

From the deliberate managerial strategy towards international business performance: A psychic distance vs. global mindset approach

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Abstract

The current paper aims to address, within a comprehensive framework, two different facets of the internationalization strategies of small and medium-sized enterprises, that is, the roles of psychic distance and global mindset within managerial dyadic collaborations. By considering cross-border ventures as outcomes of deliberate managerial strategies in the quest for achieving international business performance, the study lays emphasis on several dimensions apposite to each of the two constructs, namely, geographic distance and intercultural compatibility for the psychic distance and trust-based relationships and network-based connectivity for the global mindset. A questionnaire-based survey with top managers from 112 European industrial small and medium-sized enterprises was conducted, the data being processed by means of a structural equation modelling technique. The findings showed that the structural model accounts for 63.9% of the variance in international business performance, whereas the dimensions of psychic distance exert significant positive influences on the endogenous variable.

KEYWORDS

deliberate strategy, global mindset, psychic distance, small and medium-sized enterprises (SMEs)

1 | INTRODUCTION

Today's modern organizations face dramatic changes and need to adjust to waves of innovation that influence and may even determine the ways in which the business environment evolves (Liu & Brody, 2016; Vătămănescu & Alexandru, 2018). Both external forces and internal shifts shape organizations that work towards creating and preserving a competitive advantage via border-spanning endeavours, which often engender business internationalization. In this context, a substantive harmonization with the pace of the global rhythm and its driving forces has become a vital condition for international business

performance (Păduraru et al., 2016; Vătămănescu, Andrei, Nicolescu, Pinzaru, & Zbucea, 2017). This is indicative of recent developments in the framework of social systems (Lee, 2000; Luhmann, 2017; Valentinov, 2014), which acknowledge that modern society emerges as a global system composed of various social subsystems linked via communication and interactions, which allow an efficient operation and evolution.

Although the environment changes at a fast pace, the managerial strategies embraced in order to achieve fair levels of international business performance are being substantively altered (Vătămănescu, Alexandru, & Andrei, 2015; Vătămănescu, Alexandru, & Gorgos, 2014).

Progressively, a proper accommodation to the contemporary structural mutations is no less than the organizational system's survival kit within turbulent realms (Vătămănescu, Andrei, et al., 2017; Vătămănescu, Gorgos, Ghigiu, & Pătruț, 2019). In this front, according to the open systems theory, the issue of effectiveness comes forward, by giving credit to the capacity of the living system to appropriately adjust to its environment, a fact which catalyses its succession and longevity (Miller, 1995/1978; Corning, 2014).

For the small and medium-sized enterprises (SMEs), going beyond national borders and adopting a globally open position come forward as challenges they need to be addressed wisely (Colombo, Vătămănescu, Alexandru, & Gazzola, 2018; Griffith & Hoppner, 2013). Pressure is being exerted from various directions, as nowadays more and more organizations transition to become open systems (Foster, 2014). As open systems, organizations not only interact with but are also deeply shaped by the environment in which they exist, as well as by the behaviour of the individuals that work within them, behaviour that is culturally conditioned (Pondy, 2005). The interaction between peers becomes a central force in the open organization, and the need for clarity, transparency, and structure, in order to set a common ground for the actors at play, is crucial (Bowers, 2014). Relationships between individuals working within an organization and between the individuals working for that organization and representatives of other entities are deeply meaningful from an analysts' perspective for two reasons. First, they are important because the survival of individuals and groups in an open organizational system depends upon establishing a certain type of relationships with the environment (Morgan, 2006), and second, because studying patterns of relationships means, in fact, studying and creating a basis for understanding organizations themselves (Kast & Rosenzweig, 1972).

Open systems are hence challenged to deal with a volatile, uncertain, complex, and ambiguous world (Johansen, 2012), which dares individuals to suitably understand the environment and to properly fit into it (Laszlo, 2018). In order to make sure that the organizations they lead not only survive but thrive within the global matrix, managers are dared to embrace and assume a global mindset (Cohen, 2010) and to take into consideration a global perspective over the organizations they manage. In highly competitive environments, success becomes possible only by having a long-term vision and a coherent and strategic approach to managing business relationships (Fernandez & Nieto, 2005; Lee, 2014; Stephan & Peters, 2013; Zahra, 2003), all the more so as

economic complexity implies the changing of relations among business players (Dominici, 2015). As relationships between individuals are pivotal factors for organizations' performance, the imperative to evolve is often connected to the ability of managers "to influence individuals, groups, organizations, social systems that have different intellectual, social, and psychological knowledge or intelligence from [their] own" (Cohen, 2010: 5), therefore to acknowledge the existence of borders without borders in their strategic ventures. Despite the desirability of adopting a global mindset and associated propelling factors, real-life situations bring to the fore a compelling counterforce, namely, the psychic distance. According to Johanson and Vahlne (1977: 24), the original Uppsala psychic distance concept refers to "the sum of factors that prevent the flow of information from and to the market," including "differences in language, education, business practices, culture, and industrial development."

