend for multinational enterprises (MNEs) as well as small and medium-sized enterprises (SMEs). Internationalization is being pushed by the current world economy, technological changes and removed legal barriers (Lu & Beamish, 2001).

International business ventures led by small and medium-sized firms are focused on achieving competitive advantage and market growth with the help of the foreign market (Lu & Beamish, 2001). Especially for small and medium-sized enterprises, that are more limited when it comes to material, financial and personnel resources, achieving international success right away is key to the overall success of the firm (Vlacic & Gonzalez-Loureiro, 2016). Difficulties can arise due to the complexity that the distance, either cultural or physical, with the (yet) unknown market can bring (Ambos & Håkanson, 2014). Complexity can also arise because of uncertainty and risks that the exploration process brings along and the fact that the firm is experimenting with new alternatives (Li & Gammelgaard, 2014). Child and Hsieh (2013) furthermore state that although resource scarcity (tangible as well as intangible) can be a challenge for small and medium-sized enterprises, this may also be the driver of internationalization and therefore a positive aspect (Child & Hsieh, 2013). Besides the before mentioned factors, there are also other influencing factors to internationalization such as "firm characteristics, size, age, (…) and environmental issues" (Vlacic & Gonzalez-Loureiro, 2016, p. 463). Child and Hsieh (2013) state that internationalization does not always have to be planned. The choice to internationalize can, for instance, be a sudden response to an opportunity. Managers can also choose to not expand at all, if there is too much at stake or there is nothing that pushes them to do so (Laufs & Schwens, 2014).

2.3 Regulatory focus and internationalization

Organizations evolve alongside the principles of exploration and exploitation (March, 1991). The prevention-focus of decision-makers is said to be related to exploitation. This means that decision-makers will emphasize the fact that current events need to be improved instead of decision-makers searching for new opportunities in the environment (Ahmadi et al., 2017). Individuals will look for risk-reducing situations (Hmieleski & Baron, 2008). In relation to internationalization strategy, it is important to realize decision-makers with a prevention-focused mindset will be more risk-averse when looking at changes within the organization. Managers might be focused on the safety of the domestic market instead of looking for opportunities in the foreign market (Dasi et al., 2015). The promotion-focused mindset of decision-makers is associated with exploratory behaviour as managers focus on future successes, achieved by searching for alternative decisions while using a global information search (Ahmadi et al., 2017). As promotion-focused decision-makers are looking for alternative decisions, they are likely to take more risks (Dasi et al., 2015). Therefore, promotion-focused managers are open to opportunities in the foreign market and are more likely to internationalize the business activities of the firm than prevention-focused managers. The hypothesis related to this, is:

H1a: *A promotion-focused decision-maker is more likely to consider internationalization compared to a prevention-focused decision-maker.*

2.4 Contextual factors involved in the decision process of internationalization

In the process of internationalization, small and medium-sized enterprises are contingent on events happening in their market context. Laufs and Schwens (2014) state that especially small and medium-sized enterprises (SMEs) are sensitive to environmental changes. SMEs are not just small companies, but are different in structure and governance than multinational enterprises (MNEs), hence they have a different relationship with their environment (Brouthers & Nakos, 2004). The choice of entry mode is critical for SMEs in order to survive in the foreign country. However, there is limited knowledge on SMEs entering foreign markets (Laufs & Schwens, 2014).

2.4.1 Resources

Dasi et al. (2015) state that a significant amount of research on internationalization has been focusing on solely individual influences surrounding the process of internationalization. Therefore, the authors try to bridge the gap by discussing the two factors "slack resources and firm's exploration and exploitation orientations" (Dasi et al., 2015, p. 77). A small amount of researchers has discussed organizational factors as well. Casillas et al. (2008) mention a lack of knowledge and a lack of resources as two important potential obstacles for inter-nationalization. Also, entering markets that are physically and culturally farther away of the small or medium-sized enterprise are said to be more challenging (Ambos & Håkanson, 2014).

Sui and Baum (2014) proclaim that an environment with obstacles such as mentioned above "demands more human and financial resources" (p. 9) when expanding the organization's international operations. Also, it has been stated that in order to explore foreign markets, especially financial and human resources are necessary. Smaller firms in general seem to be more dependent on their human resources (Sui & Baum, 2014). Furthermore, the higher the international commitment, the higher the financial costs and general risks associated to that (Hitt, Hoskisson, & Kim, 1997). As mentioned before, small and medium-sized enterprises are limited in their resources, and this holds for financial and human resources as well (Sui & Baum, 2014). We decided to look into human and financial resources as the two most relevant resources for the internationalization of an SME because of the reasons mentioned before.

According to Laufs and Schwens (2014) resources of a small or medium-sized enterprise can either be financial, human or material. Financial resources are for instance capital investments that SMEs sometimes are unable to make because of the small size of the venture (Lu & Beamish, 2001). Internationalization is a resource-intensive activity, and a lack of financial resources is often the biggest obstacles for small firms. A greater amount of financial resources can mean the firm is better able to deal with the foreign challenges (Manolova, Manev, & Gyoshev, 2014). Personnel or human resources are the resources associated to individuals working inside the organization (D'Angelo, Majocchi, & Buck, 2016). An increase in human capital results in more competencies within the firm (Alkaabi & Dixon, 2014). Casillas et al. (2008), furthermore, state that the resource 'knowledge' can be easily allocated through knowledge-sharing networks, enabling young and small firms to develop relationships and acquire knowledge for entry into the foreign market. Also, through the experience of

employees the firm acquires knowledge on internationalization strategies which helps the firm when internationalizing in the future (Casillas et al., 2008). When information about foreign markets is made available, risk and uncertainty can be reduced, making the internationalization process easier. Knowledge is something often made explicit through individuals, and can, therefore, be assigned to being part of human resources as well (Cater & Cater, 2009).

If a firm has sufficient resources it can increase its control over the internationalization process by committing more of its resources to the project (Brouthers & Nakos, 2004). It is important to note that an SME is able to gain competitive advantage over other firms with the help of its resources (Rouse & Daellenbach, 1999).

The hypothesis we arrive at, is:

H2a: *The more available resources (financial as well as human) within the firm, the higher the consideration to internationalize for decision-makers within small and medium-sized enterprises.*

2.4.2 Environmental uncertainty

The literature on internationalization has been discussing the topic of complexity, unpredictability, uncertainty and volatility (Ahmadi et al., 2017; Lavie et al., 2010; Vlacic & Gonzalez-Loureiro, 2016). Globalization is an important change-making factor within firms. Especially with the world economy changing because of globalization, the context of firms can be highly unpredictable (Vlacic & Gonzalez-Loureiro, 2016). Lavie et al. (2010) mention environment dynamism, competitive intensity and unpredictable environmental shocks as circumstances that cause uncertainty for the operating firm. Also, Alkaabi and Dixon (2014) state that strategic choices regarding internationalization are changed because of the changing environment. Vlacic and Gonzalez-Loureiro (2016), furthermore, state that managers face an increasing amount of challenges compared to the past such as fast changes in demand, globalization, innovation and increasing governmental regulations. More and more mergers and acquisitions are happening, to secure a safe position in the international market and cope with changes (Alkaabi & Dixon, 2014). As decision-making itself becomes more complex, uncertainty for the strategic manager is increasing as well (Ahmadi et al., 2017). Decision-makers are not capable of making right judgements about the environment,

as they have no guarantee about what will happen in the future. Therefore, environmental uncertainty for managerial decision-making has to be measured by assessing the perceived environmental uncertainty by managers (Dickson & Weaver, 1997). Part of the literature states that only perceptions of managers can give us a clear picture on environmental uncertainty (Swamidass & Newell, 1987).

Lavie et al. (2010) state that innovation can be stimulated by uncertainty in the environment. Managers sometimes feel forced to take chances on risky opportunities in order to survive (Lavie et al., 2010). This might, however, be dependent on different regulatory foci and the way managerial cognition can work in different ways in uncertain situations (Gamache et al., 2015). Uncertainty influencing the organization from outside impacts the way managers make decisions. The newness of the foreign market, for example, can pose challenges for the firm (Lu & Beamish, 2001). Furthermore, resource scarcity and information complexity in the environment can be a threat to organizations (Swamidass & Newell, 1987). An increase in perceived environmental uncertainty can mean the decision-maker feels unable to make fine decisions (Vlacic & Gonzalez-Loureiro, 2016). This can result in resistance towards internationalization. In this situation, it might be safer to stick to the domestic market as unfamiliarity with the volatile environment keeps the manager from exploring the market.

The hypothesis derived at, is:

H2b: *The lower the perceived environmental uncertainty in the foreign market, the higher the consideration to internationalize for decision-makers within small and medium-sized enterprises.*

2.5 The overall model

As already mentioned, the regulatory focus of managers can vary among a diverse set of variables. In the light of having either a prevention or a promotion-focus, managers might choose different strategies in different stages of the internationalization process (Brockner & Higgins, 2001). It is relevant to investigate the regulatory focus of managers within the context of some factors. Although the regulatory focus of decision-makers influences the when and how to internationalization to a great extent, other factors can moderate the effect of the individuals' cognition (Brockner et al., 2004). Perceived environmental uncertainty and resources available within the firm are factors that could determine the way a decision-maker

feels about internationalization. When a firm encounters less environmental uncertainty, it is less vulnerable in general (Lu & Beamish, 2001). Also, if the firm has sufficient financial and human resources, the SME is more likely to search for new opportunities outside of the home country (Dasi et al., 2015). A firm that meets the challenges of a foreign market and has to absorb potential losses, needs to do this by using its resource base (Laufs & Schwens, 2014). When having fewer resources, absorbing losses might not be possible. In order to retain control and reduce uncertainty, managers might choose to not internationalize (Hmieleski & Baron, 2008). Considering the regulatory focus theory, it is likely especially prevention-focused managers are sensitive to this and are less willing to internationalize. On the other hand are the promotion-focused decision-makers, that are more likely to respond mildly to changes in environmental uncertainty and organizational resources.

The overall and most important hypotheses will be:

H3a: *An increase in financial and human resources increases the consideration for internationalization for promotion-focused decision-makers.*

H3b: *An increase in financial and human resources increases the consideration for internationalization for prevention-focused decision-makers.*

H3c: *An increase in perceived environmental uncertainty decreases the consideration for internationalization for promotion-focused decision-makers.*

H3d: *An increase in perceived environmental uncertainty decreases the consideration for internationalization for prevention-focused decision-makers.*

Chapter 3: Methodology

This chapter focuses first of all on the context, strategy and design of the research. After that, data collection and data analysis will be discussed.

3.1 Research context

The research context of this paper takes place in small and medium-sized enterprises (SMEs) as the unit of analysis consists of decision-makers within those organizations. As already mentioned, a great part of businesses are small and medium-sized enterprises. Finding out if a firm is a small or medium-sized enterprise can be done through either focusing on the quantity of staff or looking at the turnover or balance sheet of the firm. Small enterprises are those businesses that consist of less than 50 employees or have less than 10 million euros in turnover. Medium-sized enterprises consist of under 250 employees or have a turnover of below 50 million euros (European Commission, 2017). For privacy reasons, the staff headcount of the respondents' enterprises will be used.

