

A global mindset – still a prerequisite for successful SME internationalisation?

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Abstract

The concept of global mindset was introduced more than a decade ago as a prerequisite for successful internationalisation of small and medium-size enterprises (SMEs). However, the pace of global integration and globalisation has accelerated and complexity increased. Therefore we ask: To what extent is global mindset still a critical driver for successful international expansion of SMEs? We are particularly interested in learning how global mindset is reflected in the decision making of internationalising SMEs in Finland.

To answer this question, we test four propositions which link global mindset, decision-making logic and SME performance. Our empirical study is based on a cross-sectional sample of Finnish SMEs, and we find that global mindset seems to be linked to both effectual decision-making logic and improved international performance. On the other hand, in our data set effectual decision-making and SME performance were not linked, thus global mindset predicts international rather than overall performance of the Finnish SMEs. All in all, our study confirms the relevance of global mindset still today. Furthermore, it points out the connection between global mindset and entrepreneurial decision-making, and that their joint effect is relevant when trying to explain entrepreneurial internationalisation.

Keywords: Global mindset, SME internationalisation, Effectuation, International performance

INTRODUCTION

What drives successful internationalisation? The question has intrigued scholars for decades. Various antecedents to international performance have been identified, but researchers interested in internationalisation of small and medium-sized enterprises (SMEs) have emphasised the role of the top management. One of the most debated managerial characteristics has been global mindset, which is often understood as a manager's openness to and awareness of cultural diversity, and their ability to handle it (Andresen & Bergdolt, 2017).

Already more than a decade ago Nummela, Saarenketo and Puumalainen (2004) found that the internationalisation of SMEs in the Finnish information and communication technology (ICT) sector was driven by global mindset. The finding is quite plausible/understandable: Finnish home market is/was small and the potential international markets for the niche products of the technology intensive firms are/were vast. According to a recent study, international markets are still the main source for growth for Finnish SMEs (Kuismanen, Malinen & Seppänen, 2017).

However, the global business environment has also been in constant change since the study of Nummela et al. (2004), and we have witnessed major changes in the global economy, including the global market downturn towards the end of 2000s, new challenges for globalization and recently the rise of nationalism in favour of globalism, to name a few examples. At the same time, the Finnish entrepreneurial ecosystem has been in flux. Surprisingly, according to latest Global Entrepreneurship Monitor (Suomalainen et al, 2016), only seven per cent/7% of Finnish early-stage entrepreneurs have strong international orientation – a clear decrease from the earlier report in 2014 – and on European scale this can be considered modest. As the Finnish economy is highly dependent on exports, the low international growth orientation among nascent ventures can be considered alarming. Nevertheless, more than 20 % of Finnish SMEs have international operations

and international markets are still considered to be a major source for international growth (Kuismainen et al., 2017). Consequently, evidence from earlier research, subsequent changes in the business environment and partly contradictory findings in recent studies offer a strong motivation for a follow-up study on the significance of global mindset among Finnish SMEs.

Instead of only focusing only on the relationship between global mindset and SME performance, we decided to extend our view to include decision-making. After all, managers' willingness to commit to internationalisation may be moderated by their tolerance to risk and uncertainty (Johanson & Vahlne, 1977). Perceptions of uncertainty and risk are the root of decision-makers' cognitive biases, which mediate the relationship between the decision-making context and internationalisation (Liesch, Welch & Buckley, 2011). These biases are further reflected in how managers make decisions about internationalisation, i.e., whether they rely on causation-based or effectuation-based logic in their decision-making (cf. Sarasvathy, 2001).

Unfortunately prior studies have not linked global mindset of managers and their decision-making logic together, so our understanding of the relationship between the two concepts remains limited. Nevertheless, as both concepts have been found to be important drivers of SME internationalisation, *this study investigates the link between managers' global mindset, their decision-making logic and the company's performance in Finland*. Our theory-based framework and propositions were empirically tested with a representative sample of Finnish SMEs. The findings indicate that managers' global mindset and decision-making logic are, indeed, important drivers of successful internationalisation.

Our study makes multiple contributions. First, it adds to our understanding of the major drivers of successful SME internationalisation by illustrating how two areas of managerial cognition – global mindset and decision-making logic – are related to successful internationalisation. Second, the study highlights global mindset as an important determinant of effectuation-based logic in

decision-making. Third, it surprisingly provides empirical evidence that effectual decision-making may not always be linked to SME performance. This last result is particularly interesting when juxtaposed with recent studies on effectuation in the domain of SME internationalisation and international entrepreneurship, e.g., Nummela et al. (2014), and Andersson (2011).