To provide an integrative framework for the analysis of the two counterforces (i.e., global mindset versus psychic distance), the current paper aims at investigating the dialectics of the managers' global mindset versus the psychic distance, through the lens of dyadic relationships with their international counterparts. The discussion is placed in the context of European SME international ventures, in their quest to increase and reify their performance. Acknowledging organizations as open social systems and thus needing to preserve dynamic equilibrium with the environment, in line with Richard (1992) and Donnelly-Cox and O'Regan (1999), emphasis is laid upon the relationships between managers' deliberate strategy and the incidence of global mindset, respectively, psychic distance, in terms of developing dyadic relationships abroad, that would sustain international business performance.

To the best of our knowledge, the current research is among the first empirical undertakings that approach both edges from a managerial standpoint, even more so as an industrial business-to-business (B2B) frame of reference is liable to provide novel phenomenological insights. The extant literature has addressed the interplay between the global mindset and business performance and between psychic distance and business internationalization, but the role of dyadic relationships between managers in the context of business internationalization and business international performance has been only marginally taken into consideration (Colombo et al., 2018; den Dekker, 2016; Vătămănescu et al., 2019).

Building on this logic, the first part of the paper introduces the key theoretical developments depicting the construction of a deliberate managerial strategy

regarding business internationalization with a view to achieve international business performance (understood in terms of profit from international collaboration and number of international strategic partners for business competitiveness). The discussion encompasses the issues of psychic distance and its connection with geographic proximity and intercultural compatibility, respectively, of global mindset through a dyadic lens (i.e., trust-based relationships and network-based connectivity) in the context of business internationalization. Further, the materials and method are described followed by the findings and their discussion. The paper ends with the acknowledgement of its originality, research limits, and future avenues.

2 | LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Cross-border development of businesses has become an imperative for SMEs that aim to maintain their competitive advantage (Vătămănescu et al., 2019). Any cross-border undertaking calls for the application of an articulate strategy, which is a dynamic output of the managers' mastery and springs as "the overall orientation toward task achievement and impacts on structures and activities of an organization" (Dauber, Fink, & Yolles, 2012: 5). Moreover, strategies craft the frame of reference for organizational processes and patterns of behaviour, including the managers' approaches towards the external environment.

Such perspective assumes that the interplay between international business performance and international strategic management. Here, in line with Eden, Dai, and Li (2011: 61), the international strategy deals with "the major intended and emergent initiatives, including cross-border ones, taken by general managers on behalf of owners, involving utilization of domestic and/or foreign resources to enhance the performance of firms in the international environment." Generally speaking, Neugebauer, Figge, and Hahn (2016: 323) posits that "in strategy research, there is a consensus that strategy making resides on a continuum from planned to emergent where most strategies are made in a mixed way." Nevertheless, it is widely argued that deliberate (planned) strategies are paramount for SMEs or for new companies to succeed and acquire business performance and efficiency in a versatile, ever changing business environment (Gabler, Panagopoulos, Vlachos, & Rapp, 2016; Vătămănescu, Gazzola, Dincă, & Pezzetti, 2017). Here, consistent with Dauber et al. (2012: 7), managers' behaviours emerge as "observable manifestations (phenomena) of

predefined strategies as regulated by organizational structures (...). Successful operations lead to profits, thus constitute economic survivability of an organization."

Giving credit to these approaches, within the scope of the current study, the internationalization strategy is deemed as a deliberate endeavour in that managers adopt a strategic orientation towards foreign markets, respectively, planned methods, techniques, and practices in pursuit of achieving business performance. Managers operate rational analyses concerning the objectives and resources needed by an organization and plan their actions accordingly via deliberate initiatives and investments (Franco & Haase, 2015; Geyskens, Steenkamp, Scheer, & Kumar, 1996).

In this frame of reference, geographic proximity seems to be a significant factor influencing the choice of the target country, together with its potential growth, with the extant formal relationships with industry's stakeholders and informal relationships with peers, with the knowledge, business flair and varied experience of managers, as well as with their perceived ability to gain support and to mobilize resources to achieve goals (Colombo et al., 2018; Korsakienė & Tvaronavičienė, 2012). When entering a new market, which is physically closer to their own, managers may nurture a sense of ownership and a better control over the matter at hand, as well as entail a higher level of efficacy (Mabey, Wong, & Hsieh, 2015).

Following the development of the Uppsala model for business internationalization, along with physical proximity, the concept of psychic distance comes at play. The term is also used by the "Finnish variant" and Innovation process models, deriving from a behavioural ontology perspective (Törnroos, 2002). Psychic distance points to a certain array of both cultural and civilizational characteristics that may impede or aid a company to extend its activities on foreign markets. This is descriptive of the managers' preference for a progressive targeting of certain markets characterized by a lower psychic distance, thinking that this way risk is being diminished (Nordman & Tolstoy, 2014; Sandberg, 2014). The gradual internationalization of the company in the target country is based upon an evolving knowledge about the market and on an increased commitment to its development (Johanson & Vahlne, 1992).

