

**The power of mindset:
Managerial mindset effects on international marketing decisions**

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DEDICATION

To my mother

ABSTRACT

The importance of managerial decision-making processes in international marketing was highlighted more than 50 years ago; nevertheless, there is a distinct lack of empirical micro level research on the cognitive attributes of managers. Even when managers are included in the conceptual model, they are depicted as rational individuals that act as stipulated by their firm's governance. In an attempt to answer researchers' calls for more sophisticated and advanced research on decision-making processes within firms, the author sheds light on the reasons that lie behind the way managers take international marketing adaptation and entry mode decisions. Three studies provided evidence for the assumption that managerial mindset drives international marketing decisions. First, the construal level mindset was suggested as the underlying psychological process that explains how perceptions of distance affect a manager's decisions related to the level of adapted pricing marketing strategy. In particular, psychic distance significantly influenced price adaptation decisions, while construal level mindset mediated this effect. Second, the examination of moderator effects yielded interesting results; the effect of psychic distance on price adaptation decisions was strongest for low promotion-oriented managers with an analytic thinking style (study 1). Third, the conditions under which fixed and growth mindsets affect managers' decisions regarding the level of adaptation and involvement in cross-border strategies were examined. Grounded in the implicit theory from psychology, the author developed a model that included psychic distance as the boundary condition and construal level mindset as the underlying mechanism of this effect. The direct effect of mindset on adaptation decisions was

initially tested on consumers, before being replicated in a managerial context. As expected, mindset was proved to be a significant determinant of adaptation decisions (study 2 and study 3), while the otherwise positive relationship between mindset and entry mode turned negative under high psychic distance (study 3). Together, results suggest that mindset and perceptions of distance drive international marketing decisions, and additionally, mindset discloses the mechanism of this effect. The current research extends the literature on international marketing and consumer behaviour by proposing a new behavioural outcome of mindset, namely adaptation intentions and by presenting psychic distance as a new antecedent. Finally, on a managerial level, mindset can be a powerful tool with extensive applicability to a wide range of marketing-related decisions within the domain of international marketing strategies.

LIST OF TABLES

Table 1. 1. Psychological processes in international marketing decision making.....	6
Table 2. 1. Antecedents of international marketing strategy adaptation decisions....	22
Table 2. 2. Different operationalisations of entry mode choice.....	26
Table 2. 3. Conceptual development of key tenets of mindset research.....	31
Table 2. 4. Implicit theories in consumer behaviour: selected studies.....	38
Table 2. 5. The implicit theory model.....	41
Table 2. 6. Response patterns and their components.....	43
Table 2. 7. Components of response patterns that follow goal orientation.....	44
Table 2. 8. Perceptions and definitions of distance.....	56
Table 2. 9. Operationalisation types of psychic distance.....	71
Table 3. 1. An overview of the way research questions were addressed.....	106
Table 4. 1. Crosstabulation between psychic distance and thinking style.....	116
Table 4. 2. Frequencies of psychic distance and thinking style.....	116
Table 4. 3. Mean values of the control variables.....	117
Table 4. 4. Descriptive findings for price adaptation intentions and promotion orientation.....	119
Table 4. 5. Regression results for price adaptation intentions.....	121
Table 5. 1. Distribution of respondents to each experimental condition.....	136
Table 5. 2. Frequencies of mindset, temporal distance and spatial distance.....	136
Table 5. 3. Mean values of the control variables.....	137
Table 5. 4. Descriptive findings for entry mode and marketing mix adaptation intentions.....	139
Table 6. 1. Crosstabulation between psychic distance and mindset.....	149
Table 6. 2. Frequencies of psychic distance and mindset.....	150
Table 6. 3. Mean values of the control variables.....	150
Table 6. 4. Descriptive findings for entry mode choice and marketing mix adaptation intentions.....	153
Table 6. 5. Effects of mindset on the marketing mix elements.....	155
Table 6. 6. Effects of psychic distance on the marketing mix elements.....	156
Table 7. 1. An overview of key findings.....	161

LIST OF FIGURES

Figure 1. An overview of the literature review	14
Figure 2. A conceptual hyper-model for the interactions between perceptions of distance, mindset and decisions	100
Figure 3. A framework for the effects of psychic distance on price adaptation intentions.....	102
Figure 4. A framework for the effects of mindset on lifestyle adaptation intention	104
Figure 5. A framework for the effects of mindset on adaptation intentions and entry mode choice.	105
Figure 6. Histogram of price adaptation intentions.....	118
Figure 7. Histogram of thinking style.	118
Figure 8. Normal Q-Q plot of price adaptation intentions.....	120
Figure 9. Normal Q-Q- plot of promotion orientation.	120
Figure 10. Boxplot of price adaptation intentions.....	120
Figure 11. Boxplot of promotion orientation	120
Figure 12. Simple slopes of psychic distance by thinking style on price adaptation intentions.....	122
Figure 13. Simple slopes of psychic distance by promotion orientation on price adaptation intentions.	123
Figure 14. Regions of significance for the psychic distance-price adaptation intentions effect.....	124
Figure 15. Simple slopes of psychic distance by promotion orientation on price adaptation intentions.	125
Figure 16. Simple slopes of psychic distance by promotion orientation on price adaptation intentions.	126
Figure 17. Normal Q-Q plot of lifestyle adaptation intentions	138
Figure 18. Histogram of lifestyle adaptation intentions.....	138
Figure 19. Boxplot of lifestyle adaptation intentions.....	138
Figure 20. Histogram of adaptation intentions.....	151
Figure 21. Histogram of entry mode choice (level of involvement).....	151
Figure 22. Normal Q-Q plot of adaptation intentions.....	152
Figure 23. Normal Q-Q plot of entry mode choice (level of involvement).	152
Figure 24. Boxplot of entry mode choice (level of involvement).....	152
Figure 25. Boxplot of adaptation intentions.....	152
Figure 26. Moderating effects of psychic distance on mindset.....	157
Figure 27. Moderating effects of psychic distance on mindset.....	157

CONTENTS

CHAPTER 1 INTRODUCTION	1
1.1 Motivation for the research	1
1.2 Research background	2
1.3 Research question and objectives.....	4
1.4 Contribution	5
1.5 Structure of the thesis.....	11
CHAPTER 2 LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT	13
2.1 Introduction.....	13
2.2 International Marketing Decisions.....	14
2.2.1 International marketing strategy.....	14
2.2.1.1 The adaptation, standardisation and strategic fit perspective.....	18
2.2.1.2 Antecedents and consequences of international marketing program adaptation.....	21
2.2.2 Entry mode choice decisions.....	24
2.2.2.1 Resource commitment, risk and control in entry mode decisions.....	24
2.2.2.2 Antecedents and outcomes of entry mode choice.....	26
2.2.2.3 Theoretical perspectives of entry mode choice.....	28
2.3 Theoretical foundation of managerial decision making.....	30
2.4 Mindset Theory	32
2.4.1 Theoretical streams of mindset.....	32
2.4.2 Mindset and international marketing decisions.....	33
2.4.3 Implicit theory.....	36
2.4.3.1 Affect, behaviour and cognition.....	36
2.4.3.2 The implicit theory model.....	41
2.4.3.3 Fixed and Growth Mindset.....	46
2.4.3.4 Gaps and future research avenues.....	49