Besides staff headcount and turnover, SMEs can be distinguished by some other characteristics. First of all, as an SME is smaller than a multinational enterprise it means it is limited in resources such as equity, materials, employees and so on (Lu & Beamish, 2001). As a result, small and medium-sized enterprises are less competitive (Jansson & Sandberg, 2008). Also, Alkaabi and Nixon (2014) state that due to the volatile environmental context of these days, SMEs often take a less risky version of entering a country, such as merging with another firm.

Small and medium-sized enterprises are suitable for investigation for several reasons. First of all, as SMEs are smaller in size and resources than MNEs, successful integration into the foreign market is extremely important. There is little room for second chances, which means SMEs might be more likely to make a deliberate decision (Vlacic & Gonzalez-Loureiro, 2016). Laufs and Schwens (2014) state that larger firms have easy access to different entry modes when entering a foreign country, whereas small firms have to rely on the labour and financial resources they possess at that moment. Secondly, especially focusing on both exploitation as well as exploration seems to be challenging for small and medium-sized enterprises. Therefore, improving current activities as well as moving into an international market remains a challenge that needs to be explored (Kammerlander et al., 2015). Thirdly,

although smaller firms are internationalizing more and more, for the greatest part small firms' internationalization processes have been ignored in the literature (Jansson & Sandberg, 2008; Laufs & Schwens, 2014). Fourthly, considering the fact we will be investigating into contextual factors influencing internationalization of SMEs, Laufs and Schwens (2014) mention the fact that small and medium-sized enterprises are "highly sensitive to external challenges" (p. 1111). Especially when there is a significant amount of external challenges, small and medium-sized enterprises might choose for different entry modes than an MNE would, due to the unpredictability of the situation (Laufs & Schwens, 2014). Small and medium-sized enterprises remain intriguing because of the many factors mentioned before.

3.2 Research strategy

In the survey investigating into the subject of internationalization, both consideration for internationalization and managerial cognition have been measured. The contextual factors resources and environmental uncertainty are placed as moderation variables as they are believed to influence the strength and direction of the relationship of the variables 'regulatory focus' and 'consideration for internationalization'. A research strategy has been defined.

3.2.1 Quantitative analysis

To investigate into this subject, the moderated causal relationship between the different variables has been measured. Data has been collected and analyzed using quantitative analysis as we work with numbers and linear relationships (Field, 2009). This is the most reliable method for our research because of certain reasons. First of all, quantitative data analysis gives us the opportunity to compare between groups. We therefore are able to investigate into the prevention and promotion-focus and compare the different results of decision-makers' cognition (Rhodes, 2014). Secondly, qualitative analysis seems to focus on observing reality and deriving theories from that. Although interviews would give in-depth information on managerial cognition, a survey, for instance, will help confirming the underlying theories (Newman & Ridenour, 1998). Quantitative analysis seems to be able to give us insight into the different control and moderation variables, and is found to be most suitable to the specific investigation.

3.2.2 Validity and reliability

Validity is the way the research measures what it is supposed to measure (Hair, Black, Babin, & Anderson, 2014). Validity was ensured by examining if questions were stated clearly, could be seen within the context of the great overall, and were being explained if necessary.

Reliability indicates if the research method can guarantee the research is reliable. This means that if our research would be conducted in the future, the same results would be shown. Also, the results should be able to be generalized to the population (Newman & Ridenour, 1998). Reliability of the research has been ensured by taking into account all possible influencing factors as well as a variety of SMEs. However, to increase reliability a greater sample is needed. Furthermore, during the process of analyzing the data, a reliability analysis has been conducted. Specific variables were examined more thoroughly because of this statistical analysis (Field, 2009).

3.2.3 Research ethics

The principles for research ethics of the American Psychological Association are considered when doing this research (Smith, 2003). Respondents were able to stay anonymous and the information made available remained confidential. Respondents were able to refuse participating into the research.

3.3 Research design

3.3.1 Population

The population under study is the group of decision-makers within small and medium-sized enterprises found through the personal network of the researcher. Hair et al. (2014) state that it is necessary to have 25 respondents per independent variable decision to increase the research's statistical power. For the research to be reliable, a population size of over 50 individuals is needed. Our aim was to at least find 60 respondents to account for missing values. For generalizability reasons, the bigger the sample is, the better it might represent the population under study (Field, 2009).

The unit of analysis consists of decision-makers (strategic managers, general managers, owners, consultants) of small and medium-sized enterprises. For this research it is important that individuals are capable of making decisions regarding internationalization. If they are not, they will make entirely different internationalization decisions because they are not familiar

to the strategic consequences of their choices. Initially, the population under study was to be found by contacting the researcher's personal network. Per LinkedIn and Email the first respondents were found. Later on, small and medium-sized network pages (especially MKB Servicedesk.nl) and the incubator group StartUp Nijmegen helped by gathering the main part of the respondents. Respondents received an individual e-mail explaining clearly the purpose of the research and the research procedure. Also, the introduction to the survey itself explained the survey and the estimated time period needed to fill in the survey.

3.3.2 Design

The research has been executed by comparing two groups of individuals. The two groups are made up of decision-makers that are prevention-focused or promotion-focused when making decisions at the workplace.

The questions of the research survey were translated into Dutch and checked by several individuals who were able to both understand the Dutch and English language. Also, the validity of the questionnaire was measured by translating it back into English in order to find out if the questions aligned (Brouthers & Nakos, 2004). All questions' content has been improved based on a test version (for the survey see Appendix A and B). The questionnaire has been pretested with the use of a small sample of individuals.

The research we conducted is based on a deductive approach. This means the theoretical variables were determined beforehand, after which the questionnaire was derived from theory. The variables mentioned in chapter two of the research have been analyzed. Those variables are 'consideration for internationalization', 'regulatory focus' and the contextual factors 'financial and human resources' and 'perceived environmental uncertainty'.

3.3.3 Variables

In this section we will describe how the variables are operationalized. First of all, we focus on the independent variable '*regulatory focus of the decision-maker*'. Questions regarding the regulatory focus theory shed light on the focus of the managers. Decision-makers have been asked whether they make choices based on fear of failure or focus on growth and aspiration (Lavie et al., 2010). The regulatory focus of managers has been measured by using a precomposed format, of which the 18-question survey of Akhtar and Lee (2014) seemed to be most suitable. Other questionnaires, for instance the one from Roczniewska, Retowski,

Osowiecka, Wronska, & Slomska (2013) focuses on general regulatory focus decisions, whereas Akhtar and Lee (2014) focus on work-related strategic decisions (Akhtar & Lee, 2014; Roczniewska et al., 2013). Therefore, it has been decided to use Akhtar and Lee's (2014) Work Regulatory Focus Scale. The eighteen questions of Akhtar and Lee (2014) are analyzed by using a 5 point Likert scale. The survey has been found to be reliable and accurate (Akhtar & Lee, 2014). For prevention-focused behaviour, security, responsibilities and losses are measured. For promotion-focused behaviour gains, achievements and ideals are examined (Akhtar & Lee, 2014).

Secondly, the independent variable '*internationalization*' has been measured. The most important measure for this variable was the question whether individuals would consider to internationalize (if all things were held constant), which indicated their preference for internationalization. Furthermore, Hitt et al. (1997) investigated the expansion of activities to a diversity of foreign areas. They call this the internationalization diversification and measure it by asking for the volume of foreign sales as a percentage of total sales. By doing this, the researcher not only knows if the organization has internationalized its activities yet, but also knows how great the percentage of foreign sales is (Hitt et al., 1997). Furthermore, entry modes have been analyzed by letting respondents fill in the entry mode scale of Ripollés, Blesa and Monferrer (2012).

Thirdly, the moderation variables are '*human and financial resources*' and '*perceived environmental uncertainty*'. The quantity of resources the firm currently possesses seems to be hard to investigate. It has been widely recognized that resources are often intangible and intertwined in other factors. Therefore, measuring resources is challenging (Barney, 2001). In this research the quantity of resources has been subdivided into two sections, according to Laufs and Schwens' (2014) paper: human (or personnel) resources and financial resources (Laufs & Schwens, 2014). Human resources have been measured by asking respondents to respond to a 4-question Likert scale. Those items focus on the way decision-makers value their employees and find them valuable to the competitive advantage of the firm (Cater & Cater, 2009). Financial resources have been measured by asking respondents for the firm's Return on Sales (ROS) and Return on Assets (ROA). A significant amount of the existing literature has discussed those two financial measures suitable for measuring performance of the firm (Tallman & Li, 1996; Lu & Beamish, 2001). Return on Sales can be explained by stating that net

income (before interest and tax) is divided by the sales of the firm. Return on Assets then is the net income divided by the assets of the organization (Investopedia, 2017).

'Environmental uncertainty perception' is measured by using the questionnaire of Swamidass and Newell (1987). A 5-point Likert scale (always predictable to never predictable) asked decision-makers about the perceived environmental uncertainty they experience. This set of questions has been used in many researches afterwards (Swamidass & Newell, 1987).

3.3.4 Control variables

Several control variables have been taken into account. Ahmadi et al. (2017) suggest that gender and age of decision-makers need to be incorporated into the control variables. Male decision-makers might have a more natural tendency towards risk-taking. Also, age of the decision-maker can influence the internationalization decision, as Kraicy, Hack and Kellermanns (2015) state that age "has an effect on risk-related factors" (Kraiczy, Hack, & Kellermanns, 2015, p. 341). Also, Casillas et al. (2008) state that past experience is relevant to take into account, as it can change the way of internationalizing for decision-makers (Casillas et al., 2008). We have to be aware of the fact that when we investigate managers that have experience with internationalizing, they might be more willing to internationalize the firm as they have knowledge on the process (Lavie et al., 2010). Furthermore, 'industry' is an important control variable, as the industry influences the firm to a great extent. Different types of industry deal with different contextual factors, influencing the firm in various ways. For example, the service industry and manufacturing industry are both impacted by significantly different volatile environments and cope with highly varying challenges (Brouthers & Nakos, 2004). Also, Brouthers and Brouthers (2003) state that service businesses need less financial investments, which means those companies might be less exposed to risks. Therefore, firms in the service industry can be less hesitant with regard to internationalization. The size of the firm, fifthly, is without a doubt relevant as operating in a smaller or larger firm determines the choices made. The variation in size results in differences regarding human and capital resources (Dasi, et al., 2015; Lavie et al., 2010). Therefore, it seems to be more likely that bigger firms (having more resources) are more likely to choose for internationalization. Concluding, we have taken the control variables gender and age of decision-makers, past experience, industry and size of the firm into account.

3.4 Data collection

The data collection strategy was to find decision-makers of small and medium-sized enterprises solely through networking and LinkedIn, after which they would get send a personal or digital version of the survey. Furthermore, incubators were seen as a perfect leeway to get access to small and medium-sized enterprise networks. Two versions of the digital invite were made, as the first version was improved based on recommendations of a Dutch incubator firm (Appendix C). We aimed for around 60 to 70 respondents.

In the end, less respondents were found through the personal network of the thesis researcher and more respondents were found through SME webpages and the Dutch Chamber of Commerce (Kamer van Koophandel). Several emails were sent out to incubators, but only the incubator StartUp Nijmegen responded. This incubator organization provided the research with more data, such as names and addresses of organizations.