For Griffith and Dimitrova (2014), psychic distance comprises of two distinctive elements: business distance and cultural distance, where business distance refers to perceptions of dissimilarity regarding the economic environment, legal and political aspects, business practices, market structure, and language, and cultural distance

refers to perceived differences in cultural values, which are liable to become a barrier to mutual learning (Dauber, 2011). For Sousa and Lages (2011) psychic distance comprises of two dimensions: country distance and people distance, both being influenced by the cultural distance and the need to adapt the product, pricing, distribution, and communication strategy to the new market.

It is notable that psychic distance is subject to a paradox: the common assumption of similarity between physically close countries is not based on reality and may prevent managers to learn about critical differences (O'Grady & Lane, 1996). Psychic distance could be renamed as perceptual distance or foreign distance, as it refers to differences regarding the physical space, socio-cultural norms, and perceptual issues (Dow & Karunaratna, 2006; Håkanson & Ambos, 2010; Johanson & Wiedersheim-Paul, 1975; Ojala, 2015; Sousa & Lages, 2011). Greater psychological, social, and cultural distance triggers greater liability of foreignness, as Johanson and Vahlne (2009) suggest, less psychic distance would entail managers' perception of a higher control over their ventures and, implicitly, would provide a fruitful soil for business innovation and performance (Vătămănescu et al., 2019). An extensive international experience does, however, seem to influence the perception of the psychic distance to a new country, making it seem shorter (Andersen, 1993).

The gradual internationalization may take the form of cooperating with prospective allies as a part of a deliberate managerial strategy that helps companies reduce excess capacity through combining resources or complementary skills and facilitate developing new skills and the penetration of new markets by providing management know-how, technology, and financial resources to local partners, in exchange to connections with suppliers, retailers, customers, and other key partners (Andrade Rojas, Ramirez Solis, & JianJun, 2018; Păduraru et al., 2016; Vătămănescu et al., 2019). Although short-term collaboration with foreign partners may be focused on the level of compatibility regarding resources and strategy, long-term collaborations are measured by referring to cultural compatibility, shared values, morale, decision-making structures, and objectives, all of which are key factors influencing efficacy and stability of the companies that work in partnership (Colombo et al., 2018; Holtbrijgge, 2004).

Based on the considerations presented above, we advance the following hypotheses:

H1. *The deliberate managerial strategy has a positive influence on geographic proximity, understood as a dimension of psychic distance.*

H2. *The deliberate managerial strategy has a positive influence on intercultural compatibility, understood as a dimension of psychic distance.*

H3. *Geographic proximity has a positive influence on international business performance.*

H4. *Intercultural compatibility has a positive influence on international business performance.*

As successful experiences in the international arena depend upon the skills, business flair and general market understanding of managers, developing a global mindset, becomes a prerequisite. Srinivas (1995) and Cohen (2010) point to the fact that global mindset is a key business competence that managers need to develop. It refers to curiosity and desire to analyse the context, to the ability to accept complexity and challenges, to diversity consciousness and sensitivity, to seeking opportunities in uncertain and surprising situations, and to having faith in the organizational processes and focus on continuous improvement, over an extended time perspective. It refers also to the ability to manifest systems thinking, that is, to be able to find interdependencies and mechanisms of cause and effect, and being able to anticipate and manage reactions. We may infer that having a global mindset is considered useful not only with regard to managing competitiveness but also in managing uncertainty and complexity (Dominici, 2012); thus, organizations should be open to the environment and properly adapt to it by tailoring suitable structures (Thompson, 2003). Furthermore, a global mindset is appropriate all the more so as "the current period of our global society is characterized by intense transformations in the competitive logics of organizations, markets, and, generally speaking, society. Social circumstances today are typified by dynamism, connectivity, nonlinearity, and emergent properties" (Dominici, 2015: 1).

The global mindset has been defined as a cognitive filter that combines "an openness and an awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity" (Gupta & Govindarajan, 2002:117) and as "a highly complex cognitive structure characterized by an openness to and an articulation of multiple cultural and strategic realities on both global and local levels, and the cognitive ability to mediate and integrate across this multiplicity" (Levy, Beechler, Taylor, & Boyacigiller, 2007). This structure is typified by three dimensions: (a) being open and paying attention to multiple realms of meaning and action, (b) having a complex representation and expression of the dynamics

that take place on the cultural and strategic level, (c) being moderate and incorporating ideals and actions oriented towards both global and local levels at the same time (Javidan, Steers, & Hitt, 2007).

Beechler and Javidan (2007) identified three components of the global mindset, which were later developed for creating the *Global Mindset Inventory* (Javidan, Hough, & Bullough, 2010), currently used for assessment in business settings. The global mindset can be measured across the following components: (a) intellectual capital, a dimension that incorporates references to being global business savvy, to having cognitive complexity and a cosmopolitan outlook; (b) psychological capital, which refers to having a passion for diversity, a zest for going on a quest for adventure, and being self-assured; and (c) social capital, which comprises of three sub-dimensions, namely, having intercultural empathy, searching for interpersonal impact, and operating with diplomacy.