2.4.3.5 Mindset and lifestyle adaptation.	51
2.4.3.6 Mindset and level of adaptation.	52
2.4.3.7 Mindset and level of involvement.	53
2.4.4 Construal Level Theory.	54
2.4.4.1 Construal levels and perceptions of distance.	56
2.4.4.2 The moderating role of temporal and spatial distance.	60
2.4.4.3 The mediating role of construal level mindset.	62
2.5 Existence of multiple mindsets.	65
2.6 The concept of psychic distance.	68
2.6.1 The reference point of psychic distance.	71
2.6.2 Perception in the managerial decision-making process.	72
2.6.3 An overview of key research topics in psychic distance.	73
2.6.3.1 Psychic distance and adaptation decisions.	75
2.6.3.2 Psychic distance and entry mode decisions.	77
2.6.4 The moderating role of psychic distance.	79
2.6.4.1 Mindset and adaptation decisions.	79
2.6.4.2 Mindset and level of involvement.	81
2.6.5 Problems with the measurement of psychic distance.	83
2.7 The moderating role of thinking style.	84
2.8 The moderating role of promotion orientation.	86
2.9 Conclusion	87
CHAPTER 3 METHODOLOGY	89
3.1 Introduction	89
3.2 Philosophical underpinnings	89
3.2.1 Empiricism and positivism.	90
3.2.2 Positivism and quantitative research.	90
3.2.3 Deductive logic and bounded rationality.	91
3.3 Ethical issues	92
3.4 Research methods.	93

3.4.1 Experimental design.	94
3.4.1.1 Factorial design.	95
3.4.1.2 Between-subjects design.	95
3.4.2 Scenario-based experimental design.....	96
3.4.3 Internal and external validity.	98
3.5 Overview of studies.....	99
3.5.1 Study 1.	100
3.5.2 Study 2.	102
3.5.3 Study 3.	104
3.6 Conclusion	107
CHAPTER 4 EMPIRICAL STUDY 1	108
4.1 Overview of the study	108
4.2 Method	109
4.2.1 Sample and data collection procedure.	109
4.2.2 Independent and Mediating Variables	110
4.2.2.1 Psychic distance.	110
4.2.2.2 Thinking style.	112
4.2.2.3 Promotion orientation.	112
4.2.2.4 Construal level.	113
4.2.3 Dependent Variables.....	114
4.2.3.1 Price adaptation intentions.	114
4.3 Results	115
4.3.1 Preliminary analysis.....	115
4.3.2 Manipulation checks.	120
4.3.3 Hypothesis testing.....	121
4.3.3.1 Mediation analysis.	124
4.3.4 Post hoc analysis.....	125
4.4 Discussion	126
CHAPTER 5 EMPIRICAL STUDY 2	128
5.1 Overview of the study.	128

5.2 Method	129
5.2.1 Sample and data collection procedure.	129
5.2.2 Independent variables	130
5.2.2.1 Mindset.....	130
5.2.2.2 Temporal and spatial distance.....	133
5.2.3 Dependent and control variables.....	134
5.2.3.1 Lifestyle adaptation.....	134
5.2.3.2 Life satisfaction.....	135
5.2.3.3 Happiness.....	135
5.3 Results.....	136
5.3.1 Preliminary analysis.....	136
5.3.2 Manipulation checks.....	141
5.3.3 Hypothesis testing.....	141
5.4 Discussion	142
CHAPTER 6 EMPIRICAL STUDY 3	144
6.1 Overview of the study	144
6.2 Method	145
6.2.1 Sample and data collection procedure.	145
6.2.2 Independent and Mediating Variables	146
6.2.2.1 Mindset.....	146
6.2.2.2 Psychic Distance.....	147
6.2.2.3 Construal level.....	148
6.2.3 Dependent Variables.....	148
6.2.3.1 Entry mode.....	148
6.2.3.2 Marketing strategy adaptation.....	149
6.3 Results.....	149
6.3.1 Preliminary analysis.....	149
6.3.2 Manipulation checks.....	154
6.3.3 Hypotheses testing.....	154
6.3.3.1 Mediation Analysis.....	157

6.4 Discussion	158
CHAPTER 7 CONCLUSION	160
7.1 General discussion of results.....	160
7.2 Research Implications	166
7.2.1 Theoretical implications	166
7.2.2 Managerial Implications.	168
7.3 Limitations and future research directions	171
REFERENCES.....	173
APPENDIX A	201
Study 1 questionnaire	201
List of manufacturing goods	204
APPENDIX B	206
Study 2 questionnaire	206
APPENDIX C	210
Study 3 questionnaire	210
APPENDIX D	216
Ethical Approval	216

CHAPTER 1 INTRODUCTION

1.1 Motivation for the research

I have always been intrigued by extraordinary people who have been immensely successful in their life; ancient Greek philosophers, Renaissance polymaths, modern scientists and famous athletes who were charismatic in nature and achieved phenomenal success. To my mind, what rendered them so distinctive and exceptional was their remarkable talent. Growing up, I realized that all those successful and genius people have something in common: a growth mindset. Carol Dweck (2006, p.68), who has devoted a large part of her research work to the investigation of mindset, mentioned that ‘we like to think of our champions and idols as superheroes who were born different from us. We don’t like to think of them as relatively ordinary people who made themselves extraordinary’.

One can claim that success is reflected on decisions, while the way humans take decisions and the reasons that underlie their decisions are based upon their mindset. The concept of growth mindset has constituted a great motivational force for the current research. By investigating the role of mindset in decision making processes, I was able to determine why and under what conditions different mindsets lead to different behavioural outcomes. Given the fundamental importance of managers in international marketing strategies of their firm, an investigation of their mindset in decision making processes offered invaluable theoretical and practical insights into the international marketing field.

1.2 Research background

One of the main challenges of an international marketing strategy is how to control the enormous diversity beyond borders and design optimal cross-border strategies. Firms seeking international presence and opportunities for expansion need to take strategic decisions regarding the degree of adaptation of their marketing mix and the level of involvement in their business arrangements in the host country. Such decisions are critical in order to create the optimal strategies for the heterogeneous markets they are willing to enter (Powers & Loyka, 2007).

Marketing strategy standardisation versus adaptation has been one of the most prolific streams in international marketing research during the past century (Chung et al., 2012; Schmid & Kotulla, 2011; Tan & Sousa, 2011). Standardisation is defined by the consistency in the application of the same processes and programs across national and international markets (Jain 1989; Levitt 1983) and is enabled by the continuous global movement of people, technological evolution, and homogenization of consumer needs (Griffith, 2010). Conversely, adaptation is related to the consideration of all the environmental factors of a foreign market, in order to design and apply tailored strategies (Czinkota & Ronkainen, 1998).

The consistency of environmental factors that drive adaptation or standardisation decisions is conceptualized as the manager's perception of differences (or similarities) between a foreign and a domestic market environment. This perception of environmental differences forms a perception of distance between a home and a foreign market which is traditionally defined as *psychic distance* (Evans & Mavondo, 2002). The influence of perceptual factors on strategic decisions and international marketing activities are firmly grounded in the literature (Cavusgil & Godiwalla, 1982; Leonidou et al., 1998), therefore it is not surprising why psychic

distance has attracted great research interest over the past decades. Another reason why psychic distance has received a lot of attention is due to many conflicting findings in the broader relationship between adaptation - standardisation strategies and firm performance. Research on adaptation intentions has mainly highlighted positive effects of psychic distance (e.g., Katsikeas et al., 2006; Sousa & Lages, 2011; Westjohn & Magnusson, 2017), but a closer inspection of the literature reveals mixed results. For example, Griffith and colleagues (2014) showed non-significant and negative effects of psychic distance on various adaptation decisions in an international marketing context.

The role of managerial judgement and decision-making ability is crucial in the international marketing and business research and does not rely any more solely on purely normative or objective assessments (Hultman, Katsikeas, & Robson, 2011). Given that international marketing decisions are ultimately down to managerial judgement, managerial decision processes undoubtedly hold a key position in international marketing research, while the role of the manager as a decision maker has been studied to a great extent historically (Aharoni et al., 2011; Cavusgil & Godiwalla, 1982). Macro-level factors may be a useful starting point to understand and predict strategic managerial decisions, but it is also of particular importance to be able to explain when, how, and why individual-level perceptions shape such decisions. Yet, to the best of the researcher's knowledge, there is only limited research on the mechanism under which psychic distance leads to managerial decision regarding adaptation strategy.