We contacted 1034 decision-makers of which 79 responded. This means our research had a response rate of 7,6 percent.

3.5 Data analysis

When visual analyzing the data we came across certain problems in the data set. The data analysis will be discussed in the fourth chapter. Also, assumptions belonging to binary logistic regression will be assessed later on in the process, when we prepare the data.

3.6 Measures

We measured the independent variable 'regulatory focus of decision-makers' by asking 9 questions based on a promotion-focused attitude and 9 questions based on a prevention-focused attitude. All questions were measured by adding a value of 1 for "completely disagree", 2 for "disagree", 3 for "neither answer", 4 for "agree" and a value of 5 for "completely agree", with a value of 6 as "no answer". The dependent variable of internationalization has been measured by asking the question whether the respondent would consider to internationalize. This was being assessed by "yes" (value of 1), "neither yes, nor no" (value of 1), "no" (value of 2), and "no answer" (3). The answers of "yes" and "neither yes, nor no" are taken together, as respondents either feel certain or are with some doubt when thinking of internationalizing their business activities. The moderation variables 'human

resources' and 'perceived environmental uncertainty' have been assessed in a similar manner as the items on the regulatory focus of individuals. Values of 1 have been assigned to answers "completely disagree" and values of 5 to "completely agree". The moderating variables of financial resources, both variables 'Return on Sales' and 'Return on Assets', were assessed based on the percentages respondents filled in.

The control variables 'gender' and 'age of the decision-maker', 'past experience', 'industry' and 'size of the firm' are being taken into account. 'Gender of the respondent' was given a value of 1 (man) and 2 (woman). 'Age of the decision-maker' and 'size of the firm' were numerical variables. 'Past experience' was indicated with a value of 1 and 2, in which a value of 1 indicated past experience with internationalization and a value of 2 no experience. 'Industry' has been given the value of 0 for the goods industry and 1 for the services industry (according to Brouthers and Nakos (2004)).

All questions could be answered with the answer "no answer" in order to try to reduce missing values that could not be understood. However, individuals still did not answer certain questions of the survey. Missing values have been assessed with a value of -99 whereas "no answer" options were given a value of 6 or 4 and added as a missing value (Field, 2009).

3.7 Boundaries of the methodology

Regarding the research design there were two issues found that directly influenced the response rate of the questionnaire. First of all, there was no obligation to fill in all the answers to the questionnaire. Therefore, questions like the financial rates were not filled in and respondents had the freedom to fill in the questionnaire more quickly. The obligation to fill in the questions has been adjusted at the beginning of the data collection process, after around 15 respondents had filled in the questionnaire. Also, the order of the questionnaire has been changed halfway through the process. Because respondents had to fill in the financial ratios questions right after the 18 items on the regulatory focus of individuals, this seemed to retain individuals from filling in the rest of the questionnaire. After noticing this, the financial ratios were placed after other survey questions, like the human resources items. The decision proved beneficial: less respondents stopped after the first 18 items. Although incomplete responses were still present, this action seemed to decrease the missing values in general.

When it comes to the content of the survey, certain problems arose as well. In general, some variables (like 'consideration for internationalization') seemed to be too broad, whereas

the sample size could be seen as too small. Furthermore, the concept of organizational resources was hard to measure correctly, specifically with regard to the financial ratios. Resource information available within firms might not always be shared with external parties (Rouse & Daellenbach, 1999).

Chapter 4: Results

4.1 Preparing the data set

First of all, preparation of the data set is required. When doing a univariate analysis we are able to find outliers, skewed results and other problems in the data set.

4.1.1 Univariate analysis

Table 1 shows the univariate analysis of the data set. Around 80 individuals have responded to the questionnaire, although missing values are known for an average of 17 cases. For now, all variables will be analyzed based on the 79 original cases.

The current foreign revenue in percentage is on average 20 percent. The industry of the firm has been divided into the industry of goods and services. The majority of respondents' firms were part of the services industry (45.6 percent compared to 32.9 percent). Furthermore, almost 50 percent of the respondents were familiar to internationalization stating they had prior experience in the field of internationalization. This can complicate the results of the research, as individuals with experience might be less prevention-focused because of prior knowledge they have on the process of internationalization. The standard deviation of age of the firm is high, which can be ascribed to the fact that starters as well as long-term international firms have been taken into account in the research. Also, the average size of the firm is 37,45 employees (SD = 81). Most respondents were male, 66 percent compared to 13 percent being female.

	Frequency	Missing	Mean	Standard deviation	Percentage
Foreign revenue in percentage	79	21	19.61	30.83	
Industry of the firm	<u>79</u>	17			
• Goods	26				32.9
• Services	36				45.6
International experience of respondent	<u>79</u>	19			
• Yes	39				49.4
• No	18				22.8
• No yes or no	1				1.3
Age of firm (in amount of years)	79	17	18.16	18.07	
Size of the firm (in no. of employees)	79	17	37.45	81.81	

	79	17			
Gender	<u>79</u>	17			
• **Male**					65.8
• **Female**					12.7
Age of respondent	79	17	46.97	11.63	

Table 1: univariate analysis

4.1.2 Missing values

When doing the univariate analysis, it is noticed almost all missing values lie around the number of 17 respondents. Part of the missing values can be attributed to the fact that "no answer" is perceived as missing data. Also, as we noticed while collecting the data, some respondents did not finish the survey. This resulted in missing values. Missing data is often not ignorable as either the reason is unknown, which requires the data to be examined, or caused by procedural mistakes of the researcher. Missing data below 10 percent can be ignored, however missing data above this percentage should often be examined. Deletion should be considered when missing values determine more than 15 or 20 percent of the response (Hair et al., 2014).

Missing values at random do not have to determine the data set (Field, 2009). However, around 60 out of 80 respondents had missing values regarding the variable 'financial resources' (the question 'Return on Assets' as well as 'Return on Sales'). This is a percentage of approximately 75 percent. Therefore, it has been decided this could not be random and was a true issue to the research. The entire variable needed to be omitted in order to get the appropriate measures. Remaining missing variables were examined by using the Missing Value Analysis. For certain variables 20 percent of the responses were missing values. In the analysis it was shown certain respondents scored a score of 48 percent of missing values. Therefore, we are able to say certain respondents caused the high value of the missing data percentage by not filling in the entire questionnaire. In the end, 17 cases were eliminated, resulting in 62 cases left to analyze.

We noticed that respondents filled in "no answer" a few times. All respondents that filled in "no answer" to the four questions related to human resources, did this for all the four items on 'human resources'. In this case it is relevant to see this as missing values. However, for the 18 regulatory focus questions, respondents sometimes filled in "no answer" just once. Although this is a limitation to the research, it is no great concern for the validity of the regulatory focus variables.

In order to check for the assumption of missing values (< 20 percent) a Missing Value Analysis was produced again. We are able to see that the highest percentage of missing values was a percentage of 14.3 on the variable QD_5 which examines the question "If resources would be sufficient, would the firm consider to internationalize?". In general, all variables had scores below 15 percent and most of the variables had missing values below 10 percent (Appendix D).

4.1.3 Population check

As discussed in the research context, determining if firms were part of small and medium-sized enterprises has been based on the amount of employees working at the firm. Most firms had firm sizes ranging from one to 225 employees, with an average of 40 employees. When checking the variable 'firm size' for outliers, we found an outlier to the right (with a firm size of 550). Because the case does not fit into our research question, we decided to eliminate it. All other cases had a firm size between 1 and 250 employees and were therefore considered to be part of small and medium-sized enterprises.

4.1.4 Skewness and kurtosis of the variables

The variable 'gender of the respondent' is skewed to the right (indicating the majority of the respondents is male), whereas the variables 'experience with internationalization strategy', 'foreign revenue of the firm in percentage' and 'size of the firm' are skewed to the left (indicating many respondents have international experience, firms have low values of foreign revenue and there are many small firms in general). 'Size of the firm' also shows high levels of kurtosis. Although some of the variables encounter skewness and kurtosis, most variables show a good normal distribution. Some variation in variables like 'size of the firm' and 'age of the firm' can be explained by taking into account a great part of the data was gathered through a website where many starters and small firms were present. Part of the impact can also be explained by the sample size, which can be considered as too small.

4.1.5 Outliers

No extreme outliers were seen within most of the variables when assessing boxplots and outlier tests. Respondent 19 only filled in extreme low values on the questions to the variable 'human resources', which could be seen as an outlier. According to Field (2009) cases can be

removed, the data transformed and scores replaced. Transformations on the concerning items do not show improvements. Also, it is noticeable one of the outliers on the regulatory focus variable concerns the same respondent. Therefore, it is decided the respondent is to be removed as he or she filled in divergent answers compared to the population. The data is now excluded from extreme outliers.

4.2 Reliability analysis

To test the indicators of the regulatory focus, performing a reliability analysis is needed. First, the nine indicators connected to the prevention-focus of respondents are to be tested. The nine items show us a Cronbach's alpha of 0.867. A Cronbach's alpha of below 0.3 is a serious concern, whereas values of above 0.7 are good (Field, 2009). The value of 0.867 shows a high reliability. Also, when looking at what happens to the different items if one will be deleted, the deletion of items will only cause a decrease in the Cronbach's alpha value. Therefore, the data does not need to be altered and the prevention-focus indicators seem reliable.

The promotion-focused items analysis gives us a Cronbach's alpha of 0.864 (with 9 items). When looking at the Item-Total Statistics, it is clear that Cronbach's alpha will not improve to a great extent if items will be deleted. The one improvement will be to delete item 7 (variable QA16) of the promotion-focus variable which will increase Cronbach's alpha to 0.871. However, this is such a slight increase that it is decided the variable will not be altered. Therefore, we state the promotion-focused indicators are reliable as well. Both Reliability Analysis tables can be seen in Appendix E.

Next, we will transform the nine items on the prevention-focus into the mean of prevention-focused cognition. Also, the items on the promotion-focus will be transformed into one mean.

4.3 Adjustment of variables

4.3.1 Regulatory focus

In order to get insight into the respondents' regulatory focus, both the prevention and promotion-focus variables have been collected into a univariate statistics table (Appendix F). All nine questions of the prevention-focus as well as the nine questions of the promotion-

focus were asked in statements that can be found in the Appendix. Respondents were able to give answers ranging from completely disagree (a value of 1) to completely agree (a value of 5). The value of 4 and 5 indicate a higher tendency towards either a prevention or promotion-focus (depending on the question). The prevention-focus overall average is 3.62, whereas the promotion-focus average value is 3.96. There seems to be a higher tendency towards the promotion-focus. However, the difference is extremely small.

In order to analyze the variables, we have to reduce the 18 questions of the regulatory focus questionnaire into two separate variables. We used prevention variables QA1_Factor to QA9_Factor for analyzing prevention-focused decision-makers, whereas we used promotion variables QA10_Focus to QA18_Focus for measuring promotion-focused behaviour of managers. We based this distinction on Akhtar and Lee (2014), who also factored the variables. Although they had to omit item 10 and 11 (of the prevention-focused questions) the authors stated that the original creators of the survey, Neubert, Kacmar, Carlson, Chonko and Roberts (2008) were able to show high loadings on those two items. The latter refined the questionnaire two times by conducting principal axis factor analysis. They ensured an independent and reliable questionnaire consisting of 18 questions.

