



Global mindset and SME internationalization: A fuzzy-set QCA approach[☆]



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ABSTRACT

This study uses fuzzy-set qualitative comparative analysis (fsQCA) to analyze how individual global mindset (IGM) and corporate global mindset (CGM) relate to SMEs' internationalization behavior. The sample consists of 51 Portuguese SMEs from two sectors: (1) metallurgy and metalworking, and (2) construction and public works. Different combinations of IGM and CGM attributes lead to internationalization effect, international networking activities, and international know-how activities. Sector characteristics determine which configurations of GM attributes affect internationalization behavior. The use of fsQCA to explore how alternative combinations of IGM and CGM attributes lead to internationalization behavior constitutes an important contribution to the literature.

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1. Introduction

Several authors (Ananthram, Pearson, & Chatterjee, 2010; Cohen, 2010) note the role of corporate global mindset (CGM) in organizational performance. Recent literature highlights the importance of individual global mindset (IGM) in understanding internationalization behavior and performance (Kyvik, Saris, Bonet, & Felício, 2013). Internationalization is crucial for SMEs' development, especially for SMEs from small countries. This study builds on the research model by Felício, Caldeirinha, and Ribeiro-Navarrete (2015) by considering how alternative combinations of global mindset attributes may lead to internationalization behavior.

Researching the relationship between CGM and IGM and the effect on firms' internationalization behavior is necessary (Felício, Caldeirinha, Rodrigues, & Kyvik, 2013). Yet, traditional statistical methodologies are unsuitable for analyzing how different configuration of IGM and CGM attributes lead to internationalization behavior. Hence, fuzzy-set qualitative comparative analysis (fsQCA) constitutes a useful tool for studying these issues. Set-theoretic methods (Ragin, 2000, 2008; Ragin & Fiss, 2008; Rihoux & Ragin, 2009) provide tools to study combinations of attributes, emphasizing that these combinations form solutions that explain individual cases. Importantly, set-theoretic approaches differ from conventional, variable-based approaches. Nevertheless, research

that applies fsQCA to study firms is scarce (Linder, 2010; Schneider & Sadowski, 2010; Skoko, Krivokapic-Skoko, Skare, & Ceric, 2006).

The sample in this study comprises 51 Portuguese SMEs: 31 from the metallurgy and metalworking sector (MMS) and 20 from the construction and public works sector (CPWS). These sectors differ in terms of internationalization behavior (tradable vs. non-tradable products, respectively) and are therefore suitable for studying the current research question. The resource-based view (Barney, 1991; Barney, Wright, & Ketchen, 2001), mindset theory (Gollwitzer, 1990, 1999), information-processing theory (Giaglis & Fouskas, 2011; Leonard, Scholl, & Kowalski, 1999), internationalization theory (Rugman, 2005; Rugman & Verbeke, 2004), and fuzzy-set theory (Klir, Clair, & Yuan, 1997; Ragin, 2000) provide the theoretical foundations for this study.

Using fsQCA, this research evaluates combinations of IGM and CGM attributes to understand the recipes that lead to internationalization behavior in SMEs. The study's objectives are to (1) identify the combinations of IGM and CGM attributes that lead to internationalization behavior; (2) evaluate the combinations of IGM and CGM attributes that lead to the internationalization effect, international networking activities, and international know-how activities; and (3) assess how sector affects the recipes leading to each outcome. Another key objective is to demonstrate the value of using fsQCA in studying global mindset. Doing so provides a better understanding of which combinations of attributes lead to internationalization behavior.

This research contributes to the literature by verifying that different combinations of IGM and CGM lead to internationalization behavior. This research also shows that these configurations depend on the firm's sector.

Section 2 develops the theoretical background and propositions. Section 3 describes the research method, research model, attributes and variables, measures, data collection process, and analysis method.

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Section 4 presents the empirical results. Section 5 discusses these results. Section 6 offers conclusions and contributions. Finally, Section 7 highlights some limitations and future research opportunities.

2. Theoretical background and propositions

2.1. Individual global mindset and corporate global mindset

Global mindset (GM) is a complex and multidimensional phenomenon that determines global organizations' success in the international market (Levy, Beechler, Taylor, & Boyacigiller, 2007). Resulting from a dynamic, interactive process (Arora, Jaju, Kefalas, & Perenich, 2004; Smith & Victorson, 2012), GM applies to both individuals and organizations. Perlmutter (1969) offers one of the earliest references to organizational mindset, and subsequent definitions depict GM as an individual characteristic (Lovvorn & Chen, 2011; Nummela, Saarenketo, & Puimalainen, 2004; Story & Barbuto, 2011), an organizational characteristic (Begley & Boyd, 2003), and a simultaneously individual and organizational characteristic (Gupta & Govindarajan, 2002).