It is widely accepted that decisions are powered by mindset, namely 'a psychological orientation that drives evaluations, actions and responses' (Rucker & Galinsky, 2016, p.161). Therefore, drawing on the implicit theory, the aim of this

study is to experimentally investigate whether, how and under what conditions mindset affect managers' decisions regarding entry mode choice and intended adaptation levels. Taking the above into consideration, the integration of traditional international marketing concepts such as psychic distance and psychology concepts such as construal level theory (Trope & Liberman, 2010) as predictors of managerial decisions is suitable in order to provide further insights into the ever-current issue of international firms' levels of marketing adaptation and standardisation. Moreover, given the tradition in international business and marketing to be overly reliant on cross-sectional and correlational research, with all the shortcomings such approaches entail, there is a pressing need to establish actual cause and effect relationships also within this domain (Reeb et al., 2012).

1.3 Research question and objectives

The researcher puts forward the following research question:

- Does mindset affect international marketing decisions, why and under what conditions does this effect occur?

To answer the above research question, six research objectives are suggested:

1. Evaluate philosophical paradigms and research designs in order to identify those that serve appropriately the nature of the research question
2. Review existing literature on marketing adaptation and entry mode choice, psychic distance and mindset
3. Examine whether mindset affects managerial decisions

4. Identify potential factors that can explain why and under what circumstances mindset affects managerial decisions
5. Employ suitable methods and analytical tools for the examination of the effects of interest in this thesis
6. Provide managers and scholars with invaluable insights and recommendations that are based on the research findings

1.4 Contribution

The current research project makes key contributions to the literature of international marketing and social psychology. After carefully examining pertinent studies on the psychological processes in international marketing decision making (Table 1.1), six contributing areas have been identified by the researcher.

First, this research shed light on the reasons which lied behind managerial decision making in a realistic business environment, by introducing a novel psychological concept to an international marketing context; the mindset. Despite a 40-year research on implicit mindset theory in social psychology, only recently consumer behaviour has embraced and started replicating the core ideas of mindset. After observing a distinct lack of research papers on mindset in the international marketing field, the researcher attempted to close this gap and answered calls of researchers to apply implicit mindset theories to a wider variety of marketing related behaviours (Murphy & Dweck, 2016; Wheeler & O'neill, 2016).

Second, given the recent contradicting empirical evidence of psychic distance, the researcher drew insights from the construal level theory to untangle the possible psychological mechanisms through which psychic distance forms managers' standardisation/adaptation decisions. Thus, theoretical contribution to the

Table 1.1 Psychological processes in international marketing decision making

Study (year)	Unit of analysis	Operationalisation of the independent (or moderator) variable	Operationalisation of the dependent variable	Key findings
Schwenk (1995)	Conceptual paper	Individual and organisational minds	International strategic decision making	The author identified four major themes that may affect the international strategic decision-making process, one of them being individual and organisational minds. Grounded on bounded rationality, individual minds -or cognitive maps-, influence the way executives conceptualise strategic problems and consequently influence their own decision making.
Andersen & Strandskov (1997)	Conceptual paper	Managerial cognition (mental models that managers use to make sense of their environment)	International marketing decisions (screening, identification and selection of potential international markets)	The authors suggest that managerial cognition influence the ability to acknowledge market opportunities and threats when selection among international markets. They, thus, propose a model for mapping managerial decision-making.
Murtha, Lenway, & Bagozzi (1998)	US based senior managers	Mindset (measured on a 7-point Likert scale of integration, responsiveness and country coordination expectations)	International marketing strategy decision making processes (observation of change in processes that senior managers undertook)	Global mindsets evolved over a three-year period as the change to a global strategy resulted in a cognitive shift toward a more global mindset across all managers in the organization.

Levy (2005)	Top management teams of US firms	Managerial cognition (attention patterns were assessed via content analysis of written and oral communications to shareholders)	International marketing strategy decisions (expansive foreign market strategic decisions were measured across 3 dimensions: foreign sales, foreign production and geographic dispersion)	Results indicate that firms were more likely to take expansive international strategic decisions when their top management paid attention to the external environment and considered a diverse set of elements in this environment. On the other hand, firms led by top management that paid more attention to the internal environment were less likely to expand to international markets.
Acedo & Jones (2007)	<ul style="list-style-type: none"> International new ventures, Exporters Domestic firms 	Managerial cognition (captured across 4 dimensions, namely risk perception, proactivity, ambiguity tolerance and international orientation, and measured on Likert type scales)	International marketing decisions (speed of market entry for new international ventures was captured as a categorical variable which assigned a value of 1 to non-exporters, 2 to exporters that took more than 5 years to become international and 3 to firms that commence internationalization in 5 or less years since foundation)	For all groups, proactivity is the basic premise for risk perception, which in turn is the key variable in relation to internationalization speed. Risk perception is the element that may prevent a firm from internationalizing at all, in a timely manner, or fast enough to capture available opportunities.
Aharoni, Tihanyi, & Connelly (2011)	Review article	Key theoretical developments in international managerial decision-making research.	Entry mode decisions	The authors concluded that many models in international business do not consider the consequences of different decision-making styles on investment decisions. Specifically, they found that no

		<ul style="list-style-type: none"> • Cognitive ability of the decision maker • Cognitive bias • Learning and expertise 	research (up to 2011) specifically addressed the role of managers in the entry mode decision process.	
Foss & Lindenberg (2013)	Conceptual paper	Behavioural micro foundations (cognition and motivation)	Strategic management and marketing decisions	The authors conclude that cognitive and motivational microfoundations are strongly intertwined, and both dimensions should be taken into account in firm strategic goals.
Maitland & Sammartino (2015)	Senior executives (including CEOs)	Managerial cognition (the researchers generated from the coded transcripts of their interviewees; lengthy, individual-specific tables which revealed mental models for internationalization domains)	Internationalisation decisions (participant interviews close to the decision process, i.e., acquire a firm in a foreign location)	Cognitive processes (i.e., individual judgment about information search parameters, assessment and decision integration) are crucial micro foundations for modelling heterogeneity in firm-level internationalization strategies and performance.
Jiang, Ananthram, & Li (2018)	Chinese senior managers	Global mindset (conceptualisation and contextualisation dimensions of a global mindset at work and in life were measured on a 5-point Likert scale, '1' being strongly disagree, and '5' being strongly agree, through 39 statements adapted from Arora et al. (2004))	Entry mode decisions (measured by using the percentage of equity share of ownership)	Senior managers who exhibit a stronger global mindset tend to choose a lower-level ownership entry mode for their foreign subsidiaries.

Lazaris & Freeman (2018)	Firm owners/founders and senior managers	Global mindset (semi structured interviews with open-ended questions to capture mindset, such as <i>Can you tell me how you feel about doing business in a foreign country?</i> and <i>How have your previous experiences affected your internationalization?</i>)	International market decisions (semi-structured interviews where internationalization decisions were captured as: pattern of internationalization in terms of time of market entry, mode of market entry and percentage of foreign sales)	Cognitive factors are particularly salient in determining a firm's identification and pursuit of international opportunities. Moreover, global mindset affects internationalization decisions by explaining early and rapid internationalization patterns.
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international marketing and social psychology literatures was achieved. More specifically, another antecedent of the construal level was introduced and at the same time a new behavioural outcome, namely adaptation intentions, was suggested.

Third, the researcher contributed in the psychic distance literature which has been characterized by inconsistency (Ambos & Håkanson, 2014). Although psychic distance is a well-established driver for international marketing adaptation and standardisation (e.g., Theodosiou & Leonidou, 2003), it has traditionally been studied as a firm external variable rather than a perception that activates a managerial mindset that ultimately guides decisions. Its problematic operationalisation was addressed by considering three critical propositions. First, the manager, not the firm, must be the epicentre of the operationalisation; second, managers are individuals with different levels of prior experience, perception and knowledge, therefore psychic distance ought to capture these unique levels; third, the perceptual nature of psychic distance needs to be considered by integrating the manager into the equation (Harzing, 2004; Nebus & Chai, 2013). By satisfying the above conditions, the researcher experimentally investigated the perceptual nature of psychic distance.