To assess the data an extra time we conducted a short principal component factor analysis that showed us a significant result with a Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) of 0.84 on the prevention-focused construct. The promotion-focused construct had a lower KMO value of 0.78. This number is close to 0.8 and the KMO-test considers this a high result. Also, Bartlett's Test of Sphericity showed significant results. The questions focusing on the prevention-focus and promotion-focus all showed high components of above .6 in the component matrix, with the exception of item 16 (showing a value of 0.44). We decided to conduct a factor analysis without this item. The KMO test increased to 0.83. As deleting the item increased the KMO to above .8, item QA16 was eliminated from the analyses. All other items were included.

To be able to analyze the data, both the prevention and promotion-focused constructs need to be mean centered. By assessing the mean we derive at the new variables Mean_PROfocus (excluding the 16th item) and Mean_PREVfocus.

	KMO-test	Bartlett's Test of Sphericity
Promotion-focus	0.78	0.00 (sign.)
Promotion-focus (after deletion of item 16)	0.83	0.00 (sign.)
Prevention-focus	0.84	0.00 (sign.)

Table 2: KMO-test and Bartlett's Test of Sphericity

4.3.2 Human resources

The same procedure will happen to the human resources variable. As this variable contains four questions, we first look at the fit of the questions after which we centre the items into one variable. Conducting a factor analysis showed a significant Bartlett's test, however, the KMO-test was relatively low with a value of 0.61. This value, however, is still acceptable (Hair et al., 2014). Besides, when excluding the lowest component value (QB4_HR) the KMO-test value still remains at 0.61. Furthermore, conducting two analyses (one with all the variables included, the other with only the first three variables included) did not result in great improvements. Therefore, the four items were centered into the mean variable Mean_HR.

4.3.3 Perceived environmental uncertainty

The last variable we need to assess, after which we will center it, is the variable of perceived environmental uncertainty. This variable consists of six items in the survey. All items seem to be correlated and are found to be significant assessing Bartlett's Test of Sphericity. We centered the six items into the variable Mean_EnvUnpr.

None of the variables needed to be reversed. The data now consists of the four new variables Mean_PREVfocus, Mean_PROfocus, Mean_HR and Mean_EnvUnpr.

4.4 Correlations

A bivariate correlation analysis has been conducted looking at the variables in the model (table 3). The most important variables to examine are the predictor variables measuring the score of respondents on the two regulatory foci and the dependent variable 'consideration for internationalization'. The bivariate correlation between the two variables Mean_PRO

(assessing the promotion-focus) and Mean_PRE (assessing the prevention-focus) is found to be significant with a positive Pearson Correlation of 0.28. This indicates a weak to moderate relationship. There is a danger in (high) correlations between the predictor variables, as they can result in multicollinearity. Besides this correlation, we check for other correlations between the continuous variables. No significant correlations were found. The internationalization consideration has a weak positive correlation towards the prevention-focus. This seems to be contradictory to the theories mentioned before.

	N	Mean	1	2	3	4	5
1.Prevention-focus (independent)	58	3.64 (.85)	1				
2.Promotion-focus (independent)	58	4.08 (.70)	0.28*	1			
3.Consideration for internationalization (dependent)	51	1.22 (.42)	0.03	0.11	1		
4.Human resources	55	3.31 (.59)	0.01	0.21	-0.08	1	
5.Perceived environmental unpredictability	58	3.26 (.57)	-0.03	0.07	0.01	0.06	1

Table 3: bivariate correlations between the continuous variables

Note: $p < 0.05$;*

4.5 Assumptions of binary logistic regression

As the data consists of multiple independent metric variables and a nominal dependent variable, we use logistic regression analysis to assess the data. Three assumptions need to be fulfilled: linearity, independence of errors and multicollinearity (Field, 2009). The outcome or dependent variable of this research consists of two categories. Also, there are two predictor variables. The normality test will not be applied for multinomial regression as data having a categorical outcome will not be normally distribution.

4.5.1 Linearity

First of all, we test the linearity of the variables. Homoscedasticity and linearity are often tested by assessing scatterplots and boxplots (Hair et al., 2014). In ordinary regression

analysis, to test for linearity the linear relationship of independent variables and the dependent variable are examined. When examining linearity in the case of logistic regression, however, the log or logit has to be assessed (Field, 2009). Therefore, the interaction term between each of the two regulatory focus variables and the logit of the variable of considering to internationalize (QD4_Generalint – "If the resources of the firm would be sufficient, would you consider internationalizing the firm's activities?") has been tested. The interaction effect of the mean of the prevention-focus with the log of the mean of the prevention-focus has been examined. The same happens to the promotion-focus mean. The analysis shows no significant interaction effect. In the dataset we encountered no linear relationships of the independent variables interacted with the logs. Therefore, the assumption of linearity has been met (Appendix G).

4.5.2 Independence of errors

Independence of errors points to the fact that residuals within the data should not be interrelated with each other, otherwise overdispersion will be present in the data. To test for this assumption, residual terms will be examined. The Durbin-Watson Test assesses whether correlation between the errors is present (Field, 2009). The Durbin-Watson test shows us a score of 2.44 when examining the main variables 'prevention-focus', 'promotion- focus' and 'consideration for internationalization'. A score of around 2 indicates a good Durbin-Watson. This means the residuals are uncorrelated and the assumption has not been violated.

4.5.3 No multicollinearity

When conducting binary correlation analysis, it was already noticed the two predictor variables were correlated. The assumption of no multicollinearity "can be checked with tolerance and VIF statistics, the eigenvalues of the scaled, uncentered cross-products matrix, the condition indexes and the variance proportions" (Field, 2009, p. 273). Theoretically, tolerance should not be lower than 0.1. In the case of this data set the tolerance levels of the correlation between the two independent variables is 0.9. Therefore, tolerance levels are good for the predictor variables. To ensure there is no problem with multicollinearity in the data, the VIF statistic should not be higher than 10. In our case the VIF is 1.109. Therefore, no multicollinearity was found.

Concluding, all assumptions have been met for the logistic regression analysis.

4.6 Binary logistic regression

The analysis conducted gives us insight into the data set. The first model of the analysis examines the relationship between the regulatory focus of decision-makers and the consideration to internationalize, controlled for by the control variables. As the control variable 'experience with internationalization' seems to bias the results to a great extent, it has been decided to eliminate the variable from the analysis. Although theoretically arguable, experience might not have been tested the right way in this research.

Hypothesis 1a has not been found to be significant. In general, both relationships between regulatory focus and internationalization are positive. Hypothesis 2a and 2b (concerning the moderation effects) have not been found to be significant as well. The variable 'human resources' shows a positive relationship when plotting it as predictor of the dependent variable. The variable increases the more the model is being extended. The variable 'environmental uncertainty' shows a very weak negative correlation with the dependent variable. However, when plotted into the full model (including the interaction effects) the variable shows a high positive relationship to the dependent variable. When analyzing the entire model including the interaction effects (model 5) we are able to see that the relationships have strengthened to a great extent. None of the interaction effect hypotheses (3a to 3d) are significant.

	Model 1	Model 2	Model 3	Model 4	Model 5
Variables					
Prevention mean	-0.07	5.25	5.73	15.53	35.02
Promotion mean	2.46	6.54	7.00	25.89	70.56
Control variables					
Goods or services	-2.60	-2.53	-2.30	-2.39	-3.68
Size of the firm	0.01	0.01	0.02	0.02	0.03
Gender	-4.72*	-4.69	-4.77	-6.50	-8.83*
Age of respondent	-0.04	0.05	-0.04	-0.06	-0.13
Moderation					
Interaction prevxpromotion		-1.24	-1.37	-1.32	-4.66
Human resources			0.20	32.92	49.28
Environmental uncertainty			-0.77	-0.81	26.66
Interaction HR x Prevention				-2.87	-3.80
Interaction HR x Promotion				-5.16	-8.29

Interaction uncertainty x Prevention					-0.52
Interaction uncertainty x Promotion					-6.34
minus 2LL	26.92	26.15	25.66	23.75	19.79
Cox and Snell R2	0.29	0.30	0.31	0.34	0.39
Nagelkerke R2	0.48	0.50	0.51	0.56	0.65
Percentage Predicted	89.1	91.3	93.5	87.0	91.3
Hosmer and Lemeshow	3.02^	12.92^	8.16^	5.29^	6.34^

Table 4: binary logistic regression of the conceptual model
Note: $p < 0.05$;*, $p < 0.01$;**

4.6.1 The first model

In the first model the independent variables 'prevention-focus' and 'promotion-focus' and their control variables have been measured. Binary logistic regression will be used to assess the data.

Only 11 respondents would per definition not consider internationalization. The Classification Table shows that SPSS has predicted that all respondents would consider or be indifferent to internationalize, which results in 0 percent accuracy for the individuals not considering to internationalize and 100 percent accuracy for those that did consider. Overall, 89.1 percent is correctly predicted. The Model Summary shows The Cox & Snell R square (0.29) and the Nagelkerke R square (0.48). Both R squares indicate that the amount of variance explained by the independent variables in the model is weak to moderate. The Hosmer and Lemeshow Test shows a significant Chi-square (χ= 3.02; $p > 0.88$).

Hypothesis 1a has not been found to be significant. Only the variable 'gender' shows a significant negative effect of -4.72 ($p < 0.047$), indicating that male decision-makers would be more likely to consider internationalization compared to female decision-makers. Although the hypothesis cannot be proofed, our Beta coefficients can still indicate the strength and direction of the relationship as "it represents the change in the logit of the outcome variable" (Field, 2009, p. 286) that's linked to the change in the predictor variable. The mean of the prevention-focus variable (β = -0.07, $p = 0.93$) shows a very small negative relationship and the mean of the promotion-focus (β = 2.46, $p = 0.12$) shows a strong positive relationship. Furthermore, the control variables industry and age of the respondent show negative correlations. This could, for example, mean that organizations working in the goods sector would be more likely to consider to internationalize compared to organizations working in the

services industry. Size of the firm shows a very small positive effect. However, as the control variables are not significant we are not able to draw conclusions.

In the first model, the mentioned results regarding the independent variables align with the conceptualized hypothesis. The control variables, furthermore, mostly seem to align with the theory. However, as mentioned, the results are not found to be significant. Therefore, the prevention and promotion-focus do not influence the consideration to internationalize.

	B	Std. Error	Lower CI	Exp(β)	Upper CI
Prevention	-0.07	0.74	0.22	0.93	4.01
Promotion	2.46	1.58	0.53	11.7	260.34
Industry (goods or services)	-2.60	1.37	0.01	0.07	1.09
Size of the firm	0.01	0.01	0.99	1.01	1.04
Gender	-4.72	2.37	0.00	0.01	0.93
Age of the respondent	-0.04	0.05	0.88	0.97	1.07

Table 5: parameter estimates of model 1 of the binary regression analysis
Note: $p < 0.05$;*

4.6.2 The second model

In the second model the interaction between the two independent variables ('prevention-focus' and 'promotion-focus') has been included. The model seems to have been improved, as the percentage predicted correctly has become 91.3 percent and the -2 Log Likelihood slightly decreased to 26.15. Also, a small improvement in the R squares can be seen (Cox and Snell R^2 = 0.30; Nagelkerke R^2 = 0.50).