When evaluating the global mindset, intellectual capital measures intellectual and cognitive capabilities, psychological capital measures psychological attributes and states, and social capital measures the ability to create, maintain, and leverage relationships based on trust (Beechler & Javidan, 2007; Valkokari, Paasi, & Rantala, 2012; Vătămănescu et al., 2019). This ability to create and benefit from maintaining trustful relationships might be a common trait of the managers who have developed a global mindset, as they have a certain level of cultural intelligence and are said to have behavioural flexibility, to being able to manifest appropriate affect and to avoid behaviours that would create difficulties across cultures (Triandis, 2006; Vătămănescu, Andrei, et al., 2017). This also implies a high degree of conversational flexibility, or as Maturana (1988) contends, authentic conversations among individuals engender inherent emotions, which condition attitudes and stances, thus the prerequisites of behavioural patterns.

It is known that SMEs that have managers with a global mindset benefit from competitive advantage in the global arena (Javidan et al., 2007; Javidan & Bowen, 2013), as this is a key to successful global leadership (Beechler & Javidan, 2007; den Dekker, 2016). More so, it positively influences the financial indicators of international performance of the organization (Nummela, Saarenketo, & Puumalainen, 2004) and even *predicts the successful internationalization of SMEs* (Torkkeli, Nummela, & Saarenketo, 2018).

Having a global mindset, in a globalized world, is a foundation for maintaining and increasing international business performance. Managers need to deliberately establish solid business partnerships with companies

situated in various countries because although these partnerships may border cooperation, they boost performance on a wider scale (Rosińska-Bukowska, 2016). As managers observe that resources that are dispersed on a global scale may be used in a corresponding way to lead to competitive advantage and create value, they are led to create and/or to become part of business networks (Andrade Rojas et al., 2018; Blankenburg, Eriksson, & Johanson, 1999). Business networks are sets of connected relationships, comprising of several dyadic relationships between companies, embedded in a certain context or a certain network, providing more advantages than simple dyadic relationships (Anderson, Håkansson, & Johanson, 1994; Vătămănescu et al., 2019). Entering such networks benefits both the companies involved and the surrounding system, as well as other organizations (Glauner, 2019; Păduraru et al., 2016).

Trust in business networks is built gradually, through the interactions between partner companies, each manager learning about the needs, capabilities, and strategies of the other, setting their dependency upon one another, steadily increasing the social exchanges, as well as strengthening their overall relationship (Forsgren & Johanson, 1992; Thorgren, Wincent, & Ortqvist, 2009). Commitment as derived from the network-based connectivity between partners may be both based upon affective reasons (the partners *like* to work with each other) and calculated reasons (the partners work with one another because they need to; Geyskens et al., 1996; Franco & Haase, 2015).

Building on the aforementioned theoretical insights, the following hypotheses are presumed:

- H5.** *The deliberate managerial strategy has a positive influence on trust-based relationships, understood as a dimension of global mindset.*
- H6.** *The deliberate managerial strategy has a positive influence on network-based connectivity, understood as a dimension of global mindset.*
- H7.** *Trust-based relationships have a positive influence on international business performance.*
- H8.** *Network-based connectivity has a positive influence on international business performance.*
- H9.** *The deliberate managerial strategy has a positive influence on international business performance.*

Corroborating the inferred relationships derived from the theoretical developments on the psychic distance and