The next section presents a literature review on global mindset and decision-making logic among internationalising SMEs. The review concludes with a framework with empirically testable propositions. Next, the research design is introduced and the findings are summarised. We conclude by discussing the study's implications on SME internationalisation from both theoretical and managerial perspectives.

GLOBAL MINDSET AND SME INTERNATIONALISATION

Global mindset refers to an individual's capacity to function effectively in highly complex business environments across national boundaries (Andresen & Bergholt, 2017). As a concept it integrates the manager's openness to and articulation of multiple cultural and strategic realities on global and local levels and his/her ability to manage geographically spread operations in spite of this diversity (Eriksson et al., 2014; Levy et al., 2007). International business scholars have applied the concept of global mindset in two main contexts: either as a characteristic of top management in multinational companies leading to better global leadership, or as a feature of SME managers leading to successful entrepreneurial internationalisation. The focus of this study lies on the latter; thus, our review of prior research puts these studies in the spotlight. For an overview of prior knowledge on the phenomenon, we systematically scanned through approximately 400 recent studies on global mindset, starting from examining all citations type drawn from Google Scholar,

comparing the results with other more exclusive citation databases (e.g. Scopus), and concentrating on research published in ranked peer-reviewed academic journals and books in particular.

The results of this systematic literature review paint a picture of the relevance of global-mindset. For instance, it has been discovered that the founders of rapidly internationalising small high-tech companies are often active entrepreneurs who have a global mindset that gives them an international vision, proactiveness and the commitment to search for international opportunities (Nummela et al., 2004; Oviatt & McDougall, 1995). In a recent study of Norwegian and Portuguese SMEs, Kyvik, Saris, Bonet and Felício (2013) found a strong relationship between global managerial mindset and a company's internationalisation behavior. In another, later study of Norwegian, Portuguese and Lithuanian firms, Felício, Duarte and Rodriguez (2016) found a similar linkage, and Laurell et al. (2013) pointed toward similar implications in their case study on the life-sciences sector. Furthermore, using a series of case studies, Englis and Wakkee (2015) found the global mindset to be at the heart of global growth and opportunity for entrepreneurial ventures.

Another relevant concept related to global mindset is the cultural awareness which enables managers to perceive differences between cultures and to know what to expect when interacting with people from other cultures. Therefore, managers with high cultural awareness are more skilled than others in exploiting 'culture-general' and 'culture-specific knowledge' (Hofstede, 1980), and possibly are similarly skilled in recognising the dynamics of different cultures (Fang, 2010). Being able to identify cultural differences helps in selecting the appropriate tools for dealing with those from other cultures (Elo, Benjowsky & Nummela, 2015). However, cultural awareness is no guarantee of a global mindset. It is also necessary to be able to recognise commonalities rather than just focus on differences between individual markets (Jeannet, 2000). As a result, managers with global mindsets consider the world to be one marketplace, are willing to proactively pursue foreign markets, and are willing to commit time and resources to succeed in them (Nummela et al., 2004).

Thus, a global mindset can be considered a meta-capability required for successful internationalisation (Eriksson, Nummela & Saarenketo, 2014).

Indeed, as prior research has shown (Lappe & Dörrenbacher, 2017; Nummela et al., 2004), the global mindset of a SME [manager](#) seems to be linked with improved success of the firm's internationalisation efforts. It is easy to argue that managers with a global mindset are better equipped to deal with the complexity and dynamics of multicultural business environments (Levy, Beechler, Taylor & Boyacigiller, 2007). They can survey a global business environment and adjust quickly to the new environment (Andresen & Bergdolt, 2017). However, top management's ability to apply individual-level competencies is influenced by the contextual settings in which the business operations take place (Elo et al., 2015).

Overall, when reviewing empirical research on global mindset and SME internationalisation, one study stands out in particular due to the high number of citations. Nummela et al. (2004) demonstrated in their study that Finnish information and communication technology firms with a global mindset performed better on international markets than firms without a global mindset. Our literature review indicates that later research mainly has supported this conclusion, although the concept has also been linked to other aspects of internationalisation. For example, Felício et al. (2016) found that global mindset at different levels can influence internationalisation behaviour within SMEs, including their networking activities. There also is some support for the idea that the scope of market reach internationally may determine the extent to which global mindset and other managerial attitudes and capabilities are relied upon (Ismail & Kuivalainen, 2015).