The interaction effect has not been found to be significant. No other variables in the second model are significant. Looking at the beta coefficients and odds ratios, we are able to see the interaction between the prevention and promotion-focus shows a negative relationship. The other variables in the second model have mainly remained constant. What is interesting to see is that the relationship between the 'prevention-focus' variable and the 'consideration to internationalize' variable has become a positive relationship, in contrast to the literature.

4.6.3 The third model

For the moderating variables 'perceived environmental uncertainty' and 'human resources', a binary logistic regression has been modeled including the moderation variables.

The overall model shows a good fit. 93.5 percent of the model has been predicted accurately. It is noticeable that the Hosmer and Lemeshow Test shows a significant Chi-square (χ = 8.16; p > 0.32) which means our model has a good fit. The Cox & Snell R square and Nagelkerke R square show a small increase compared to the two earlier models, respectively, 31 percent and 51 percent explained variance.

The moderation variables 'human resources' and 'perceived environmental uncertainty' are both not found to be significant. 'Human resources' has a small positive relationship, whereas 'environmental uncertainty' has a negative relationship. A negative relationship means that a one-unit increase in environmental uncertainty will result in a decrease of the odds of considering to internationalize. A positive relationship means that the odds of considering to internationalize are increasing for individuals that experience more human resources in the organization compared to those who do not. However, as both moderation variables are not significantly correlated to the dependent variable, both variables do not influence the consideration to internationalize.

The remaining variables in the third model show the same relationship directions as in the first or second model. The results on the moderation variables seem to align with the hypotheses on the moderation effects (hypotheses 2a and 2b), although no significant effects have been found.

	β	S.E.	Lower CI	Exp(β)	Upper CI
Human resources	0.20	1.14	0.13	1.22	11.42
Environmental uncertainty	-0.77	1.18	0.05	0.46	4.64

Table 6: parameter estimates of model 2 of the binary regression analysis
Note: p < 0.05;*

4.6.4 The fourth model

For the fourth model the interaction effects of the human resources with the independent variables 'prevention-focus' and 'promotion-focus' have been inserted. As mentioned before, no relationships are found to be significant. The model predicts 87 percent of the data

accurately. Also, the -2 Log Likelihood has slightly decreased. This indicates the model has improved. The R squares have slightly increased, indicating more explained variance in the new model (Cox and Snell R2 = 0.34; Nagelkerke R2 = 0.56).
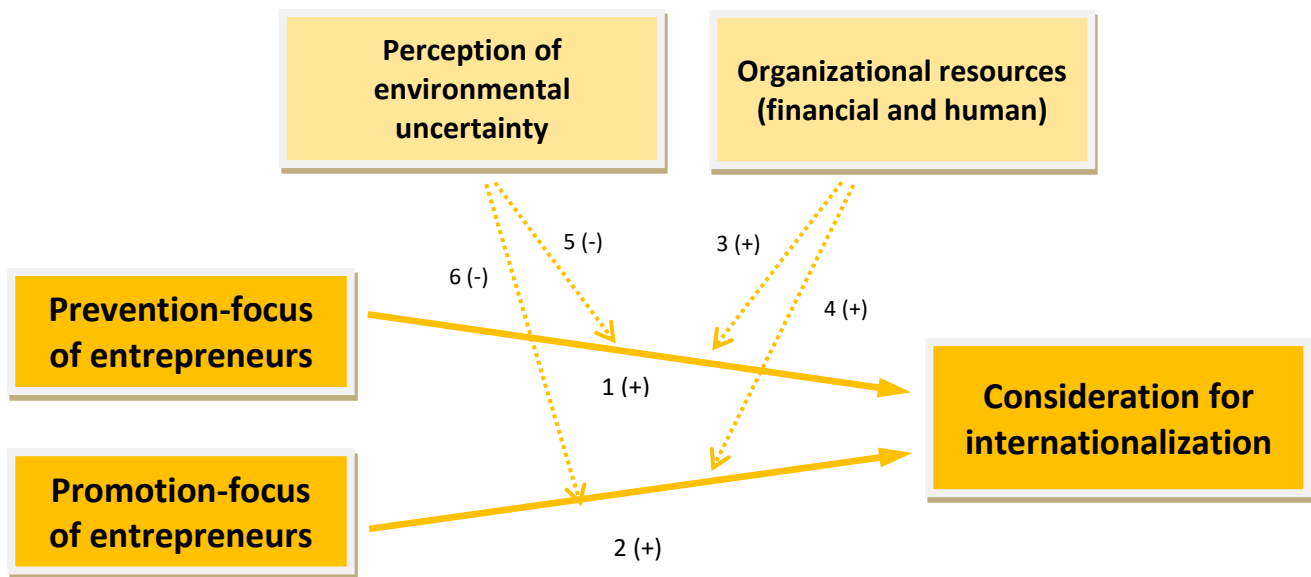
The moderation effect between the human resources of the firm and both the prevention and the promotion-focus shows a negative relationship. The beta coefficients and odds ratios of other variables in the model have not changed in strength as well as direction compared to the first three models. The results do not support hypotheses 3a and 3b.

4.6.5 The fifth model

In the fifth model the interaction between the environmental uncertainty and the independent variables ('prevention-focus' and 'promotion-focus') has been inserted. This results in the final model, including all variables. 91.3 percent of the model has been correctly predicted. The model seems to fit the data well as the -2LL has decreased to 19.79. The Cox & Snell R square and the Nagelkerke R square show an explained variance of, respectively, 39 percent and 65 percent. This indicates the variables explain a high portion of the variance.

Only the variable 'gender' is found to be significant. Four interaction effects have been assessed by plotting an interaction chart (Appendix H). The graphs concerning the interaction between the environmental uncertainty and the regulatory focus of decision-makers show an increasing line. The graphs concerning the interaction between the human resources and the regulatory focus of decision-makers show a decreasing line. Would the results have been significant, this would have indicated that an increase in environmental uncertainty will result in a more positive attitude towards internationalization for both the prevention and promotion-focused manager. Also, an increase in organizational human resources then seems to result in a more negative attitude towards internationalization practices. However, both the human resources within a firm and the perceived environmental uncertainty do not affect the internationalization consideration.

The other variables in the fifth model correspond with the first four models. The direction of the beta coefficients of the independent variable 'promotion-focus' and the moderation variable 'human resources' is supported by theory, although the hypotheses were not found to be significant. Also, the strength of every relationship in the model has been increasing during the analysis.

Figure boxes and labels:

Perception of environmental uncertainty

Organizational resources (financial and human)

Prevention-focus of entrepreneurs

Promotion-focus of entrepreneurs

Consideration for internationalization

5 (-)
6 (-)
3 (+)
4 (+)
1 (+)
2 (+)

1: 35.02 (positive)
2: 70.56 (positive)
3: y= 1,19+6,29^E-3*x (positive)
4: y= 1,19+6,29^E-3*x (positive)
5: y= 1,39-0,06*x (negative)
6: y= 1,39-0,06*x (negative)

Figure 2: results of the binary logistic regression placed in the conceptual model
Note: $p < 0.05$;*

Chapter 5: Discussion

Decision-makers within small and medium-sized enterprises cope with strategic choices everyday. International activities like exporting and acquiring a foreign subsidary can ensure the growth of a firm (Dasi et al., 2015). It is relevant to examine to what extent the individuals responsible for those decisions influence the decisions made. Decision-makers that are more risk-averse compared to decision-makers that are open to searching for riskier opportunities might differ in the internationalization choices made (Li & Gammelgaard, 2014). In this research the regulatory focus of managers has been examined in relation to the internationalization tendency of managers. Also, external influences have been taken into account. To answer the research question "*how does the regulatory focus of decision-makers influence the managerial preference for internationalization of a firm*?", surveys were distributed under 79 respondents. The data was analyzed resulting in the answering of the exact research questions "*To what extent does the prevention-focus of decision makers in small and medium-sized enterprises influence the consideration for internationalization?*" and "*To what extent does the promotion-focus of decision makers in small and medium-sized enterprises influence the consideration for internationalization?*". In the following discussion, explanations will be given on the beforementioned results.

The model fit of the binary logistic regression conducted, showed good results. The Hosmer and Lemeshow has been significant in all parts of the analysis. The percentage accurately predicted has increased, with an exception of the fourth part of the model. The -2 Log Likelihood has decreased, indicating an increase in the overall model fit. Also, the explained variance has been improved when adding variables to the model.

The first part of the model shows that the prevention-focus mean is negative and the promotion-focus mean is positive. However, as the model adds variables, the prevention-focus mean becomes positive as well. Although the model fit is good, there is no evidence that the regulatory-focus of decision-makers influences the consideration to internationalize.

The control variables included in the analysis support the literature for the main part. The variable 'gender' has been found to be significant in the first and last part of the model. This means that the direct effects are present, but controlled for by the gender of the decision-maker. Male decision-makers are more likely to take chances and choose for internationalization.

The hypotheses H2a and H2b regarding the moderation variables have been rejected, as the relationships have not been found to be significant. Overall, the variable 'human resources' shows a positive relationship and the variable 'environmental uncertainty' a negative relationship. Interesting to see is that in the last concluding part of the model 'environmental uncertainty' has its Beta coefficient transformed into a highly positive coefficient. The interaction effect that has been added in the last model seems to have taken away the negative effect of the moderation variable, leaving the moderation highly positive. However, no significant effects have been found. Therefore, no evidence supports the notion that the organizational resources influence the consideration to internationalize.

In the fourth and fifth model the interactions have been assessed. As the results are not significant, the interaction effect of the regulatory focus of managers and the organizational resources does not seem to influence the consideration to internationalize. As there are no significant results to support the data in general, no evidence can be found to state that the prevention and promotion-focus of decision-makers within small and medium-sized enterprises influences the consideration to internationalize.

The hypothesized statements surrounding the overall model have, in all respects, not been found to be significant. Besides the small amount of conclusions derived from the analysis, limitations were also found that disturbed the research. Also, future recommendations can be made to improve the research on this subject.

5.1 Limitations and future recommendations

5.1.1 Limitations to the population and sample size

Certain limitations were found directly related to the population of the sample. Many respondents who filled in the questionnaire were owners of small firms or firms existing of only one or two employees. This resulted in skewed outcomes when looking at the size of the firm. Having few employees is also likely to influence strategic choices being made. Owners are fully responsible for the survival of the firm and might, therefore, reflect differently than a strategic manager of a medium-sized firm would do. Furthermore, although it was preferred all respondents had the power to make strategic internationalization decisions, this was hard to examine and could not be guaranteed. The respondents were made aware of the fact they needed to be able to exert strategic influence, however, it was never explicitly asked.

Furthermore, although decision-makers of already internationalized firms as well as not yet internationalized firms were invited to fill in the questionnaire, most of the respondents were familiar with internationalization. Almost 23 percent of the respondents had no experience with internationalization whereas almost 50 percent of the respondents did have experience with internationalization. Therefore, when answering the question if they would consider to internationalize, individuals could have been biased. As seen before, individuals with experience tend to be more knowledgeable on internationalization, potentially resulting in a more natural tendency towards internationalization (Casillas et al., 2008).