Fourth, the experimental research design enabled the researcher to establish a cause-and-effect chain of events among managers' perceived psychic distance, mindset, and international marketing and entry mode decisions, rather than simply relying on correlational inferences which has been the tradition in the field (Reeb et al., 2012). Thus, internal validity was ensured, and external validity was enhanced by inviting international marketing managers to participate in the experimental studies.

Fifth, by showing how the notions of psychic distance and mindset operate differently across cultures, valuable insights into the cross-cultural applicability of the construal level mindset were provided.

Sixth, some new insights into the very novel area of multiple mindset existence were offered. To the researcher's knowledge, this is the first empirical attempt to show that construal level mindset is not responsible for the effects of growth mindsets, and thus no hierarchical connection can be claimed between the two mindsets.

1.5 Structure of the thesis

To serve its purpose, the current thesis was organised in 7 chapters. Chapter 1 provides an introduction to the research background and scope of the thesis followed by its aims, research question and objectives. The chapter ends with the contribution of the current research in the international marketing and social psychology literatures. Chapter 2 focuses on the theoretical development and review of pertinent literature on international marketing, mindset and psychic distance with emphasis on their theoretical foundations. Research gaps are also discussed, and operationalisation problems are mentioned. Chapter 3 presents the research methodology of the thesis, by first focusing on the philosophical paradigms that underpin it. Ethical issues are briefly presented, and experimental design methods employed by the researcher are described in detail along with the practical technicalities concerning them. The chapter ends by presenting an overview of the three empirical studies of the current thesis. Chapters 4,5 and 6 include the data analysis procedures aiming to obtain findings on the effects of mindset and perception on consumer and managerial behavioural outcomes. The results of each of the three empirical studies are thoroughly discussed and are depicted in visual

representations. Finally, chapter 7 attempts to give answers to the research question on the basis of the data collected. The chapter also provides implications for researchers and practitioners and concludes with evaluation of limitations and future research directions.

CHAPTER 2 LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT

2.1 Introduction

The aim of the current chapter is to provide theoretical support for the thesis by reviewing the existing literature and providing a detailed hypothesis development. The hitherto research on international marketing has widely neglected how and under what conditions the actual decisions are made in firms, while the role of the manager as the key-decision maker has been disregarded to a great extent (Schellenberg, Harker, & Jafari, 2018). In an effort to fill this gap, the current thesis focuses on managerial decision-making and reviews pertinent literature. Thus, international marketing decisions, namely adaptation/standardisation and entry mode choice, are first reviewed. Next, mindset theory- the focal theory of this thesis- is analysed. Based on mindset theory, the researcher identifies and analyses two mindset frameworks that influence managerial decisions; the fixed and growth mindset and the construal level mindset frameworks. Moreover, perceptions are a vital part of a decision-making process and well-known drivers of mindsets and behavioural outcomes (Trope & Liberman, 2010), while perceptions of distance are extremely relevant in a managerial context (Nebus & Chai, 2014). Hence, the final part of the chapter reviews psychic distance and its relevance to international marketing decisions. An illustration of the literature review is presented below.

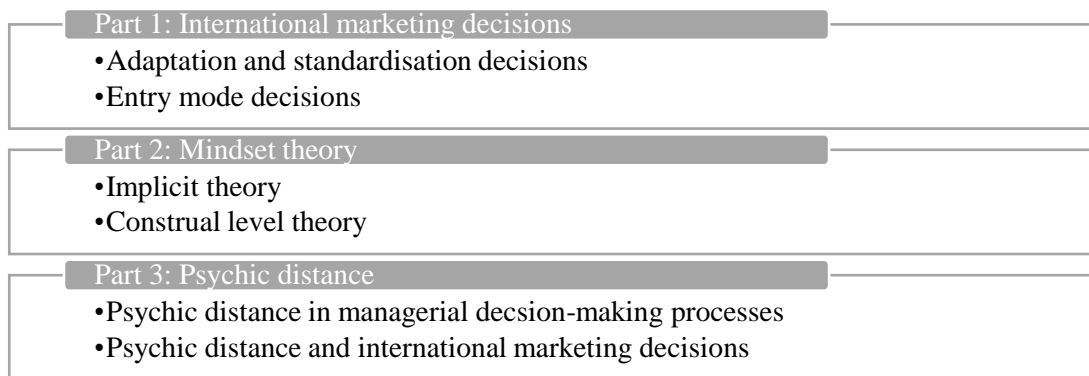


Figure 1. An overview of the literature review

2.2 International Marketing Decisions

2.2.1 International marketing strategy. In today's dynamic and highly competitive environment, employing the right and suitable strategies has pivotal importance for a firm's cross-border activity. Entering a foreign market is a process that requires precisely executed international marketing strategies, namely the way a company's marketing objectives can be achieved (Kotler et al., 2001). The core of international marketing strategies is the optimal employment of the marketing program (Theodosiou & Leonidou, 2003); the marketing program -or marketing mix- is defined as 'the set of marketing tools the firm uses to pursue its marketing objectives' (Kotler & Keller, 2006, p.19). These tools, also widely known as McCarthy's 4 Ps, are classified into four broad categories, and refer to the *product*, the *price*, the *promotion* and the *place* (distribution) of a marketing program. Adapting or standardizing the above elements is a process through which a firm can achieve its strategic aims and overcome foreign market dangers (Cavusgil &

Cavusgil, 2012). An overview of the adaptation¹ strategy for each element of the marketing program is discussed below.

Product adaptation. Product adaptation strategies refer to ‘a firm’s consistent and planned activities to meet local consumers’ preferences and values’ (Calantone et al., 2006, p.178) and can be described as the degree of differentiation among physical products in international markets (Cavusgil et al., 1993). In addition, the competitive advantage of a firm can be significantly improved due to product adaptation strategies, whilst the access to market segments with distinctive features becomes more feasible (Shoham, 1999; Zhu, Zou, & Xu, 2017). Moreover, company internal and external characteristics determine product adaptation strategies whose successful implementation requires a thorough and precise analysis of the local market (Hultman, Robson, & Katsikeas, 2009; Leonidou, Katsikeas, & Samiee, 2002). Altogether, adaptation levels are lower when the same product is simultaneously exported in different international markets where the return of investment (ROI) constitutes a priority for the firm (Cavusgil et al., 1993). Nevertheless, studies have revealed that ROI, product adaptation levels and profitability are positively related (e.g., Zou & Cavusgil, 2002).

Hill and Still (1984a) have proposed a traditional categorisation of product adaptations in international marketing, classifying product changes as optional and non-optional. Optional changes deal with the refinement of a company’s position in the marketplace between customers and competitors, while non-optional changes incorporate political, legal and economic, among other uncontrollable, factors. Subsequently, Calantone and colleagues (2006) proposed a two-phase product

¹ Adaptation and standardisation are inversely proportional (Jain, 1989); when the level of adaptation increases, the level of standardisation decreases and vice versa. Thus, for ease of reference only, when the researcher refers to the degree of adaptation, she does not negate the existence of standardisation.

adaptation: the *upon-entry* stage and the *after-entry* stage. Regulatory and legal constraints are encountered during the upon-entry stage, whereas, in the after-entry stage, product adaptation is discretionary (Calantone et al., 2006). Finally, product adaptation is considered part of a firm's capabilities, as it is a process which requires advanced knowledge on various fields, like product design, market research, branding and so on (Lages et al., 2008).