The findings in our review indicate that global mindset has continued to be an important prerequisite for successful SME internationalisation. Recently, researchers also have linked global mindset with decision-making within SMEs. For example, Gaffney, Cooper, Kedia and Calmpit (2014) found that global mindset also may be an antecedent of a company's decision-making. We

are aware that their study focused on emerging-market multinational enterprises (EMNEs) and not SMEs, which are the focus of this study, but we consider this to be such an interesting insight that the link between global mindset and decision-making deserves more attention.

EFFECTUAL LOGIC AND SME INTERNATIONALISATION

For the past 15 years, scholarly discussion on entrepreneurial decision-making has been dominated by one approach, the effectuation theory (Sarasvathy, 2001), which has also been applied in the context of entrepreneurial internationalisation (e.g., Nummela et al., 2014, Andersson, 2011). Effectuation theory distinguishes between two types of decision-making logic: causation and effectuation. *Causation*-based decision-making is characterised by predetermined goal-setting, intentionality, planning and systematic information gathering (Chandler, DeTienne, McKelvie & Mumford, 2011; Fisher, 2012; Sarasvathy, 2001). It aims to build an efficient combination of existing resources and knowledge (Perry, Chandler & Markova, 2014). However, when decision-makers experience high levels of uncertainty, e.g., when entering international markets, they may use *effectuation*-based decision-making, in which they base their decisions on affordable loss and act opportunistically and emotionally, instead of following rational calculations. Thus, effectuation logic helps the entrepreneur convert uncertainty into opportunity (cf. Sarasvathy, Dew, Read & Wiltbank, 2008). The two decision-making processes complement each other as two distinct approaches to decision-making (Sarasvathy, 2008), and they should be treated as distinct constructs (Chandler et al., 2011).

Earlier research on causation and effectuation in entrepreneurial internationalisation is scattered, and empirical findings are partly contradictory. This is not surprising, as the studies have been conducted in diverse contexts, applying various research methods. Therefore, drawing strong conclusions based on existing research is challenging. Quite a few studies have concentrated on

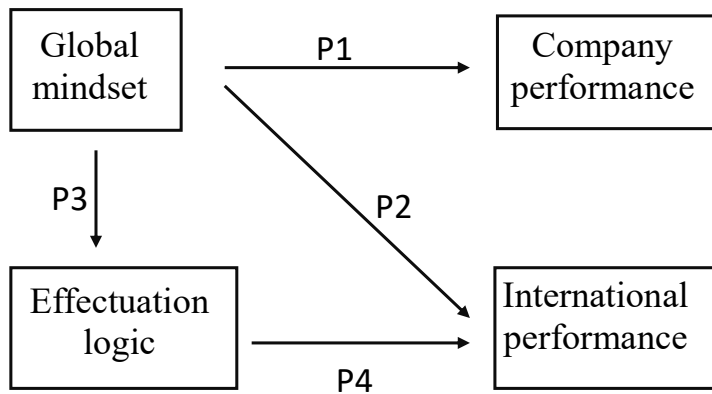
the early phase of internationalisation, i.e., the first international market entry. They point out that effectuation-based decision-making may speed up the internationalisation process, particularly if supported with knowledge acquisition from business networks (Andersson, 2011). However, many aspects also remain inconclusive, e.g., Mainela and Puhakka (2009) found that effectual decision-making was preferred in markets with high uncertainty, but Chetty, Ojala and Leppäaho (2015) found that in such an environment, companies preferred to make decisions on causation. Thus, the role of context remains unclear. Furthermore, scholars have not been able to agree on whether experience affects the choice of decision-making logic in entrepreneurial internationalisation. For example, a study by Harms and Schiele (2012) argues that experienced entrepreneurs tend to use effectuation rather than causation. On the other hand, other studies (Kalinic, Sarasvathy & Forza, 2014; Gabrielsson & Gabrielsson, 2013; Schweizer, 2012) suggest that in the course of internationalisation, decision-making eventually drifts toward causation-based methods.