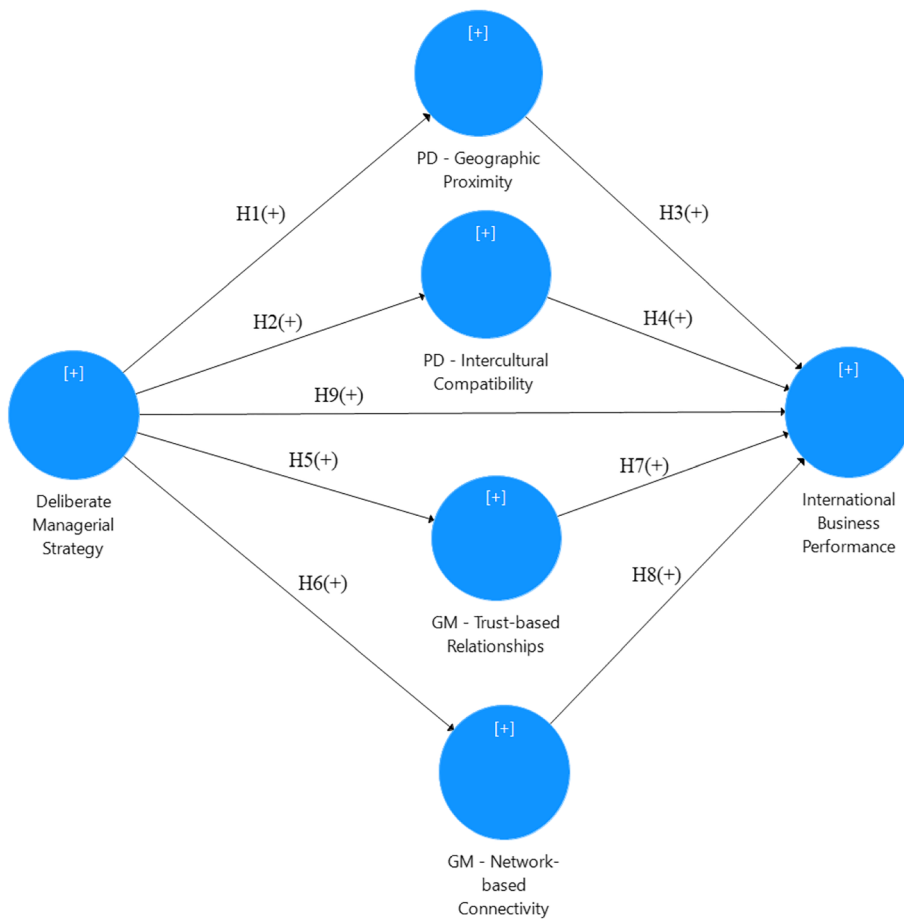


FIGURE 1 Conceptual model with hypotheses [Colour figure can be viewed at wileyonlinelibrary.com]

global mindset constructs, the conceptual model presented in Figure 1 was articulated.

had between 50 and 250 employees and 84.8% had a turnover over 2 million euro.

3 | MATERIALS AND METHOD

3.1 | Sample and data collection

A questionnaire-based survey focusing on the two different types of managerial approaches (i.e., global mindset versus psychic distance) and international business performance was conducted during March and April 2017. The sample comprised 112 top managers of European SME in the B2B commerce sector. The key informants were selected using a facilitator—a top manager operating in the same business area, respectively, retail with industrial goods. The key informants were invited via e-mail to fill in a questionnaire concerning their internationalization strategies and approaches, on the one hand and the international business performance, on the other one.

Most subjects were males (55.4%), aged between 35 and 55 years old (53.6%), and had a master's degree (43.8%). As far as the enterprises are concerned, 50.1%

3.2 | Measures

The measures were constructed on the conceptual background previously analysed (see Figure 1), given credit to the exploratory investigations in the field. The research instrument comprised 31 items, including here the socio-demographic variables. Five reflective constructs (i.e., Deliberate Managerial Strategy, Geographic Proximity and Intercultural Compatibility, and Trust-based Relationships and Network-based Connectivity) and a formative construct (i.e., International Business Performance) were developed (as presented in Figure 1). All the constructs were operationalized in line with VăTăMănescu's (2017) approach on the relational designs in B2B international business. Hereby, Deliberate Managerial Strategy refers to going international as a planned and assumed managerial strategy and consists of three items (e.g., "I engage in international partnerships whenever the economic and financial outcomes are profitable"). Trust-based Relationships (3 items—e.g., "I

develop business relationships if commitment is mutually proved”) and Network-based Connectivity (5 items—e.g., “In my business, having a network of long-term collaborators provides competitive advantages”) are designed as dimensions of the Global Mindset (GM) construct. Also developed as a twofold construct, Psychic Distance (PD) embodies Geographic Proximity (3 items—e.g., “I prefer to establish international partnerships with businessmen from similar or proximate markets”) and Intercultural Compatibility (4 items—e.g., “I find intercultural understanding to be important in order to develop long-term collaborations”). Finally, as a formative construct, International Business Performance is measured via two indicators, namely, the profit resulted from international collaborations and number of international strategic partners for business competitiveness).

The items forming the reflective constructs were measured on a 5-point Likert scale ranging from 1 (*Strongly disagree*) to 5 (*Strongly agree*).

3.3 | Method and procedure

In order to test the relationships envisaged in the research model, the partial least squares structural

equation modelling procedure (PLS-SEM) and SmartPLS 3 (Ringle, Wende, & Becker, 2015) statistical software was employed, giving credit to Chin’s (1998) rules of thumb and to the guidelines advanced by Henseler, Hubona, and Ray (2016) and Hair, Sarstedt, Ringle, and Gudergan (2017). PLS-SEM was used for both measurement model validation and structural model assessment, providing a suitable analysis of models encompassing both formative and reflective constructs (Henseler et al., 2016). Before performing the evaluation of the structural relationships, the validity and reliability tests of the measurement model were performed, followed by a bootstrapping procedure with 5,000 resamples meant to determine the path coefficients and their significance.

4 | RESULTS

4.1 | Evaluation of the measurement model

The measurement model and the constructs (Figure 2) were assessed in accordance with Hair et al.’s (2017) cut-off values, whereas the adequacy of the measurement was scrutinized via the validity and reliability tests (see