Overall, a greater sample is needed to cope with challenges such as mentioned before. Although measuring a moderation relationship could have been done with around 60 respondents, logistic regression analysis asks for a greater sample size.

5.1.2 Limitations to the statistical power of the test

As mentioned, a greater sample size is needed in order to draw clear conclusions. The data set has been analyzed by conducting a binary logistic regression. This indicates multiple predictor variables are present in the model. Furthermore, two moderation variables have been included. Therefore, the model is too elaborated to be able to draw conclusions with a sample size of solely 60 respondents. The amount of 60 respondents provides a very small statistical power to support the research. Therefore, it is impossible to find the logistic regression test to be robust. This is a major concern to the data set and has complicated the significance and results of the research.

5.1.3 Limitations to survey questions

Several limitations are found considering the survey questions. A severe problem was first of all found in the moderation variable of financial resources. Respondents were neglecting to fill in the financial ratios Return on Sales and Return on Assets. A possible explanation for this can be that the information was found to be too sensitive. Tallman and Li (1996) examined financial numbers of firms as well. However, their data was derived from already existing financial tables. They encountered the problem of missing data only for four firms. A future recommendation, therefore, is to work with existing financial numbers or ask a clear categorical question that individuals within the firm are able to answer. However, it may always remain hard to derive financial data of small and medium-sized firms.

Secondly, the survey question related to the dependent variable 'Consideration for internationalization' caused problems. The question only gave four options to answer, of which two were either missing or neutral. The two remaining options that gave us a clear answer on the consideration on internationalization (either "yes" or "no") only included 43 respondents. Also, as the analysis now included a categorical variable consisting of three categories, officially a multinomial logistic regression had to be tested. For the researcher, it is clearer to examine a continuous dependent variable or a nominal dependent variable with only two categories. Therefore, the variable has been changed into different values in order to remove some of the statistical complexity.

Furthermore, for the questionnaire, certain questions that were asked as open-ended questions could have been clearer and easier for respondents when divided into categories. In this case, for instance financial ratios, age of the decision-maker and industry could have been divided into different categories, resulting in less dispersed results when analyzing the data. In order to find the right survey questions for respondents further research is needed. Using existing survey items is recommended.

5.1.4 Limitations associated to specific variables

Human resources: Due to the size of the firm, some of the items belonging to the variable 'human resources' were hard to answer for respondents. Some small to medium-sized enterprises in the research consisted of only one individual. For this individual it was impossible to, for example, answer questions on the competencies of their employees, as there were no other employees within the organization other than themselves.

Environmental unpredictability: This variable's items focused on users of the product, competition, public opinion and trade unions. However, as firms of respondents often consisted of few employees, respondents found the questions hard to answer. Missing values could be seen to a great extent.

Foreign revenue: When looking at the statistics belonging to this variable, extreme values could be noticed. For instance, many respondents filled in a 98 or 99 percentage of foreign revenue, which does not seem like a reliable answer. A solution could have been to have made the question a categorical variable, while also including the option 'no answer'.

The independent variables 'promotion-focus' and 'prevention-focus': Although the outcomes for the regulatory focus of decision-makers were estimated correctly, the

independent variables both could have been improved by changing the items of the variables. The Work Regulatory Focus Scale of Akhtar and Lee (2014) seemed to be the best option to assess the regulatory focus of individuals as it was focused on work situations and had proved to be reliable. However, the items sometimes referred to things like promotions and job security. For owners and managers of very small firms with one or two employees the questions were hard to relate to. A recommendation for future research is either to adjust the range of small and medium-sized enterprises to, for instance, 10 to 250 employees or to use a more individual-focused regulatory focus scale.

5.2 Theoretical implications

Kammerlander et al. (2015) state that having two regulatory foci at the same time is possible within an individual. Most literature, however, focuses on decision-makers possessing either the prevention or the promotion-focus. Although insignificant, in this research both the prevention and promotion-focus were positively correlated to internationalization. Furthermore, the literature in this research has been used without considering the cultural background of the author and the research context. Being prevention or promotion-focused, or making strategic decisions from one of the two perspectives, can be dependent on the background and culture of the decision-maker. It could be the case that Dutch entrepreneurs mainly possess both foci and tend to make decisions from both a prevention as well as a promotion-focus.

Secondly, Ahmadi et al. (2017) investigated the correlation between the mediating factor financial incentives and the regulatory focus of decision-makers. They concluded that financial incentives are able to work as mediating factors for prevention-focused individuals, so that those individuals are more open to explorative behaviour. In our research, the moderating variables 'human resources' and 'environmental uncertainty' could be examined in the same way. It might be highly relevant to further examine the mediating effect that, for instance, human resources can have on the consideration to internationalize and how regulatory focus can be influenced by this. Also, other organizational factors can be included.

5.3 Managerial implications

Small and medium-sized enterprises are able to learn from the conclusions of this research. A great amount of decision-makers being part of this research seems to possess both regulatory foci. Although the promotion-focus is theoretically stronger related to the dependent variable 'consideration for internationalization', in this research the 'prevention-focus' variable shows a positive correlation as well. Also, when visually analyzing the data, both foci were highly present within the different respondents. This varies from the literature surrounding the regulatory focus of decision-makers. Therefore, a practical implication seems to be that managers need to be responsive to both regulatory foci. Managers can, for example, try to influence decision-makers by securing their position (prevention-focused motivator) as well as focus on all the opportunities that lie in internationalization (promotion-focused motivator) (Ahmadi et al., 2017).

Besides this, male decision-makers are more likely to consider to internationalize, compared to female decision-makers. This is something to take into account when thinking about internationalizing the organization. Decision-makers possessing the mentioned characteristics would possibly have a more open and positive attitude towards internationalization. Female decision-makers might need more stimulation in order to take a chance on internationalization.

5.4 Conclusion

No significant effects could be found regarding the regulatory focus of decision-makers and internationalization. Male decision-makers seemed to be more open towards internationalization consideration. The two foci, prevention and promotion-focus, were correlated. Both had a positive effect on the consideration for internationalization for decision-makers within small and medium-sized enterprises. However, as no significance evidence was found, it can be said that the regulatory focus of decision-makers does not influence the consideration for internationalization. A greater sample and the adjustment of the questionnaire could highly increase the reliability of the research. In order to try to explain some of the differences between theory and research, future research needs to look into Dutch literature on the regulatory focus of decision-makers. Many questions remain

unanswered. For now we can conclude that decision-makers in this research do not seem to be willing to take a chance on internationalization.

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Appendices

The Dutch version of the distributed survey

Beste respondent,

Fijn dat u mee wilt werken aan dit onderzoek! Voor mijn Master scriptie doe ik onderzoek naar de relatie tussen denkstijlen van managers en internationaliseringsactiviteiten van het midden en klein bedrijf. Met internationalisering worden alle buitenlandse activiteiten bedoeld, variërend van het exporteren van producten en diensten tot de aankoop van gehele bedrijven in het buitenland.
Voor dit onderzoek hoeft u op dit moment nog niets met internationalisering te hebben.
Als u niet in staat bent bepaalde vragen te beantwoorden omdat ze complex of te vertrouwelijk zijn, vul dan 'geen antwoord' in. Uw antwoorden op de vragen zullen vertrouwelijk blijven.
Hartelijk dank dat u mee wilt werken aan dit onderzoek!

Vriendelijke groet,
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Dit is het eerste gedeelte van het onderzoek en is gericht op de persoonlijke waarden op het werk

	Helemaal mee oneens	Mee oneens	Niet mee oneens, niet mee eens	Mee eens	Helemaal mee eens	Geen antwoord
1. Ik zorg ervoor dat ik mijn werktaken goed uitvoer om mijn baangarantie te vergroten	O	O	O	O	O	O
2. Op de werkvloer richt ik mijn aandacht op het uitvoeren van de mij toegewezen verantwoordelijkheden	O	O	O	O	O	O
3. Het vervullen van mijn werktaken is erg belangrijk voor me	O	O	O	O	O	O
4. Op de werkvloer span ik me in om de aan mij gegeven verantwoordelijkheden en verplichtingen waar te maken	O	O	O	O	O	O
5. Op de werkvloer ben ik vaak gefocust op het volbrengen van taken die mijn behoefte aan zekerheid (zoals het hebben van baangarantie) ondersteunen	O	O	O	O	O	O
6. Ik doe er alles aan om mislukking en verlies op het werk te vermijden	O	O	O	O	O	O
7. Baangarantie is een belangrijke factor voor mij als ik naar werk zoek	O	O	O	O	O	O
8. Ik focus mijn aandacht op het voorkomen van mislukkingen op mijn werk	O	O	O	O	O	O

9. Ik let er goed op dat ik mezelf niet blootstel aan de mogelijkheid te falen in mijn werk

   O   O   O   O   O   O

10. In mijn werk pak ik kansen waarmee ik mijn doelen tot vooruitgang kan maximaliseren

   O   O   O   O   O   O

11. Ik heb de neiging risico's te nemen in mijn werk zodat ik successen kan behalen

   O   O   O   O   O   O

12. Als ik een kans had om te participeren in een project met een hoog-risico, hoge-beloning, zou ik die zeker aangrijpen

   O   O   O   O   O   O

13. Als mijn baan mij geen mogelijkheid tot ontwikkeling zou geven, zou ik waarschijnlijk een andere baan zoeken

   O   O   O   O   O   O

14. Een kans om te groeien is voor mij een belangrijke factor als ik op zoek ga naar een nieuwe baan

   O   O   O   O   O   O

15. Ik focus me op het volbrengen van taken die mijn ontwikkeling bevorderen

   O   O   O   O   O   O

16. Ik ben een groot gedeelte van mijn tijd bezig met me voor te stellen hoe ik mijn ambities kan realiseren

   O   O   O   O   O   O

17. Mijn prioriteiten in mijn werk worden beïnvloed door het duidelijke toekomstbeeld dat ik voor mezelf heb en na wil streven

   O   O   O   O   O   O

18. Op de werkvloer word ik gemotiveerd door mijn verwachtingen en ambities

   O   O   O   O   O   O

Het tweede gedeelte van de vragenlijst richt zich op de (contextuele) factoren die het midden of klein bedrijf waar u in werkt beïnvloeden. Beantwoord elke vraag vanuit het gezichtspunt van uw onderneming

Human resources: Geef aan in hoeverre u zich kunt vinden in onderstaande beweringen

	Helemaal mee oneens	Mee oneens	Niet mee oneens, niet mee eens	Mee eens	Helemaal mee eens	Geen antwoord
1. De competenties van onze werknemers zijn op het meest optimale niveau van wat we ooit hopen te bereiken	O	O	O	O	O	O
2. Onze werknemers worden als creatief en slim beschouwd	O	O	O	O	O	O
3. Onze werknemers worden door velen als de beste in de gehele industrie beschouwd	O	O	O	O	O	O
4. Als bepaalde individuele werknemers plotseling zouden vertrekken, dan zouden we grote problemen hebben	O	O	O	O	O	O

Financiële middelen: Wat zijn de cijfers van de onderneming waar u werkzaam bent?