The latter is also in line with the original thoughts of Sarasvathy (2001), who argues that effectual logic would be typical for the early stages of new venture creation, when uncertainty is the highest. However, this line of thinking has been challenged in a recent study by Galkina and Chetty (2015), who argue that environmental conditions – e.g., a market with high uncertainty – are more decisive in terms of eliciting the use of effectual logic than the phase of internationalisation. Changes in external and internal environments, as well as other triggers, may be the reason why some studies found evidence that SMEs are not bound to one type of decision-making, but that decision-making logic varies between causation and effectuation (Nummela et al. 2014, Chetty et al. 2015).

SYNTHESIS AND PROPOSITIONS

To our knowledge, no prior study has yet to link manager's global mindset, their decision-making logic and their companies' international performance. However, existing research on global

mindset, SME internationalisation and entrepreneurial decision-making provides us with insights, based on which we can draw propositions. The proposed relationships between the key variables are illustrated in Figure 1 below.



- P1 = Companies with global mindset perform better
 P2 = Companies with global mindset perform better on international markets
 P3 = Companies with global mindset prefer effectual decision-making logic
 P4 = Companies using effectual decision-making logic perform better on International markets

Fig 1. The Research Model.

To start with, we assume that managers with a global mindset are better able to deal with the complexity of foreign business environments and can anticipate changes. Therefore, we expect manager's global mindset to have a positive impact on SME performance (P1). Furthermore, some studies (e.g., Englis & Wakkee, 2015; Felício et al., 2016) suggest that global mindset has a multi-faceted impact on SME internationalisation. Thus, we expect that the impact of global mindset will be positive, not only on overall SME performance, but also on *international* performance (P2).

Additionally, internationalisation often involves entering an unknown arena, which may seem risky, especially in the beginning. Managers who can tolerate risk and make decisions under uncertainty adapt better to the novel situations that internationalisation may require (cf. Gaffney et al. 2014). Consequently, we propose that the global mindset/decision-making relationship extends to and is again particularly relevant in the context of SME internationalisation. We presume that managers with a global mindset prefer effectual decision-making logic (P3) and that these SMEs using effectual decision-making logic also perform better on international markets (P4).

Next, we will describe the research design of our empirical study and the data used to test the framework presented in Figure 1.

RESEARCH DESIGN

Finland as Research Setting

The research question steered the choice of our research setting. The focus of this study was on the global mindset of internationalising SMEs; therefore we sought to study the phenomenon in a country where the home market is rather small, so that companies would have strong push to international markets. We may assume that companies within large home markets may not have the urge to internationalise and thus finding suitable and sufficient population of interest from such a country would be challenging. Finland is a small, open economy in which SMEs play a significant role and an increasing number of these firms are internationally active. In fact, every fifth Finnish SME already has international operations – primarily through exports – and the majority of all SMEs consider international expansion as their primary growth strategy (Kuismanen, Malinen & Seppänen, 2017).

On the other hand, not all Finnish firms are internationally oriented, particularly among nascent ventures this seems to be relatively rare, especially compared with other European countries

(Suomalainen, Stenholm, Kovalainen, Heinonen & Pukkinen, 2016). Thus, in this empirical context we would be able to find a sufficient population of companies with global mindset but also the required variation among respondents to draw meaningful conclusions. Furthermore, given the importance of exports to the Finnish economy, our findings would be very relevant. In our opinion, these applicability relevance of our research.

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~~A number of facts support the choice of Finland as the research setting of this study. To start with, Finnish entrepreneurs consider international expansion as their primary alternative to grow. Additionally, every fifth Finnish SME already has international operations — primarily through (Suomalainen et al., 2016). Thus, in this research setting we would be able to find a sufficient population of companies with global mindset but also the required variation among respondents to draw meaningful conclusions. Furthermore, given the importance of exports to the Finnish economy, our findings would be very relevant.~~

Data Collection

To test the propositions, we used a cross-sectional sample of Finnish SMEs. We drew up the initial cross-sectional sample of firms from the Amadeus online database, adhering to the SME definition of the Organisation for Economic Cooperation and Development (OECD); ie. firms employing 10-250 employees. After the initial screening the sample of firms totaled 1,052. To collect the data, we constructed an online survey instrument using the Qualtrics online survey tool. The items were translated into Finnish, after which a professional language editor was employed to back-translate the questionnaire. The resulting items were then compared with the original English ones to ensure

the accuracy of the translation process. Finally, the questionnaire was pre-tested with managers from different fields.