Price adaptation. Pricing decisions are very complex due to environmental uncertainty and depend significantly on a firm's long-term focus on cost (Sousa & Nouvello, 2014). Nevertheless, setting high prices in favourable conditions (e.g., high demand) or competitive prices in adverse conditions (e.g., low demand) are price adaptation decisions that can generate high revenue (Powers & Loyka, 2010). However, standardizing prices across markets is also beneficial. Such strategies can prevent gray market activity and unofficial intermediaries, giving full control to the parent firm (Theodosiou & Katsikeas, 2001). Moreover, strategic pricing decisions can be influenced by a plethora of factors, such as 'nature of the product, location of the production facility, chosen system of distribution, location and environment of the foreign market, government regulation and attitude of the firm's management' (Cavusgil, 1988, p.68). The aforementioned factors were subsequently categorised in four broad groups: foreign market, product, industry and firm characteristics (Cavusgil & Zou, 1994). More recent classifications of pricing decision drivers include internal and external factors (Theodosiou & Katsikeas, 2001) and microenvironmental and macroenvironmental ones (Katsikeas et al., 2006). Moreover, price adaptation decisions greatly affect a firm's revenue and as a result its performance. However, findings of the price adaptation-performance relationship are rather inconclusive and contradicting (Sousa & Bradley, 2008). This

inconsistency could be justified by the existence of a non-linear relationship (Ozsomer & Simonin, 2004). Indeed, some studies (e.g., Sousa et al., 2014) have revealed a U-shaped relationship between price adaptation and performance.

Price adaptation, compared to the other elements of the marketing mix, has received the least attention in international marketing studies, despite having a fundamental role in the marketing program (Sousa et al., 2014). Possible interpretations of the above situation include the dearth of appropriate and sophisticated international pricing theoretical frameworks, the heterogenous nature of pricing and the downgrade of the importance of international pricing strategies (Sousa & Bradley, 2008). As a result, managers and chief executives tend to set international prices on the basis of domestic pricing strategies, often with unpredictable consequences on the firm's performance (Sousa & Bradley, 2008).

Place (distribution) adaptation. Distribution strategy can be defined as 'an organized network of agencies and institutions, which in combination, perform all the activities required to link procedures with users to accomplish the marketing task' (Keegan & Green, 1999, p.461). In addition, distribution adaptation refers to physical distribution, distribution channels and middlemen (Ilesanmi, 2011). Physical distribution presents the higher degree of adaptation, compared to channels and middlemen, mainly because of the very dynamic nature of transportation, market and competition-related conditions across countries (Theodosiou & Leonidou, 2003).

Undoubtedly, there is limited research on this issue because standardizing distribution strategies is not easily feasible in international markets (Rosenbloom, Larsen, & Mehta, 1997). According to Dimitrova and Rosenbloom (2010, p.161), standardized distribution channels are rather rare across different markets because three major factors obstruct their international implementation: '(a) culturally distant

distribution behaviour, (b) distributive institution rigidity and (c) international functional fragmentation'. Nevertheless, only a few studies have examined the adaptation of distribution strategies in an international marketing context (e.g., Griffith, Hu, & Ryans, 2000; Shoham et al., 2008).

Promotion adaptation. Promotion adaptation can be defined as 'the degree to which the promotional program (e.g., positioning, packaging, labelling and promotional approach) for a product differs across national boundaries' (Cavusgil, Zou, & Naidu, 1993, p.485). Within the marketing program, promotion is the element which has indubitably received important attention in the international marketing strategy literature (Hultman et al., 2011; Lages et al., 2008).

Culture holds a central position among the driving forces of promotion adaptation, while competition, political and legal systems, local economies, religious beliefs, market characteristics, consumer preferences, communication methods and advertising costs are some of the factors that can ultimately drive promotion adaptation strategies (Powers & Loyka, 2007). Besides promotion adaptation, entirely standardised promotion strategies are not achievable, despite the homogeneity that some markets may present (Lages et al., 2008). Standardisation does imply a uniform strategy; however, the unique selling proposition of any brand must be symmetrically apprehended consumers in international markets (Lages et al., 2008). Promotion standardization might result in lower expenses or higher profit, yet important factors, such as culture or linguistic dissimilarity are side-lined (Powers & Loyka, 2007).

2.2.1.1 The adaptation, standardisation and strategic fit perspective.

Nowadays globalization effects are not only evident in everyday life, but in domestic economies as well, as one of the major trade challenges is how to handle and deal

with the immense heterogeneity across countries. Companies that pursue global activity and international venture must painstakingly select suitable standardisation or adaptation strategies and consequently actualise the most advantageous international marketing strategy for their intended foreign markets (Powers & Loyka, 2007). Nevertheless, this is a very complex process, while the extent of standardized or adapted marketing programs constitutes a constant dispute in the international marketing literature (Schmid & Kotulla, 2011).

Standardized marketing strategies are associated with indistinguishable marketing programs of the same company at a local, national and international level (Jain, 1989). Advocates of standardisation perceive homogeneity among markets, as result of globalisation; therefore markets, technology and consumer behaviour present great similarity across borders (Levitt, 1983). Hence, a company can potentially reduce its costs by standardizing its marketing strategies and by having a stable production process (Cavusgil et al., 1993). Furthermore, scholars agree that economies of scale, brand-image consistency and increased control and coordination at an international level promote standardized strategies (Chung, 2003; Theodosiou & Leonidou, 2003). Moreover, standardisation processes offer more uniform, and thus reliable, products and services to customers, while consistency and integrity is continuously observed at a firm's international operations (Kraus et al., 2015).

However, the concept of standardisation has been substantially censured for its simplified and short-sighted positioning (Sousa & Bradley, 2008). Almost three decades ago, researchers signified the problematic applicability of standardised marketing strategies, describing standardisation as 'at best difficult and, at worst, impractical' (Jain, 1989, p.71). Nowadays, scholars posit that heterogeneity of the global market environment and diversity in consumers' behaviour not only impede

standardized strategies in foreign markets, but they may also obliterate a firm's international operations (Kraus et al., 2015; Vrontis et al., 2009).

Advocates of adaptation support that marketing programs should be adapted according to the necessities of different international markets (Czinkota & Ronkainen, 1998) considering the insuperable multiculturalism that is met across borders (Zou & Cavusgil, 2002). This environmental medley is the result of vast diversity in the macro environment which consists of political, legal economic, sociocultural and technological factors (Griffith et al., 2003; Vrontis et al., 2009).

Modern research suggests that adapting or standardizing a marketing program should not be treated as a dichotomous decision. Thus, in an effort to balance the above opposing viewpoints, scholars suggest a contingency perspective on the adaptation and standardisation debate. The contingency perspective -or strategic fit- is grounded on three tenets: first, adaptation and standardisation are not considered as two cloistral entities, but as two extremes of the same continuum; second, painstaking situational analysis and evaluation of contingent criteria ought to precede adaptation decisions; third, the degree of adaptation strategies should be defined by the firm's performance beyond the home market (Theodosiou & Leonidou, 2003). The strategic fit perspective started gaining popularity at the turn of the 21st century; until then adaptation and standardisation strategies, which had been studied in isolation, had generated numerous inconsistent and incongruous results (Westjohn & Magnusson, 2017). Outstanding studies that examined the strategic fit perspective include, among others, the work of Hultman and colleagues (2009), Katsikeas and colleagues (2006) and Chung and colleagues (2012). Moreover, pertinent literature highlights that in an international marketing environment, employing solely one of the two aforementioned existing strategies is

not a prevalent phenomenon; instead, both strategies are frequently synchronous, even in the same product line (Lages & Motgomery, 2004).

2.2.1.2 Antecedents and consequences of international marketing program adaptation. International activity is necessary for a firm's growth and success, while adapting or standardizing the marketing program is a strategic process which addresses the differences that arise beyond borders (Tan & Sousa, 2013). The degree to which marketing programs have to be adapted or standardized has been an important topic for researchers for over 50 years. Three major and exhaustive reviews of this literature (Schmid & Kotulla, 2011; Tan & Sousa, 2013; Theodosiou & Leonidou, 2003) suggest a conceptual framework of international marketing strategy adaptation which portrays its antecedents and consequences.