Return on Assets (ROA) of Marge op Activa Formule = netto inkomen (voor rente en belasting) gedeeld door totale activa:

[   ]

Return on Sales (ROS) of Rendement op Verkoop Formule = netto inkomen (voor rente en belasting) gedeeld door verkopen:

[   ]

Beantwoord hier alstublieft in hoeverre onderstaande factoren **voorspelbaar** zijn voor uw onderneming

Hoe voorspelbaar....

	Nooit voorspelbaar	Onvoorspelbaar	Niet onvoorspelbaar, niet voorspelbaar	Voorspelbaar	Altijd voorspelbaar	Geen antwoord
1. Is het werkelijke aantal gebruikers van uw product?	O	O	O	O	O	O
2. Is de concurrentie onder leveranciers van uw grondstoffen en onderdelen?	O	O	O	O	O	O
3. Zijn concurrenten in uw markt?	O	O	O	O	O	O
4. Zijn regelgevingen vanuit de overheid, die uw industrie aansturen?	O	O	O	O	O	O
5. Is de politieke opinie en het politieke gedrag van de consument richting uw industrie?	O	O	O	O	O	O
6. Is uw relatie met vakbonden?	O	O	O	O	O	O

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Het derde gedeelte van de vragenlijst richt zich op de internationalisering van ondernemingen

1. Geef de buitenlandse omzet aan van de onderneming

Als er geen internationale activiteiten plaats hebben gevonden, en er dus geen inkomsten uit buitenland zijn geweest, geef
dan aan dat er 0 buitenlandse omzet is geweest

%

Omzet in het buitenland en verkoop aan het buitenland
als percentage van de totale omzet van het bedrijf

Deze vraag is gerelateerd aan de laatste activiteit omtrent de internationalisering van de onderneming

2. Op welke manier is er toegang tot een buitenlandse markt gevonden bij de laatste internationale activiteit van uw organisatie?

Bij geen internationale activiteit, vul optie 10 'Geen internationale activiteit' in.

▼

1. Een nieuw bedrijf of dochteronderneming is opgestart met volledige financiering vanuit uw bedrijf
2. U hebt 100 procent van het vermogen van een reeds bestaande onderneming in de voor u nieuwe markt verkregen
3. U heeft een aandelenbelang verkregen in het bedrijf, dat in de voor u nieuwe markt opereerde
4. U bent een samenwerkingsverband aangegaan in de nieuwe markt
5. Gezamenlijke productie overeenkomsten zijn geformaliseerd met bedrijven die in de nieuwe markt actief zijn
6. Uw producten werden direct geëxporteerd naar de nieuwe markt
7. Franchiseovereenkomsten werden geformaliseerd in de nieuwe markt
8. De marketing van uw producten is uitbesteed aan een bedrijf in de nieuwe markt
9. Uw merknaam is overgedragen naar een nieuw bedrijf dat in de nieuwe markt opereerde
10. Geen internationale activiteit heeft plaatsgevonden
Geen van deze antwoorden

3. Welke manier van markttoegang (van bovenstaande opties) zou u overwegen als u nu zou moeten internationaliseren?
Schrijf het nummer van deze activiteit op.

<< >>

Radboud Universiteit

Algemene vragen

Onderstaand vindt u enkele vragen over de algemene perceptie over internationaliseren

	Absoluut niet waar	Niet waar	Niet onwaar, niet waar	Waar	Absoluut waar	Geen antwoord
Hebt u het gevoel dat een tekort aan middelen (denk aan: financiële en materiële middelen, human resources, etc.) u van het internationaliseren van uw onderneming weerhoudt?	O	O	O	O	O	O
Hebt u het gevoel dat de middelen van uw onderneming voldoende zijn wanneer u nu besluit te gaan internationaliseren?	O	O	O	O	O	O
Hebt u het gevoel dat de onvoorspelbaarheid van de omgeving van de onderneming u weerhoudt te internationaliseren?	O	O	O	O	O	O

	Ja	Nee	Geen ja, geen nee	Geen antwoord
Overweegt de onderneming op dit moment te internationaliseren?	O	O	O	O
Als de middelen van de onderneming voldoende zouden zijn, zou u dan overwegen de bedrijfsactiviteiten te internationaliseren?	O	O	O	O

De industrie waar de onderneming actief in is, is:

[   ]

Deze industrie is onderdeel van

[▼]

De grootte van de onderneming (in aantal werknemers) is:

[   ]

Hoe oud is de onderneming? (In aantal jaar)

[   ]

Ik ben een

○ Man
○ Vrouw

Hoe oud bent u?

[   ]

Bent u eerder betrokken geweest bij strategische beslissingen omtrent het internationaliseringsproces van een bedrijf (of dit bedrijf)?

Ja	Nee	Geen ja, geen nee	Geen antwoord
○	○	○	○

Als u benieuwd bent naar de resultaten van dit onderzoek, vul dan hier uw e-mailadres in:

[   ]

Dear respondent,

This questionnaire focuses on managerial cognition and the way managers make decisions. This thesis investigates into the relationship between managerial cognition and internationalization activities of small and medium-sized enterprises. With internationalization all foreign activities are meant, ranging from exporting or franchising products and services to the acquisition of entire firms abroad.
Thank you for filling in this questionnaire. If you are not able to answer certain questions due to sensitivity issues or complexity of the questions, please fill in 'no answer'. This questionnaire will remain confidential.
Thank you for your willingness to cooperate in this research!

Kind regards,
Fieke Honkoop
Fieke.honkoop@student.ru.nl
S4369459

Part A: This is the first part of the questionnaire and focuses on your personal beliefs and behaviour.

	Strongly disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
1. I concentrate on completing my work tasks correctly to increase my job security.	1	2	3	4	5
2. At work I focus my attention on completing my assigned responsibilities.	1	2	3	4	5
3. Fulfilling my work duties is very important to me.	1	2	3	4	5
4. At work, I strive to live up to the responsibilities and duties given to me by others.	1	2	3	4	5
5. At work, I am often focused on accomplishing tasks that will support my need for security.	1	2	3	4	5
6. I do everything I can to avoid loss at work	1	2	3	4	5
7. Job security is an important factor for me in any job search.	1	2	3	4	5
8. I focus my attention on avoiding failure at work.	1	2	3	4	5
9. I am very careful to avoid exposing myself to potential losses at work.	1	2	3	4	5
10. I take chances at work to maximize my goals for advancement.	1	2	3	4	5
11. I tend to take risks at work in order to achieve success.	1	2	3	4	5

12. If I had an opportunity to participate in a high risk, high-reward project, I would definitely take it.	1	2	3	4	5
13. If my job did not allow for advancement, I would likely find a new one.	1	2	3	4	5
14. A chance to grow is an important factor for me when looking for a job.	1	2	3	4	5
15. I focus on accomplishing job tasks that will further my advancement.	1	2	3	4	5
16. I spend a great deal of time envisioning how to fulfill my aspirations.	1	2	3	4	5
17. My work priorities are impacted by a clear picture of what I aspire to be.	1	2	3	4	5
18. At work, I am motivated by my hopes and aspirations.	1	2	3	4	5

The second part of the questionnaire focuses on the contextual factors that are influencing the small to medium sized enterprise you're working in. Please answer each question from the viewpoint of your firm.

Resources	Answer
Financial resources	
Return on Assets (ROA) (as index number)	
Return on Sales (ROS) (as index number)	

Human resources	Completely disagree	disagree	Neither disagree nor agree	agree	Completely agree
The competence of our employees is at the most ideal level we could ever hope to achieve	1	2	3	4	5
Our employees are considered creative and bright	1	2	3	4	5
Our employees are widely considered as the best in the whole industry	1	2	3	4	5
If certain individual employees suddenly left, we would be in big trouble	1	2	3	4	5

Please fill in the level of **predictability** for the organization you're working in:

How predictable is/are …

	Never predictable	Unpredictable	Neither predictable/ unpredictable	Predictable	Always predictable
Actual users of your products?	1	2	3	4	5
Competitors for your supply of raw materials and parts?	1	2	3	4	5
Competitors for your customers?	1	2	3	4	5
Government regulations controlling your industry?	1	2	3	4	5
The public's political views and attitudes towards your industry?	1	2	3	4	5
Your relationship with trade unions?	1	2	3	4	5

C. The third part of the questionnaire focuses on the internationalization processes of firms

Please indicate the amount of foreign and total sales

If no internationalization activities have found place in the organization, please state there are 0 foreign sales

	Answer
Amount of foreign sales as a percentage of total sales of the company	

This question is related to the latest internationalization activity of the SME:

What kind of entry mode has been used to enter the foreign market with the <u>latest internationalization activity</u> of the firm?

Entry mode
1. A new firm or a subsidiary was created with capital exclusively from our firm
2. 100% of the capital of an already existing firm in the new market was acquired
3. A share of sufficient capital to control a firm that was operating in the new market was acquired.
4. A joint venture was created in the new market.
5. Joint production agreements were formalized with firms that were operating in the new market.
6. Our products were exported directly to the new market.
7. Distribution franchising agreements were formalized in the new market

8. The marketing of our products was subcontracted to a firm in the new market.	
9. The brand was transferred to another firm that was operating in the new market.	
10. No internationalization activity	

Which entry mode would you consider if you would have to internationalize right now? Write down the number of that internationalization activity.

Part D: General section

Here you will find some questions on the general perception on internationalization

	Absolutely not true	Not true	Neither true nor not true	True	Absolutely true
Do you feel like a lack of resources (human, financial, material resources etc.) keeps your firm from internationalizing?	1	2	3	4	5
Do you feel like the resources of the firm are sufficient when deciding to internationalize right now?	1	2	3	4	5

Do you feel like unpredictability of the environment keeps your firm from internationalizing?	1	2	3	4	5
Is the firm currently thinking about internationalizing the business?	Yes	No	Neither yes nor no	No answer	
If the resources of the firm would be sufficient, would you consider internationalizing the firm's activities?	Yes	No	Neither yes nor no	No answer	

The type of industry the organization is operating in, is : This is a:

Service industry	Manufacturing industry

The size of the organization (in amount of employees):

The organization has existed for (in amount of years):

I am a

Male	Female

I am   years   old

Have you been involved in strategic choices regarding the internationalization process of a firm (or this firm) before?

Yes	No	Neither yes nor no	No answer

Digital invitation letter (two versions)

Two versions of the digital invitation were made. Some respondents got personal invitations, whereas others were included into a mass

invitation. Also, two different versions of the invitation were sent to respondents.

Version 1

Geachte heer/mevrouw,

Bent u onderdeel van een midden- of klein bedrijf (tot 250 werknemers) en denkt u na over internationalisering? Zijn er dingen die u tegenhouden? Heeft u niet genoeg middelen? Of zijn er externe factoren die u ervan weerhouden internationaal te gaan met uw bedrijf?
Wie ben ik: Ik ben Fieke Honkoop, master student van de opleiding Strategic Management aan de Radboud Universiteit te Nijmegen. Op dit moment onderzoek ik bovenstaande vragen en zoek ik managers van midden- en kleinbedrijven die mij hierin verder willen helpen.
Wat ik precies zoek: Ik ben op zoek naar ondernemingen in het midden- of kleinbedrijf die nog geen activiteiten hebben geïnternationaliseerd. Daarnaast wil ik ook bedrijven die al wel bezig zijn met internationalisering meenemen in mijn onderzoek.
Wat kunt u doen? U kunt op onderstaande link klikken en mijn vragenlijst invullen. Dit kost 10-15 minuten van uw tijd. Ook kunt u mij in contact brengen met andere managers die zouden kunnen helpen.
Aan het eind van de vragenlijst kunt u aangeven of u de resultaten wilt inzien. Op deze manier kunt u ook profiteren van de opgedane kennis over internationaliseringsactiviteiten 😊

Klik hier en doe mee!
Alvast bedankt!