The data-collection process proceeded as follows: First, we chose a range of industry sectors from the Amadeus database to be included in the sample in order to maximize the generalizability of the results across different entrepreneurial contexts. A total of 16 industry sectors, ranging from construction to chemical products, from electricity products to motor vehicle manufacturing, and from waste management to medical suppliers, were included in the sample. Second, we used a key informant approach, i.e., we contacted the companies by phone to determine their willingness to participate, then asked for a company representative to fill out the survey. As this was a sample of SMEs, in most cases the key informant was the CEO. Volunteers received the questionnaire link via e-mail, followed two weeks later by a reminder to ensure that as many questionnaires as possible would be returned. As a result, data collection yielded 148 usable surveys, good for a 14% (148/1,052) response rate. As mentioned earlier, the respondents were mainly CEOs (84%) or others in key managerial positions.

The response rate for the survey was not as high as we had anticipated. Unfortunately, mail surveys that target small-business owners tend to yield lower response rates (Bartholomew & Smith, 2006; Newby et al., 2003), and Finland is no exception in this respect (see Autio et al., 2000). Scholars have tried to improve response rates, but these attempts have not been very successful (Dennis, 2003). Fortunately, recent evidence suggests that low response rates in entrepreneurship studies do not necessarily bias results (Rutherford et al., 2017). Thus, instead of focusing on the response rate, we assessed the validity and reliability of the study, which required thorough testing for possible biases (Babbie, 1973).

In our testing for biases, we applied several techniques. To account for any non-response bias, we compared the early and late respondents, in line with Armstrong and Overton (1977). In addition,

to account for potential common method bias, we sought to follow, *ex-ante*, the guidelines set forth by Podsakoff, MacKenzie, Lee and Podsakoff (2003) as much as possible. The measures we took included guaranteeing respondents' anonymity, and, as the variables used in this study were derived from a larger survey inquiring about a variety of issues concerning SMEs, we considered it unlikely that the respondents had been consciously responding with expected theoretical linkages in mind. We also used several negatively worded items to avoid the halo effect, and the items for the proposition testing used in this study were placed in different parts of the questionnaire. Additionally, we included objective indicators (balance-sheet data) in the data set through the Amadeus database and used those indicators as outcome (dependent) variables in the analysis. Finally, we conducted Harman's single factor test to check for common method biases in analyses in which the objective data were not directly employed. We did not find any signs of common factors underlying the data.

Measures

To assess managers' global mindset, we applied the measure developed by Nummela et al. (2004). The specific items, assessed through a seven-point Likert scale, were combined into a one-factor solution using principal component analysis through the varimax rotation method (Table 1). To measure effectuation, we adapted the measure developed by Chandler et al. (2011) by dividing the original scale into items describing causation and effectuation, in line with the suggestions of Perry et al. (2012), resulting again in a single factor measure. We measured overall performance and international performance through both subjective and objective indicators, obtaining a one-factor solution with the latter. The corresponding measure for total performance was calculated from the companies' responses, when they were asked to assess the performance of their firms across four areas (growth of turnover, market share, overall profitability and customer profitability). The one-

factor solution captured 66% of the total variance (KMO = 0.71, Bartlett's test $p < 0.01$), with communalities between 0.57 and 0.72, and with factor loadings between 0.76 and 0.85. Cronbach's alpha for the resulting measure was 0.83, again indicating a sufficiently reliable scale.

To supplement this subjective international performance measure and to avoid potential issues with common method bias further, we also calculated an objective measure, i.e., the total degree of internationalisation. In line with Sullivan (1994), we calculated a measure for degree of internationalisation by capturing scale and scope aspects, consisting of the share of turnover from abroad and the total number of countries in which the firm was operating. The two variables, were standardised and calculated into a sum scale. In addition, we controlled for company age (in years) and size (number of employees), as effectual logic tends to be highlighted in uncertain environments (Sarasvathy, 2001; 2009), and longer company history and increased resources may contribute to decreases in such uncertainty. The final items and factor analysis indicators are listed in table 1 below, and the descriptives and inter-correlations between all the variables described above are illustrated in Table 2.