In the earliest of the three reviews, Theodosiou and Leonidou (2003, p.143) identified seven distinct antecedent factors of adaptation decisions. Thus, *environmental, organisational, managerial and product factors* along with *competition, market characteristics* and *customer issues* constitute the background force that drives the level of adaptation in a firm's international marketing strategy. *Environmental factors* refer to the economic, political, legal, social and cultural conditions which affect a firm's adaptation intentions. Although environmental factors are traditionally considered as the major predictor of adaptation decisions, about half of the investigated studies returned insignificant results (Theodosiou & Leonidou, 2003). *Organizational* factors comprise a group of antecedent items such as: the firm's international experience, type of ownership and nationality. The degree of decision-making centralization and corporate orientation form the *managerial* antecedents, whilst *product* factors are related to the type of product, its incorporated technology and the stage of life-cycle. *Competition* refers to the nature, intensity and

structure of international competition, with intensity being the strongest driver of adaptation. *Market characteristics* reflect the development of a market in terms of infrastructure, distribution, and size; size comprises the most powerful predictor of international marketing strategy. Finally, *customer issues* are associated with the behaviour of consumers in foreign markets and, despite having a critical role in determining cross border strategies, they were the most under-researched antecedent factor.

Another classification of adaptation antecedents was later conducted by Tan and Sousa (2013, p.713). The researchers, in their meta-analysis on international marketing program standardisation, proposed twelve antecedent factors, classified into three broad categories: foreign market characteristics, firm/management characteristics and product characteristics. An overview of Tan and Sousa's classification is presented at table 2.1 below:

Table 2. 1. Antecedents of international marketing strategy adaptation decisions.

	Antecedent factor	Description	Indicative study
Foreign market characteristics	Environmental similarity	The degree of similarity between a home and a host's country micro and macro environment (e.g., economic, sociocultural, political, legal, consumer and competitive conditions among others)	Chung (2009)
	Competitive intensity	The extent of competition in an international market	Lages et al. (2008)
	Export and market development	The overall level of economic development	Lee & Griffith (2004)
	Psychic distance	Individual perception of distance between a home and a host country	Sousa & Bradley (2006)
Firm and management characteristics	International experience	The degree of international experience of a manager/firm	Hultman, Katsikeas, & Robson (2011)

	Firm size	Number of employees	Schilke et al. (2009)
	Centralization	The degree of control on subsidiaries' decision-making process	Chung (2009)
	Firm commitment	Degree of resource allocation for exporting activity	Lages et al. (2008)
	Foreign market coverage	Number of foreign markets	Sousa et al. (2008)
	Prior performance	Performance of the preceding year	Lages & Montgomery (2004)
Product characteristics	Product type	Consumer or industrial products	Cavusgil & Zou (1994)
	Product uniqueness	The degree of uniqueness with regards to needs	Cavusgil & Zou (1994)

Adapted from Tan and Sousa (2013)

There is unanimous agreement among researchers that international performance is the major consequence of the marketing strategy adaptation (Tan & Sousa, 2013; Theodosiou & Leonidou, 2003). According to the strategic fit perspective, a firm's strategy should be designed in line with the environment, and when there is harmony between the strategy and the environment, superior performance can be achieved (Lukas, Tan, & Hult, 2001). This positioning has been empirically tested by several scholars in the field (e.g., Hult et al., 2008; Lages et al., 2008), but the extended research work of Katsikeas and colleagues on performance outcomes is noteworthy (e.g., Hultman et al., 2009; Katsikeas et al., 2000; Katsikeas et al., 1996; Leonidou et al., 2002). In particular, the researchers have established that an international marketing strategy will result in superior performance only if there is a good fit between the firm's strategy and the distinctive characteristics of its environment (Leonidou et al., 2002).

While a great number of studies on the topic examine direct effects, the strategic fit perspective implies that the strategy-performance relationship is multifaceted and, thus, requires more advanced treatment (Hultman et al., 2011;

Theodosiou & Leonidou, 2003). Moreover, although strategy can affect performance, the opposite can happen as well, hence research on performance should incorporate longitudinal studies (Lages et al., 2008; Westjohn & Magnusson, 2017). Despite cross-sectional studies being the trend in the field, longitudinal studies could provide managerial implications into the above theoretical position which has not been yet empirically tested (Westjohn & Magnusson, 2017).

2.2.2 Entry mode choice decisions. Being a crucial strategic decision, entry mode choice can be defined as a firm's organisational structure when entering a foreign market (Nakos & Brouthers, 2002). Therefore, the main focus of international entry mode research is to examine the operation types that firms adopt in new host markets (Brouthers & Hennart, 2007). The majority of researchers agree that entry mode choice is comprised of two major operation groups: non-equity and equity modes (Laufs & Schwens, 2014). *Non-equity modes* include exporting (indirect and direct) and contractual agreements (e.g., licensing) and describe those operational types that offer higher flexibility (Pan & Tse, 2000). In contrast, *equity modes* allow firms to better adapt to the host country's environment and refer to direct investment types, like joint venturing and wholly owned subsidiaries (Pan & Tse, 2000). Selecting the right entry mode is critical for two reasons; first, entry mode decisions significantly affect a firm's performance (Brouthers, 2002) and second, such decisions have long-term effects and are, thus, difficult to alter (Pedersen, Petersen, & Benito, 2002).

2.2.2.1 Resource commitment, risk and control in entry mode decisions.

Selecting the right organisational structure in a foreign country is a process that requires considerable capital investments, entails high levels of risk and necessitates good management skills (Dow, Baack, & Parente, 2018). The way choice of entry

mode in a foreign market determines the degree of resource commitment, of risk associated with the host market and of control over international endeavours (Laufs & Schwens, 2014) is discussed below.

Control, commitment and risk are three highly correlated variables that determine entry mode choice (Woodcock et al., 1994). *Commitment* refers to the amount of resources (e.g., capital investment) a firm has to employ (Anderson & Gatignon, 1986). These resources are dependent upon the type of entry; for example, in non-equity modes, like exporting, limited resources are required (Hill, Hwang, & Kim, 1990). In contrast, pure equity modes, like wholly owned subsidiaries, are subject to the parent firm's resources. Moreover, modes of entry, that are positioned in between the equity and non-equity continuum such as joint ventures, require a balanced quantity of resources (Hill et al., 1990). High levels of resource commitment (i.e., in wholly owned subsidiaries) may reduce the *risk* associated with inadvertent knowledge transfer among partners, a frequent phenomenon in joint ventures where local partners often take advantage of tacit knowledge and discontinue the joint operation (Dow et al., 2018; Hennart & Zeng, 2005). Nevertheless, in case of failure the level of resource commitment will positively affect risk (Laufs & Schwens, 2014). Furthermore, the degree of *control* in international activity is defined by the firm's role in decision making in the host market (Anderson & Gatignon, 1986). Frequently, equity modes of entry, like subsidiaries, involve a higher degree of control, since the parent firm is ultimately responsible for all the foreign activities. In non-equity modes, on the contrary, control levels are significantly lower (Hill et al., 1990; Laufs & Schwens, 2014).

Although commitment, control and risk lie at the heart of entry mode choice, its operationalisation varies significantly (Laufs & Schwens, 2014). Most studies in

the field treat entry mode as a dichotomous construct with no latent properties that comprises equity and non-equity modes, while others (e.g., Forlani, Parthasarathy, & Keaveney, 2008) employ a seven-point Likert scale ranging from non-equity (pure export) to equity (full ownership) modes. In addition, for a number of studies the locus of entry mode choice is control (e.g., Eramilli, 1991), whereas other studies (e.g., Melia, Perez, & Dobon, 2010) focus on the resource commitment when operationalising entry decisions. Different operationalisations of entry mode choice are presented in table 2.2 below:

Table 2. 2. Different operationalisations of entry mode choice.