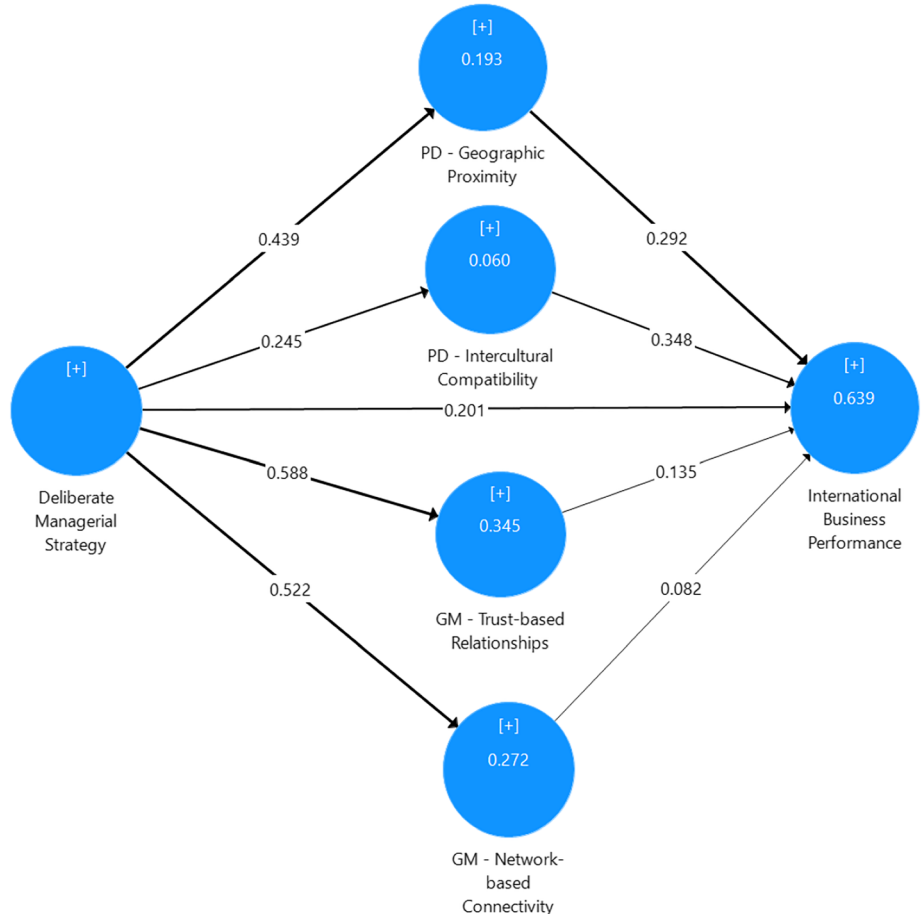


FIGURE 2 Structural model with path coefficients [Colour figure can be viewed at wileyonlinelibrary.com]

Table 1). The values retrieved for the composite reliability and for the average variance extracted exceed the 0.7, respectively, the 0.5 thresholds for each reflective construct in the measurement model.

The discriminant validity of the measurement model was appraised through two different criteria—the first provided by Fornell and Larcker (1981); Table 2) and the second based on heterotrait-monotrait ratio of correlations, the HTMT.85 criterion proposed by Henseler et al. (2016). As shown in Tables 2 and 3, the squared correlations are lower than the diagonal entries as settled via

TABLE 1 Construct reliability and validity

Constructs	Composite reliability	Average extracted value
Deliberate Managerial Strategy (DMS) [reflective construct] (3 items)	0.765	0.521
PD=Geographic Proximity (PD-GP) [reflective construct] (3 items)	0.828	0.616
PD-Intercultural Compatibility (PD-IC) [reflective construct] (4 items)	0.886	0.661
GM-Trust-based Relationships (GM-TR) [reflective construct] (3 items)	0.843	0.642
GM-Network-based Connectivity (GM-NC) [Reflective construct] (5 items)	0.882	0.600
International Business Performance (IBP) [Formative construct] (2 items)	na	na

Obs.: NA – not available.

TABLE 2 Discriminant validity: Fornell-Larcker criterion

Constructs	DMS	GM-NC	GM-TR	IBP	PD-GP	PD-IC
DMS	0.722					
GM-NC	0.522	0.775				
GM-TR	0.588	0.495	0.802			
IBP	0.536	0.593	0.572			
PD-GP	0.439	0.460	0.457	0.636	0.785	
PD-IC	0.245	0.592	0.419	0.633	0.449	0.813

Abbreviations: DMS: Deliberate Managerial Strategy; GM-NC: GM-Network-based Connectivity; GM-TR: GM-Trust-based Relationships; IBP: International Business Performance; PD-IC: PD-Intercultural Compatibility; PD-GP: PD=Geographic Proximity.

TABLE 3 Discriminant Validity: HTMT.85 criterion

Constructs	DMS	GM-NC	GM-TR	PD-GP	PD-IC
DMS					
GM-NC	0.706				
GM-TR	0.801	0.608			
PD-GP	0.689	0.573	0.621		
PD-IC	0.378	0.715	0.548	0.574	

Abbreviations: DMS: Deliberate Managerial Strategy; GM-NC: GM-Network-based Connectivity; GM-TR: GM-Trust-based Relationships; IBP: International Business Performance; PD-IC: PD-Intercultural Compatibility; PD-GP: PD=Geographic Proximity.

Fornell and Larcker’s (1981) recommendations and the values for the HTMT.85 criterion are lower than the 0.85, thus complying with the threshold of Kline (2011) and Henseler et al. (2016).