Measure	Total Variance captured	KMO	Bartlett's test of sphericity	Communalities	Factor loadings	Cronbach's alpha	Items included
Global mindset	87%	0.91	p<0.01	0.89-0.95	0.93-0.97	0.97	<ul style="list-style-type: none"> • Internationalisation is the only way for us to reach our growth target. • We must become international to succeed in the future. • It is important for our company to become international quickly. • Management spends a large amount of time planning our international activities. • The growth we are aiming for is reached mainly through internationalisation. • Our company's founder / owner / management is willing to take the organisation to international markets.
Effectuation	71%	0.65	p<0.01	0.54-0.81	0.73- 0.90	0.80	<ul style="list-style-type: none"> • We experimented with different products and business models. • Our product/service concept is quite different from our original conception. • We tried many different approaches until we found a functional business model.
International performance	67%	0.84	p<0.01	0.59-0.82	0.74-0.91	0.92	<ul style="list-style-type: none"> • Generally speaking, we are satisfied with our success in international markets. • We have achieved the turnover objectives we set for internationalisation. • We have achieved the market-share objectives we set for internationalisation. • Internationalisation has had a positive effect on our company's profitability. • Internationalisation has had a positive effect on our company's image. • Internationalisation has had a positive effect on the development of our company's expertise. • The investments we have made in internationalisation have paid themselves back well.

Table 1. The factor structures of the variables.

Table 2. Means, standard deviations, and correlations between the variables used in the analysis.

	Variable	Mean (SD)	1	2	3	4	5	6	7
1.	Global Mindset	3.48 (2.21)	1.000						
2.	Effectuation Logic	3.66 (1.40)	0.25**	1.000					
3.	Subjective Performance	4.82 (1.09)	0.04	0.17	1.000				
4.	Subjective International Performance	4.22 (1.45)	0.55**	0.03	0.33**	1.000			
5.	Objective International Performance	0.31 (1.82)	0.60**	0.22*	-0.01	0.62**	1.000		
6.	Firm Age [Years]	30.31 (24.32)	0.36**	0.12	0.01	0.21*	0.23*	1.000	
7.	Firm Size [Employees]	48.80 (47.09)	0.29**	0.14	0.06	0.31**	0.21	0.22* *	1.000

*p<0.05, **p<0.01

THE RELATIONSHIP BETWEEN GLOBAL MINDSET, EFFECTUATION AND SME PERFORMANCE

We first tested, through linear regression modeling, whether having a global mindset predicted effectual decision-making logic. The results, as seen in Table 3, provided support for this notion and, thus, P3. The first model with the control variables included was not statistically significant ($F=1.50$, $p>0.05$), and neither of the control-variable coefficients was significant (Table 3, Model 1). When the measure for global mindset was added (Table 3, Model 2), the overall model was statistically significant ($F=3.57$, $p<0.05$, $R^2=0.08$), and the coefficient for global mindset was positive and significant ($\beta=0.24$, $p<0.01$). Thus, global mindset predicted increasingly effectual thinking, supporting the corresponding proposition.

Next, we tested proposition 1 (P1), i.e., that global mindset would predict higher levels of company performance. Neither the model with the control variables (Table 3, Model 3; $F=0.67$, $p>0.05$), nor the one with the main effects (table 3, model 4, $F=0.93$, $p>0.05$), was significant,

and neither was the coefficient for global mindset. Thus, P1 was not supported. Next, we tested for similar effects on *international* performance. The first model (Table 3, Model 5) with the control variables was statistically significant ($F=3.92$, $p<0.05$). The size of the company was linked to better international performance. With the full model (Table 3, Model 6), the model overall increased in statistical significance and predictive power ($F=15.69$, $p<0.01$, $R^2=0.34$). As the coefficient for global mindset was positive and significant ($\beta=0.57$, $p<0.01$), we concluded that the level of global mindset predicted approximately a quarter of the international performance within SMEs. Conversely, the coefficient for effectuation was non-significant and negligible ($\beta=-0.09$, $p<0.05$). Thus, P2 was supported, while P4 was not.

To explore the results further, we conducted a post-hoc test to find out whether effectual thinking moderates the positive relationship between global mindset and international performance. However, while the overall moderation was statistically significant ($F=11.97$, $p<0.01$), the explanatory power (adjusted $R^2=0.30$) came squarely from the global-mindset coefficient ($\beta=0.58$, $t\text{-value}=5.97$, $p<0.01$). Conversely, neither the coefficient for effectual logic ($\beta=-0.03$, $t\text{-value}=-0.039$, $p>0.01$), nor the interaction variable ($\beta=0.07$, $t\text{-value}=0.75$, $p>0.01$), was statistically significant. Thus, we conclude that the positive impact of global mindset on international performance was not contingent on companies' decision-making logic.