Operationalisation of entry mode choice	Author (date)
Control, commitment and risk	Anderson & Gatignon (1986)
Licensing/franchising, joint venture and wholly owned subsidiary	Hill, Hwang, & Kim (1990)
Export modes, contractual modes and equity modes	Root (1994)
Non-equity (exporting and contractual agreements) and equity modes (joint ventures and wholly owned subsidiaries)	Pan & Tse (2000)
Ownership-based and contract-based entry modes	Zhao, Luo, & Suh (2004)
Contracts and equity	Brouthers & Hennart (2007)

Adjusted from Schellenberg et al. (2018)

2.2.2.2 Antecedents and outcomes of entry mode choice. Schellenberg and colleagues (2018, p.603) have identified, through their systematic review, the major drivers of market entry mode and classified them into two categories: external and internal antecedents. *Internal* antecedents are firm-specific factors that determine the selection of entry modes. In particular, this category includes control over the foreign unit (e.g., Ekeledo & Sivakumar, 2004), internal uncertainty (e.g., Zhao et al., 2004), international experience (e.g., Dow & Larimo, 2009) and assets (e.g., Brouthers,

2002) of a firm. *External* antecedents incorporate cultural difference (e.g., Brouthers, 2013), psychic distance (Dow et al., 2018), environmental uncertainty (e.g., Brouthers et al., 2008), market attractiveness (e.g., Brouthers, 2002) and legal environment (e.g., Brouthers, 2013). Nevertheless, many of the aforementioned antecedents are correlated; for example, international experience negatively affects internal uncertainty (Dow et al., 2018). Additionally, psychic distance has a direct effect on internal uncertainty, whilst cultural difference is frequently considered as another driver of internal uncertainty (Dow et al., 2018).

Although considerable research effort has been devoted to investigating the antecedents of entry mode choice, a smaller number of studies have examined the entry mode-performance relationship (Brouthers & Hennart, 2007; Schellenberg et al., 2018). Premature studies in the field relied on comparative analysis to explore entry mode performance (e.g., Chan, 1995); that is, firms with different entry modes were compared, and based on this comparison, the entry mode and performance relationship was clarified. For instance, Woodcock et al. (1994) compared joint ventures and wholly owned subsidiaries' performance and found that the latter performed worse. The researchers then concluded that joint ventures perform better than wholly owned subsidiaries. Such analysis has been heavily criticised because it ignores endogeneity (Brouthers & Hennart, 2007). Entry mode decisions are endogenous, as they are made by managers; also, such decisions have to conform to theory (Shaver, 1998). Therefore, it is critical that entry mode performance studies are built upon theoretical models and control for endogeneity (Brouthers & Hennart, 2007). A noteworthy example of research on entry mode and performance is the study of Brouthers et al. (2003); in fact, it was the first study on the topic that not

only accounted for endogeneity but was also grounded on theory (Brouthers & Hennart, 2007).

2.2.2.3 Theoretical perspectives of entry mode choice. As mentioned earlier, a basic premise of entry mode research is the use of suitable theoretical underpinnings (Brouthers & Hennart, 2007). Several theories, that can predict which entry mode is more beneficial for a firm, have been proposed over the years, forming a broad theoretical group known as *internationalization theories*. Three major reviews on entry mode agree that the predominant theories are *transaction cost analysis*, *the eclectic paradigm* and *institutional theory* (Brouthers & Hennart, 2007; Laufs et al., 2014; Schellenberg et al., 2018). In addition, *the resource based view* (Ekeledo & Sivakumar, 2004), *the Uppsala internationalization model* (Johanson & Vlhne, 1977), *social capital theory* (Adler & Kwon, 2002), *control theory* (Pan & Tse, 1996), *bargaining power theory* (Palenzuela & Bobillo, 1999), *internalization theory* (Gronhaug & Kvitastein, 1993), *resource dependency theory* (Glaister & Buckley, 1996), *agency theory* (Fladmoe-Lidquist & Jacque, 1995) and *new internalization theory* (Verbeke & Kano, 2015) are frameworks that are occasionally employed. The three more prevalent internationalization theories are discussed below.

Scholars agree that the prevailing theoretical framework, applied in the majority of entry mode studies, is *transaction cost analysis* (TCA, Williamson, 1985). TCA extends into four dimensions, namely asset specificity, behavioural uncertainty, environmental uncertainty and transaction frequency, and is grounded on two assumptions; first, managers act under bounded rationality and second, partners may develop opportunistic behaviour (Brouthers & Hennart, 2007). In other words, TCA argues that distance between markets may disrupt the communication

flow; as a result, the parent firm's control over local partners decreases giving ground to the rise of opportunistic behaviour (Dow et al., 2018). TCA was first applied in Anderson and Gatignon's (1986) study; the researchers operationalized entry mode choice in terms of resource commitment, control and risk, and finally formed a group of 17 modes. Overall, TCA has mainly been applied on MNE studies, as it theoretically fits better in this context (Schellenberg et al., 2018; Whitelock, 2002). SMEs have generally more restricted resources than MNEs, therefore a model like TCA, whose central explanatory variable is asset specificity, would not provide appropriate insights into entry mode choice (Brouthers & Hennart, 2007; Burgel & Murray, 2000).

Further, *institutional theory* supports that a host country's institutional environment influences a firm's entry mode decisions and performance (Brouthers & Hennart, 2007). Despite this theory's primary focus on the host market, certain studies consider the institutional environment of the home country or the difference between the home and host country (Brouthers & Hennart, 2007). Early studies on the topic lacked theoretical support for determining which environmental uncertainties of the host market should be examined (Brouthers & Hennart, 2007). However, environmental uncertainty, which constitutes the core of institutional theory, was accurately operationalized through the new institutional theory (NIT). NIT argues that an institutional environment is dimensional and is comprised of regulatory, normative and cognitive aspects (Scott, 1995). Regulatory aspects are rooted in economics and refer to regulations and laws, while normative and cognitive aspects originate in sociology and include normative values and thinking processes respectively (Schellenberg et al., 2018). These concepts have enabled researchers to

determine which institutional environmental factors should be taken into account when examining entry mode decisions (Brouthers & Hennart, 2007).

Finally, Dunning's (1993) *eclectic* -or OLI (ownership, location, internalization) - paradigm, is not a theory, but a framework that encompasses all those determinants of entry mode choice that had already been examined in prior research. Thus, the eclectic paradigm draws on principles from transaction cost (internalization), institutional (location) and resource-based (ownership) theories and investigates how these theories interreact (Brouthers & Hennart, 2007). The theoretical underpinnings of the eclectic paradigm refer to the way ownership, location and internalization factors drive entry mode decisions (Dunning, 1993). The eclectic framework is primarily applied to MNE research; however, there are studies on SMEs (e.g., Nakos & Brouthers, 2002) that are supported by Dunning's framework (Schellenberg et al., 2018). Yet, research on SME market entry, that employs the eclectic framework, has widely disregarded the ownership status of the firm which constitutes the most obvious and distinct characteristic of SMEs against MNEs (Laufs & Schwens, 2014).

2.3 Theoretical foundation of managerial decision making.

The current thesis is built on the idea of bounded rationality introduced in the mid '50s by the Carnegie School. Based on the notion that no decision maker can be completely rational, the bounded rationality model (Simon, 1955) proposes that decision making is restricted by personal cognitive abilities and influenced by a plethora of factors (e.g. personal goals).