The absence of multicollinearity among the constructs was affirmed through the investigation of the inner VIF values (between 1.515 and 2.042), conforming to Diamantopoulos and Sigauw’s (2006) cut-off value, respectively, 3.3.

Given the fact that all measurement requirements were complied with by the research model, the evaluation of the inferred relationships was conducted.

4.2 | The assessment of the inferred relationships

A PLS-SEM analysis with 5,000 resamples bootstrapping procedure was employed in order to assess the direct and indirect effects (β path coefficients) and their statistical significance, consistent with the guidelines established by Hair, Sarstedt, Hopkins, and Kuppelwieser (2014); Hair et al. (2017).

The outputs of the relationships evaluation (illustrated in Figure 2 and Table 4) showed that the structural model explains 63.9% of the variance in International Business Performance, respectively, 19.3% for PD-

TABLE 4 Effects

Effects	β coefficient	Sample mean	Standard deviation	T values	P values	2.5% CI	97.5% CI	f^2	Hypothesis
DMS -> PD-GP	0.439	0.450	0.084	5.222	0.000	0.277	0.608	0.239	H1 supported
DMS -> PD-IC	0.245	0.254	0.106	2.312	0.021	0.042	0.453	0.064	H2 supported
PD-GP -> IBP	0.292	0.292	0.078	3.759	0.000	0.130	0.434	0.156	H3 supported
PD-IC -> IBP	0.348	0.357	0.073	4.743	0.000	0.211	0.503	0.191	H4 supported
DMS -> GM-TR	0.588	0.594	0.056	10.580	0.000	0.475	0.691	0.528	H5 supported
DMS -> GM-NC	0.522	0.540	0.050	10.454	0.000	0.441	0.640	0.374	H6 supported
GM-TR -> IBP	0.135	0.133	0.088	1.526	0.127	-0.044	0.300	0.028	H7 not supported
GM-NC -> IBP	0.082	0.091	0.094	0.866	0.387	-0.101	0.269	0.009	H8 not supported
DMS -> IBP [Direct Effect]	0.201	0.193	0.093	2.161	0.031	0.010	0.376	0.060	H9 supported
DMS -> IBP [Total Indirect Effect]	0.335	0.349	0.077	4.358	0.000	0.196	0.499	-	

Abbreviations: DMS: Deliberate Managerial Strategy; GM-NC: GM-Network-based Connectivity; GM-TR: GM-Trust-based Relationships; IBP: International Business Performance; PD-IC: PD-Intercultural Compatibility; PD-GP: PD=Geographic Proximity.

Geographic Proximity, 6% for PD-Intercultural Compatibility, 34.5% for GM-Trust-based Relationships, and 27.2% for GM-Network-based Connectivity (see R square values in Figure 2).

As indicated in Table 5, seven out of the nine presumed relationships were supported by the empirical analysis. Evidence was brought in favour of the fact that deliberate managerial strategies exerts a positive influence on both constructs: PD-Geographic Proximity on the one hand ($\beta = 0.439$, $t = 5.222$, $p < 0.001$; $f^2 = 0.239$ - H1 is thus supported) and intercultural compatibility, on the other ($\beta = 0.245$, $t = 2.312$, $p < 0.05$; $f^2 = 0.064$ - H2 confirmed) and GM consisting of trust-based relationships ($\beta = 0.588$, $t = 10.580$, $p < 0.001$; $f^2 = 0.528$ - H5 supported) and network-based connectivity ($\beta = 0.522$, $t = 10.454$, $p < 0.001$; $f^2 = 0.374$ - H6 validated).

Revolving around the relationships between the dimensions of PD and GM on International Business Performance, only two out of the hypotheses were supported, namely, the relationships between geographic proximity and international business performance ($\beta = 0.292$, $t = 3.759$, $p < 0.001$; $f^2 = 0.156$ - H3 supported), respectively, intercultural compatibility and international business performance ($\beta = 0.348$, $t = 4.743$, $p < 0.001$; $f^2 = 0.191$ - H4 confirmed). No significant effects were retrieved between the dimensions of GM on International

Business Performance ($p > 0.05$), hence neither H7, nor H8 were validated.

In what concerns the relationship between Deliberate Managerial Strategy and International Business Performance, both direct and indirect effects were found significant, thus confirming H9 ($\beta = 0.201$, $t = 2.161$, $p < 0.05$; $f^2 = 0.060$ and $\beta = 0.335$, $t = 4.358$, $p < 0.001$).

5 | DISCUSSION AND CONCLUSIONS

5.1 | Summary and discussion of the findings

The investigation of the seven hypotheses brought to the fore several compelling insights. On the one hand, the findings have supported the assumption that, in their quest for achieving competitive advantages and, implicitly, for business performance, SMEs opt for deliberate internationalization strategies. By means of articulate planned managerial strategies, organizations—as open systems—acknowledge the value of borders without borders and the inherent potential of international ventures. In this vein, they have two different pathways towards achieving their performance goals, each of them

depending on the managers' approach of strategic ventures—acting in line with the psychic distance constraints versus global mindset opportunities.