Finally, we conducted a robustness check by analysing objective international performance (degree of internationalisation). The results confirm the findings from the subjective international performance measure, as the model (Table 3, Model 8) was statistically significant ($F=2.72$, $p<0.05$), and the global-mindset coefficient was both positive and significant ($\beta=0.26$, $p<0.05$).

In sum, the analysis found support for P2 and P3, in that effectual thinking was found to be determined by the managers' global mindset, and global mindset predicted higher levels of international performance as measured through both subjective and objective indicators. Conversely, P1 and P4 were not supported by the analysis, as effectual logic was not found to have a positive impact on performance measures, and global mindset predicted international performance only. [In the following sections we discuss the findings from the viewpoint of the research setting, i.e. in the context of the Finnish economy.](#) ~~Next, we conclude the paper by discussing the implications of these results for the Finnish context in particular.~~

Global Mindset and Effectuation				Performance				
	Model 1 (controls only)		Model 2 (effectuation)		Model 3 (controls only)		Model 4 (full model)	
	β	t-value	β	t-value	β	t-value	β	t-value
Firm size	0.13	1.42	0.06	0.71	0.23	2.02*	0.16	1.37
Firm age	0.01	0.61	0.02	0.28	0.02	0.21	-0.01	-0.09
Global Mindset			0.24	2.75**			0.26	2.25*
Effectuation							0.05	0.41
R ²	0.02		0.08		0.06		0.13	
Change in R ²			0.06				0.07	
F	1.50		3.57*		2.32		2.72*	
Subjective International Performance				Objective International Performance				
	Model 5 (controls only)		Model 6 (full model)		Model 7 (controls only)		Model 8 (full model)	
	β	t-value	β	t-value	β	t-value	β	t-value
Firm size	0.24	2.24*	0.11	1.11	0.23	2.02*	0.16	1.37
Firm age	0.12	1.07	0.05	0.54	0.02	0.21	-0.01	-0.09
Global Mindset			0.57	6.00**			0.26	2.25*
Effectuation			-0.09	-0.94			0.05	0.41
R ²	0.09		0.34		0.06		0.13	
Change in R ²			0.25				0.07	
F	3.92*		15.69**		2.32		2.72*	

Table 3. Results of the hypotheses testing. (**Significant at .01 level (two-tailed), *Significant at .05 level)

DISCUSSION

In this study, we scrutinised the link between managers' global mindset, their decision-making logic and their companies' international performance. Our theory-based framework and four propositions were empirically tested with a sample of Finnish SMEs. The findings indicated that effectual decision-making logic is determined by the managers' global mindset, thereby extending earlier results in an emerging market MNE context (Gaffney et al., 2014) to SMEs originating from a small, developed, open-economy context. Furthermore, we found that global mindset predicts a company's higher levels of international performance. However, effectual logic was not found to drive company performance, and global mindset predicted international performance only. We also tested for a moderation effects, and found that the positive impact on global mindset on international performance of the Finnish SMEs was not contingent of effectual thinking.

Obviously, our findings are naturally context-specific. The Finnish economy has traditionally been export-driven and dependent on entrepreneurs and managers who are able and willing to seek growth outside the relatively small and logistically isolated domestic market at the edge of Europe. Thus, businesses in the country have also been affected by the developments in global economy, and challenging times have reflected on the Finnish economy as well: For instance, during the global market downturn starting in 2008, the rate of exports from Finland declined from ca. 65 million Euros to ca. 45 million, and have only recently reached the levels of 2006 (The Statistical Yearbook of Finland 2016). Distinguishing the factors that separate the enterprises that are successful internationalizers from the less successful is relevant in any context, but especially timely after such global downturns that test the strategies and decision-making abilities of

entrepreneurs who look at international markets as a source of growth for their enterprises. In this sense our results, ~~based on data gained from data~~ collected after the global market downturn, help ~~to~~ clarify and highlight the importance of having the ~~appropriate proper~~ managerial mindset and decision-making logic, ~~as it seems to affect in~~ SMEs' ability in navigating the international markets to their benefit.