Vriendelijke groet,
Fieke
fieke.honkoop@student.ru.nl

Version 2

Beste x,

Via MKB servicedesk ben ik bij uw contactgegevens gekomen. Ik ben Fieke Honkoop en ben bezig aan mijn master Strategic Management aan de Radboud Universiteit (te Nijmegen). Op dit moment ben ik bezig met een onderzoek voor mijn scriptie. In dit onderzoek bekijk ik hoe cognitieve denkstijlen invloed hebben op internationaliseringsactiviteiten van bedrijven.

Voor mijn scriptie ben ik vooral op zoek naar ondernemingen in het midden- en kleinbedrijf die nog geen activiteiten hebben geïnternationaliseerd, maar ook bedrijven die er al wel mee bezig zijn wil ik meenemen in het onderzoek. Omdat ik zelf niet veel MKB'ers heb in mijn netwerk, zoek ik hard naar mensen binnen midden- en klein bedrijven die bereid zijn mij te helpen. De vragenlijst zelf duurt tussen de 10 en 15 minuten om in te vullen.
 Voor het gemak stuur ik alvast de vragenlijst via deze link, maar u bent vrij niets met deze mail te doen.
Alvast dank!

Vriendelijke groet,
Fieke Honkoop
S4369459
fieke.honkoop@student.ru.nl

Appendix D

The missing value analysis of the variables

Variables (not all included)	N	Mean	Standard deviation	Missing (count)	Missing (percentage)
QA1_Prevention	55	4,11	1,15	7	11,3
QA5_Prevention	57	3,35	1,33	5	8,1
QA12_Promotion	60	3,77	,99	2	3,2
QB2_HR	60	3,8	,94	3	4,8
QB3_HR	60	3,2	,93	3	4,8
QB7_Unpredictable	63	3,3	1,16	0	0
QC1_Foreignsales	59	19,95	30,99	4	6,3
QC2_Intactivity	62	7,26	2,93	1	1,6
QC3_Marketentry	55	5,07	2,94	8	12,7
QD1_Generalres	57	3,18	1,32	6	9,5
QD4_Generalint	59	1,71	,72	4	6,3
QD5_Generalint	54	1,54	,75	9	14,3
QD7_Sector	62	1,58	,50	1	1,6
QD8_Size	62	37,45	81,81	1	1,6
QD9_Age_Firm	62	18,16	18,07	1	1,6
QD10_Gender	62	1,16	,37	1	1,6
QD11_Age	60	46,97	11,63	3	4,8
QD12_Experience	58	1,34	,51	5	7,9
QD6_Industry	63			0	0

The Item-Total Statistics of the prevention-focus variable and promotion-focus variable, resulting from the Reliability Analysis

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
QA1PREVExecuting worktasks for job security	28,9348	40,018	,611	,852
QA2PREVAssigned Responsibilities	28,8478	42,799	,537	,859
QA3PREVImportancy of executing responsibilities	28,8043	41,716	,630	,852
QA4PREVFullfillings tasks/duties	28,5000	45,456	,401	,869
QA5PREVTasks supporting Job security	29,7391	36,286	,762	,836
QA6PREVAvoid failure	29,4565	37,498	,666	,847
QA7PREVNew job job security	30,1957	38,783	,594	,854
QA8PREVPreventing mistakes at work	30,0870	39,726	,576	,855
QA9PREVExposure to failure	30,4783	37,766	,646	,849

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
QA10PROChances for development maximization	31,5745	28,206	,622	,849
QA11PRORisk taking for successes	31,8723	26,157	,655	,844
QA12PROHigh-risk, high-reward project	32,2340	27,574	,526	,856
QA13PROJob opportunities, find new job	31,8936	27,010	,668	,844
QA14PROChance to grow	31,8511	26,782	,683	,842
QA15PROFocus on tasks in which to develop	32,0426	27,955	,564	,853
QA16PRORealize ambitions	32,7872	28,389	,391	,871
QA17PROInfluence by future aspirations	32,3830	25,502	,631	,847
QA18PROMotivated by expectations and aspirations	32,2128	26,171	,673	,842

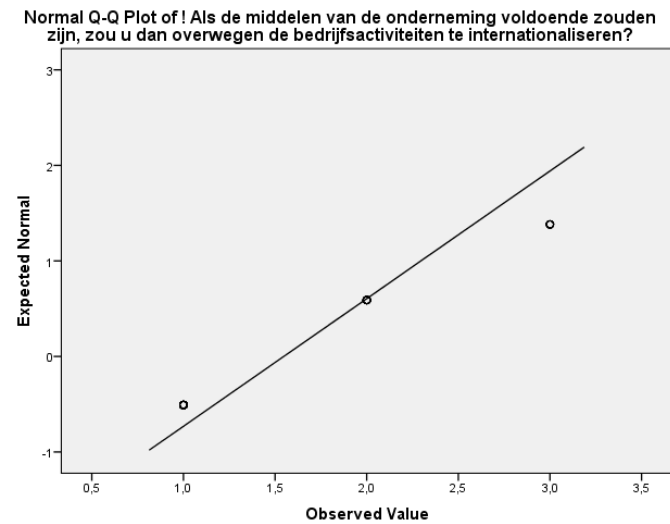The univariate analysis of the items of the regulatory focus of respondents

Variables		N	*Mean (values of 1-5)*
Prevention Focus	QA1: I concentrate on completing my work tasks correctly to increase my job security	55	4,11
	QA2: At work I focus my attention on completing my assigned responsibilities	59	4,22
	QA3: Fulfilling my work duties is very important to me	58	4,29
	QA4: At work, I strive to live up to the responsibilities and duties given to me by others	58	4,53
	QA5: At work, I am often focused on accomplishing tasks that will support my need for security	57	3,35
	QA6: I do everything I can to avoid loss at work	61	3,61
	QA7: Job security is an important factor for me in any job search	52	2,81
	QA8: I focus my attention on avoiding failure at work	62	3,02
	QA9: I am very careful to avoid exposing myself to potential losses at work	61	2,61
	Mean Prevention-focus variables		**3,62**
Promotion Focus	QA10: I take chances at work to maximize my goals for advancement	61	4,51
	QA11: I tend to take risks at work in order to achieve success.	60	4,12
	QA12: If I had an opportunity to participate in a high risk, high-reward project, I would definitely take it	60	3,77
	QA13: If my job did not allow for advancement, I would likely find a new one	56	4,16
	QA14: A chance to grow is an important factor for me when looking for a job	54	4,21
	QA15: I focus on accomplishing job tasks that will further my advancement	61	4,02
	QA16: I spend a great deal of time envisioning how to fulfill my aspirations	62	3,37
	QA17: My work priorities are impacted by a clear picture of what I aspire to be	62	3,65
	QA18: At work, I am motivated by my hopes and aspirations	60	3,83
	Mean promotion-focus variables		**3,96**

Appendix G

The likelihood tests testing for linearity of the variables in the model

Likelihood Ratio Tests

Effect	Model Fitting Criteria -2 Log Likelihood of Reduced Model	Likelihood Ratio Tests Chi-Square	df	Sig.
Intercept	77,417	1,109	2	,574
Mean promotion * Ln_MEANPRO	76,451	,144	2	,931
Mean prevention * Ln_MEANPREV	76,565	,258	2	,879
Mean prevention	76,574	,267	2	,875
Mean promotion	76,476	,169	2	,919

Normal Q-Q Plot of ! Als de middelen van de onderneming voldoende zouden zijn, zou u dan overwegen de bedrijfsactiviteiten te internationaliseren?
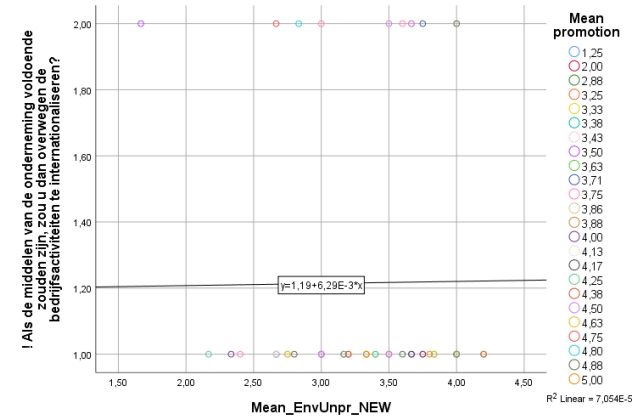
Appendix H

The interaction effect graphs of the independent variables in relation to the moderation variables 'human resources' and 'environmental uncertainty'
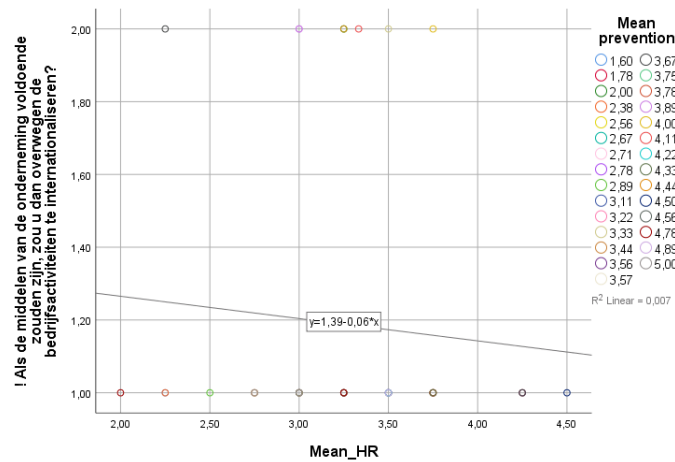
Hypothesis 3a
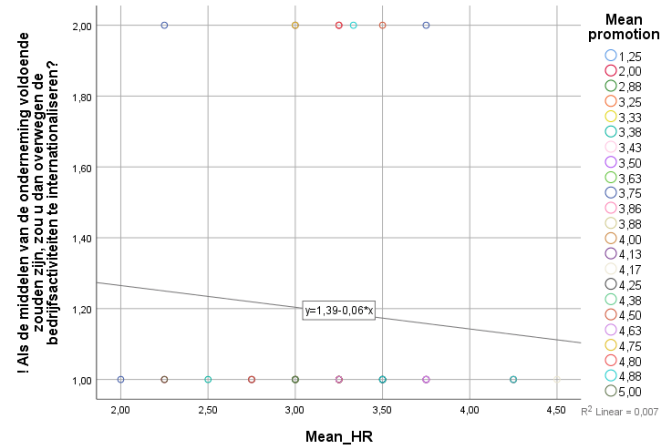
Hypothesis 3c

Hypothesis 3b

Hypothesis 3d