In what regard the former—that is, the psychic distance—the deliberate managerial strategy has a positive influence on its dimensions as considered through the lens of the current study, that is, geographic proximity and intercultural compatibility. This is indicative of the fact that there are majorly intended initiatives towards tackling foreign markets via a step-by-step approach starting from the closest countries to faraway locations, as also posited by Johanson and Vahlne (1992), Korsakienė and Tvaronavičienė (2012), Mabey et al. (2015), and Colombo et al. (2018). A similar, yet lower positive influence is exerted on intercultural compatibility, showing SMEs managers' proneness towards counterparts with a close cultural profile and, thus, acknowledging the importance of interpersonal factors in the development of business relationships. Related evidence was brought forward by the studies conducted by Håkanson and Ambos (2010), Sousa and Lages (2011), Griffith and Dimitrova (2014), Păduraru et al. (2016), and VăTămănescu et al. (2019).

Within the scope of the present research, both geographic proximity and intercultural compatibility proved to have significant positive influences on international business performance, hence supporting the relevance of a gradual approach of foreign markets in line with the psychic distance coordinates in the case of industrial SMEs.

Switching to the latter—that is, the global mindset—the deliberate managerial strategy has a positive influence on its dimensions, namely, trust-based relationships and network-based connectivity. In their strategic undertakings, managers seek for collaboration with similar/complementary counterparts with a view to establish relationships based on trust, mutual commitment and engagement as a prerequisite for long-term partnerships, consistent with the findings of Forsgren and Johanson (1992), Thorgren et al. (2009), and VăTămănescu et al. (2019). In the same front, planned strategies and resources are deployed towards establishing business networks and ensuring a high degree of connectivity among collaborations, as previously supported by Anderson et al. (1994), Blankenburg et al. (1999), Păduraru et al. (2016), VăTămănescu, Andrei, et al. (2017) and Glauner (2019). Nevertheless, none of the dimensions of the global mindset exerts significant influences on the international business performance. This fact may be triggered by the lack of proper resources at different levels (i.e., human, structural, and relational capital), which

would be harnessed and capitalized in order to consolidate strong positions within global networks and to reify trustful bonds with faraway allies. In the case of SMEs, the scarcity of resources may act as a consistent obstacle in their global endeavours in the absence of an appropriate gradual strategy.

5.2 | Research originality and implications

The novelty of the current contribution is embodied within the conceptual and structural model advanced, a twofold-dimension framework for examining managers' global mindset (with reference to trust-based relationships and network connectivity at a global level), respectively the psychic distance (referring to geographic proximity and intercultural compatibility of dyads in progressive ventures). The inferred relationships are tested using a sample of European SMEs operating in the industrial field, hence putting forward a phenomenological and systemic view on a specific context of reference. To the best of our knowledge, the two counterforces which may either stimulate or impede the international expansion of SMEs have not been studied as such, within a comprehensive outlook, in relation to international business performance.

In line with the retrieved findings, some theoretical and practical implications may emerge. As the empirical evidence highlighted, SME managers deliberately assume the benefits of acting both gradually and globally, with a special emphasis laid on the latter's dimensions as proven by the higher influences of the deliberate managerial strategy on trust-based relationships and network-based connectivity. Despite the implied perception of a higher control over their ventures in a step-by-step undertaking, there are propelling factors towards the objectivization of a global mindset in the quest for business competitive advantage.

Nevertheless, the results have shown that international business performance in the case of the European SMEs sample is significantly influenced only by the gradual internationalization of the organization in the target countries in terms of geographic proximity and intercultural compatibility. This strategy implies evolving knowledge about markets and increased commitment to new ventures, a higher control over the operations as triggered by similar previous experiences. Therefore, efficient and fruitful international collaborations are substantively determined by intercultural compatibility, shared values, morale, decision-making structures and objectives, all of which stand for key factors for mutually rewarding partnerships.

5.3 | Research limits and future directions

As any other research paper, the current one acknowledges the existence of some areas which would benefit from further improvements. Firstly, in terms of conceptual developments, the present contribution focused on specific dimensions of the two major constructs considered, namely psychic distance and global mindset. This choice was determined by the unit of analysis itself which solely referred to the relationships between managers through the lens of dyadic interactions in international realms. Other dimensions advanced by the extant literature (e.g., business distance and cultural distance, country distance, and people distance for the psychic distance or intellectual capital, psychological capital and social capital as a whole for global mindset) were not exhaustively integrated in the current analysis as their scope was beyond dyadic managerial relationships. Nevertheless, future studies would benefit from envisaging multi-level interlinks between organizations, including here the mindsets of other internal stakeholders and their approach of internationalization strategies and their objectivization.

Secondly, as the research design is concerned, the employed instrument relied on self-reported, thus subjective measures, as retrieved from SME key informants. The main assumption was that the envisioned dimensions were mainly perception-based (i.e., trust, compatibility, and connectivity), geographic proximity being the only factual factor. Moreover, the current endeavour was intended as an exploratory one, thus availing future research avenues for the in-depth investigation of the presumed or additional relationships to be tested.

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