When compared to the studies conducted on global mindset in other contexts, the results of this study also paint an interesting picture. In some ways, they ~~support earlier research and current understanding of help establish the managers' relevance of~~ global mindset as an antecedent of successful SME operations abroad, ~~thus supporting similar research from other country contexts~~ (Kyvik et al., 2013; Felicio et al., 2016). This ~~indicates that impas a concept lies that the~~ global mindset ~~transfers across borders~~, and its impact is not ~~simply a construct~~ dependent on the country of origin of the entrepreneur. ~~Its role as a driver for successful entrepreneurial internationalisation may even be generalizable to other empirical contexts, but rather suggests that the positive relationship between such a mindset and successful entrepreneurial internationalization may indeed be generalizable, perhaps even universal. Thus, even for SMEs originating from a country context as distinct as Finland (see Kuismanen et al., 2017; Suomalainen et al., 2016), developing a global mindset can significantly enable entrepreneurs to realize growth across their domestic borders.~~

On the other hand, ~~our findings did not demonstrate as strong role for decision-making logic as would have been expected based on earlier research on risk-taking and uncertainty avoidance the fact that our results found that the decision-making logic of the said entrepreneurs did not moderate the relationship is to an extent contrary to earlier research that have pointed towards other similar explanatory factors~~ (e.g. Liesch et al., 2011; Johanson & Vahlne, 1977). We take ~~ththis e result~~ to imply that the international success of SMEs is not necessarily contingent on the extent that their managers engage in strategic or effectual thinking; instead, it is their overall mindset that matters.

However, ~~the findings do indicate that it does seem from the results that~~ operating under effectual logic can help managers in developing that mindset. Thus, ~~our study extends the study of the results also extend these by~~ Englis and Wakkee (2015) by pointing out how not only the entrepreneurial opportunities themselves, but also the entrepreneurial type of logic employed can be linked with global mindset in explaining entrepreneurial outcomes across different contexts.

Our findings have important implications for both research and practice. It appears that globally minded managers are better prepared to deal with the complexities and dynamics of the international business environment, which is manifested by superior international performance. Furthermore, while effectuation does not drive better international performance, our results point out that globally minded managers tend to lean more toward effectuation-based logic in their decision-making; thus, they seem to better understand how to convert uncertainty into opportunity. Therefore, the study elevates the global-mindset context, enriching the discussion from previous studies on effectuation and its role in international entrepreneurship (e.g., Andersson, 2011; Harms & Schiele, 2012; Kalinic et al., 2014).

Another limitation of this study is that we did not examine in detail the origins and the development of the global mindset itself. For instance the study by Kyvik et al. (2013) found that several individual characteristics of the entrepreneur can impact the development of global mindset: work experience, propensity to interdisciplinary collaboration, cognitive flexibility, and one's networking capability. Felício, Caldeirinha and Rodrigues (2012) also highlighted the characteristics of the individual, yet we do not yet know what is the impact of the development of global mindset to the networking activities of SMEs at the organizational level, and herein lies also potential for future research. In addition, the international orientation of the entrepreneur is yet another individual-level concept that this study did not include within its empirical setting.

[Furthermore](#), Finland is a small, open economy but also culturally relatively homogeneous. It shows also in this study: almost without all respondents were ethnic Finns. This may have a negative impact on their awareness of cultural differences and ability to deal with diversity. On the other hand, due to the size of the domestic market Finland is an export-driven economy, which

may also push entrepreneurs to identify international opportunities, thus favouring global mindset. These two contradictory forces may be one explanation why the global mindset of the respondents was quite on average (3.5 on a 7-point scale). We consider this an interesting juxtaposition and an area worth of further investigation.

In general, future studies on global mindset and decision-making in SMEs would benefit from building on fundamental theories that go beyond standard international business and entrepreneurship literature. One such candidate is the prospect theory, developed by two psychologists, Kahneman and Tversky (1979). It is a descriptive account of individual decision-making under risky conditions, and despite its prominence, it is surprisingly unknown among business scholars. Thus, empirical applications of it are rare.

In conclusion, our study has added to our understanding of the role of global mindset in SMEs, and the answer to the question asked in the title, ‘Global mindset -- still a prerequisite for successful SME internationalisation?’ is, according to the empirical results of this study, a resounding ‘yes’. Indeed, after more than a decade of research on the phenomenon, the concept of global mindset remains an important one for successful internationalisation of SMEs – and as a determinant of managerial decision-making logic to boot. Thus, we welcome even more research to investigate the dynamics of global mindset and decision-making logic in driving the internationalisation of SMEs and their subsequent performance in international markets.

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