IGM is a complex cognitive structure, referring to a predisposition toward adopting, understanding, and linking multiple cultures and strategic realities at the global and local levels (Bowen & Inkpen, 2009; Levy et al., 2007). IGM relates to individual choices and actions involving the firm's posture and strategy toward the international market. IGM refers to the ability to accept diverse cultures and markets and observe common patterns that enable opportunities identification (Evans, Pucik, & Barsoux, 2002; Lee, Ribeiro, Olson, & Roig, 2007; Rogers & Blonski, 2010). IGM reflects a knowledge structure intrinsic to the manager's way of thinking and acting. Specifically, IGM is the ability to bring together different cultures and markets in a global approach focusing on high differentiation and high integration (Govindarajan & Gupta, 2001; Rhinesmith, 1995). IGM encompasses behavior (Gupta & Govindarajan, 2002; Levy, 2005; Nummela et al., 2004), global knowledge (Arora et al., 2004; Gupta & Govindarajan, 2002), and cognition (Arora et al., 2004; Maznevski & Lane, 2004; Story & Barbuto, 2011).

The firm's organizational model and heritage limit the firm's adaptability and influence the firm's corporate mindset. Firms adopt routines, deliver products and services, and perform activities that involve interaction among diverse cultures. Such processes require adaptation and appropriate responses to succeed in highly competitive contexts (Ananthram et al., 2010; Cohen, 2010). CGM reflects the degree to which firms learn to think, act, and operate according to their structure, organization, routines, operating practices, processes, and behaviors, all of which stem from experience, relationships, and social conventions (Beechler, Levy, Taylor, & Boyacigiller, 2004; Begley & Boyd, 2003; Jeannet, 2000). CGM refers to the organizational system within which individuals participate and interact to shape their own mentality and influence each other. Interaction and mindset sharing among individuals within the organization creates values and norms leading to a social identity and common working behaviors that enable strategy implementation and performance improvement (Paul, 2000; Sørensen, 2014). An integrative, multidimensional aptitude (Beechler & Baltzley, 2008; Beechler & Javidan, 2007; Kedia & Mukherji, 1999; Lahiri, Perez-Nordtvedt, & Renn, 2008; Paul, 2000; Yin, Johnson, & Bao, 2008), CGM reflects the dominant organizational culture and the resources the organization is able to mobilize at each moment. These elements are part of the firm's heritage, shaping the firm's organizational behavior and overall strategic direction in the global market. CGM comprises analytical posture, risk-taking posture, aggressive posture (Talke, 2007; Venkatraman, 1989), situational posture (Begley & Boyd, 2003; Jeannet, 2000), and strategic posture (Jeannet, 2000). Proposition 1 follows from this theoretical background:

Proposition 1. *IGM and CGM attributes combine to form alternative internationalization behavior solutions.*

2.2. Internationalization behavior and sector

Market knowledge and the ability to assimilate information are important components of a firm's internationalization process (Oviatt & McDougall, 2005; Yeoh, 2004) because these abilities allow the firm to develop appropriate products and remain ahead of the competition (Knight, Madsen, & Servais, 2004). Hence, client contact is propitious to internationalization, and successful internationalization requires specialized, market-focused knowledge (Cumming, Sapienza, Siegel, & Wright, 2009; Keupp & Gassmann, 2009; Soriano & Dobon, 2009).

Firms seek partners to complement their own skills in target markets (Oviatt & McDougall, 1994). Networks are fundamental for obtaining resources, discovering opportunities, and reducing the risk and uncertainty inherent in international operations (Liesch et al., 2002). Such networks facilitate knowledge acquisition and resource development (Nerkar & Paruchuri, 2005; Selnes & Sallis, 2003). Organizations that compete internationally are aware of the importance of hiring managers with GM, and such organizations consider that managers' contributions toward internationalization is the organizations' most powerful resource for development and growth (Crowne, 2008; Earley & Peterson, 2004; Lovvorn & Chen, 2011; Peng & Delios, 2006). IGM lets international firms improve their competitiveness (Gupta, Govindarajan, & Wang, 2008), seize international business opportunities (Bowen & Inkpen, 2009; Nadkarni, Herrmann, & Perez, 2010), and avoid globalization pitfalls (Dewhurst, Harris, & Heywood, 2011). Research shows that CGM positively affects international strategy and the performance of international operations (Yin & Bao, 2007; Yin et al., 2008).

According to Gabrielsson, Sasi, and Darling (2004) and Weerawardena, Mort, Liesch, and Knight (2007), global firms benefit from access to international business partners and specialists (e.g., universities, other firms, and industrial associations), but these firms require managers with international experience and GM to gain this access. The degree of external cooperation with clients and suppliers is important yet depends on the firm's sector. Firms require skills and resources to compete internationally (Sapienza, Autio, George, & Zahra, 2006). The type of activity influences the firm's structure and organization as well as managers' behavior. Seemingly, firms from different sectors have different internationalization behaviors. The following four propositions are consistent with this theoretical framework.

Proposition 2. *Different combinations of IGM and CGM lead to the internationalization effect.*

Proposition 3. *Different combinations of IGM and CGM lead to international networking activities.*

Proposition 4. *Different combinations of IGM and CGM lead to international know-how activities.*

Proposition 5. *IGM and CGM attribute combinations affecting internationalization behavior differ according to sector.*

3. Method

3.1. Research model

The research model explores the presence or absence of GM attributes when internationalization behavior outcomes occur. The model also explains how these attributes combine to form different configurations for each internationalization behavior outcome and for each sector (Fig. 1).

3.2. Attributes and variables

The literature supports the choice of attributes appearing in the research model. The research model has 8 attributes resulting from 30

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