Global operational environments are characterized by ambiguity, while large flows of complex information hinder decision-making processes. The decision maker

must filter this information through a perceptual process that includes three stages: selection, encoding and retrieval of information. This cognitive process of selectively extracting, relevant information characterizes a mindset (Levy et al., 2007). Mindset was integrated in the organizational and international business field as heterogeneity across borders resembles the world's complexity to a great degree (Gupta & Govindarajan, 2002). Gupta and Govindarajan's (2002) review of the core tenets of mindset and its role in a managerial environment is chronologically summarised in the following table 2.3:

Table 2. 3. Conceptual development of key tenets of mindset research

Source	Key findings	Key tenets
Argyris & Schon (1978) based on Simon (1955)	World's heterogeneity, dynamism and uncertainty pose a challenge in human beings whose ability to comprehend and process information is bounded.	The challenge of the dynamic environment
Starbuck & Milliken (1988)	Mindset refers to those cognitive filters that help confront the aforementioned challenge. Human beings are scrupulous when absorbing information and partial when interpreting it, a process that defines mindset.	Mindset as a process of environmental challenge confrontation
Walsh & Charalambides (1990)	Mindsets are formed on the basis of experiences and guide the harvesting of consistent new information. Nevertheless, fresh information occasionally appears to contradict the given active mindset, which in turn may change by accepting the new information or remain the same by rejecting the new information. Changing mindsets depends on the nature of the cognitive filters; the less subconscious they are, the less change of a mindset will incur.	Mindset formation and evolution
Hopfl (1992); Lyles & Schwenk (1992)	Within an organization, managerial mindsets greatly influence strategies and can change and develop through 1) new experiences, 2) power, 3) social interactions, 4) new colleagues with different mindsets.	Mindset in a managerial setting

2.4 Mindset Theory

2.4.1 Theoretical streams of mindset. The concept of mindset was first introduced in the field of cognitive psychology, in an effort to explain how people make sense of their world (Walsh, 1995). Two main streams can be unanimously identified as there is no consistent definition of a mindset. The first stream, empirically initiated by Peter Gollwitzer, is grounded on mindset theory of action phases (MAP). Gollwitzer positions mindset in a goal setting and associates it with action phases. Specifically, his research on action phases (Gollwitzer, 1990) identified two mindsets: the deliberative and the implemental mindset. During the pre-decisional phase, (i.e. before making a decision), a deliberative mindset is activated and is characterized by fairness, tolerance and objective judgement. During the pre-actional phase (i.e. after making a decision), an implemental mindset is evoked carrying the opposite characteristics to the deliberative mindset (Gollwitzer & Keller, 2016). The second stream, developed by Carol Dweck and Ellen Leggett (1988), is grounded on implicit theory and posits that mindset is the belief that people hold about the nature of their characteristics, which in turn shapes motivation. Therefore, people with a fixed mindset believe that human traits are relatively stable and do not change over time, while people who possess a growth mindset believe that personal traits and abilities can develop through effort.

Theoretical support for the current thesis is provided by the work of Dweck & Leggett (1988). Although the value and importance of both theories are not questioned, the selection of implicit theory against MAP is a result of a painstaking review of pertinent literature. Comparing both theories goes beyond the scope of the

current thesis, but the researcher considers it essential to outline the reasons behind the aforementioned selection.

First and foremost, implicit theory, compared to MAP, is increasingly being applied in consumer behaviour studies (cf. Murphy & Dweck, 2016), a field deeply related to international marketing. Despite some prime examples of MAP application in consumer behaviour (e.g. Bagozzi & Dholakia, 1999), those studies exclusively focus on goal setting and goal striving in pre and post decision settings. The current thesis involves only pre-decisional actions and does not examine actions that follow a decision, therefore MAP would not be a suitable theoretical framework. Second, the MAP mindset is a very complex psychological formation that extends horizontally over four phases: the pre-decisional, the pre-actional, the post-actional and the post-decisional phase. The last two phases include cognitive processes that explain performance and optimal decision making (Gollwitzer & Keller, 2016), which are beyond the conceptual framework of the current thesis. Third, the focal point of implicit theory is personality traits and beliefs of their malleability which will ultimately guide decisions. More formally, a mindset, according to implicit theory, is defined as ‘a psychological orientation that affects the selection, encoding and retrieval of information’ (Rucker & Galinsky, 2016, p.161). Thus, implicit theory offers an underlying psychological mechanism through which behavioural patterns are created. Since the scope of the current thesis is to explore how and under what circumstances managers take decisions in different international marketing contexts, employing implicit theory deems more appropriate compared to MAP.

2.4.2 Mindset and international marketing decisions. The international marketing literature has thoroughly investigated how internal and external business environment affects adaptation and entry mode decisions. Researchers have

examined to a great extent, antecedents of adaptation decisions and entry mode choice from several theoretical and conceptual viewpoints, including the contingency view (e.g. Hultman et al., 2011), the resource-based view (e.g. Ozsomer & Gencturk, 2003) and the institutional theory (e.g. Cui & Jiang, 2012) among others. Moreover, the role of the individual decision maker has also been extensively studied during the past 50 years, and Aharoni (1966) was the first researcher to examine the role of individual decision makers in foreign business activities.

More than fifty years ago, behavioural theorists asserted that it is the behavioural characteristics of the key decision maker in a firm (e.g. a high-level manager or CEO), and not the financial factors, that significantly affect strategic decisions (Cyert & March, 1963). In addition, such challenging decisions activate managers' cognitive capabilities, who will ultimately follow a decision-making process based on their own cognition (Henderson & Nutt, 1980; Schwenk, 1995). Nevertheless, most of the relevant research has focused on ordinary characteristics as determinants of managers' behavioural intentions (Gerstner et al., 2013), while internal firm factors at the individual level, like managerial cognition, have not received much attention to date (Jiang, Ananthram, & Li, 2018).

Reviews of the international marketing literature have identified key antecedents of adaptation and standardisation decisions, categorizing them as environmental factors, market characteristics, customer issues, competition-related factors, product and industry factors, organisational factors and managerial factors (Theodosiou & Leonidou, 2003). Interestingly enough, only one factor out of seven represents managerial antecedents, but focuses on the degree of centralization and corporate orientation, ignoring the manager's mindset (Theodosiou & Leonidou, 2003). In a 45-year retrospective in international managerial decision-making

research, Aharoni and colleagues (2011), stressed the importance of managerial behavioural factors as the background force that could explain the outcomes of a decision-making process in an international setting. Although there is an increasing trend in examining the role of the manager in international strategic decisions (Aharoni et al., 2011), not much progress has been made. More recently, De Mooij (2018) presented the most used variables that influence adaptation/standardisation decisions classifying them in four categories: product, company, business environment and consumer. Again, despite constant calls for more sophisticated research on managerial decision-making determinants, the role of the manager and their mindset in decision making processes are neglected.

Moreover, research in entry mode decision making has greatly disregarded the role of the manager. Even when managers are included in the conceptual model, they are depicted as rational individuals that act as stipulated by their firm's governance (Aharoni et al., 2011; Kogut, Walker, & Anand, 2002). Such assumptions of rational managers are problematic, as decision making processes seem less complex and are ultimately down to a firm's management system (Aharoni et al., 2011). Although decisions are made by chief executives in nearly all entry mode models, their mindset is generally ignored (Foss & Lindenberg, 2013). Mindset is a way of thinking, namely the process of selection, processing and interpretation of information, which influences actions and decisions (Hambrick & Mason, 1984). It is therefore evident that omission of cognitive thinking styles of managers may generate flawed results.

Overall, the current thesis, based on the principles of bounded rationality, draws on the concept of mindset and suggests implicit theory as the suitable

theoretical foundation that will explain managerial decision-making processes in an international marketing context.

2.4.3 Implicit theory. Implicit theory constitutes the theoretical cornerstone of the current research. Being a theory whose origins are traced back in social psychology, an extended review, beyond the field of marketing, is attempted by the researcher, in an effort to shed light on this complex phenomenon. Implicit theory is deeply rooted in the tripartite model of attitude, which is initially discussed for clarity. Then, the implicit theory model is hierarchically organised; the researcher first presents the response patterns, and then moves forward to the goals and ultimately to implicit theory that fosters them. Subsequently, implicit theory in its modern form, namely *fixed* and *growth mindset*, is discussed as well as its application in marketing research. A more thorough review of studies that examine the role of fixed and growth mindset in consumer research, is presented in table 2.4.

2.4.3.1 Affect, behaviour and cognition. The tripartite model of attitude structure (Hovland & Rosenberg, 1960), namely the trichotomy of affect, behaviour and cognition that form attitude, is deeply rooted in Greek philosophy and constitutes the foundation of social psychology (Breckler, 1984). Social psychology had not emerged until the beginning of the 20th century, when sociologists and psychologists started reflecting on political and technological issues that were profoundly affecting society (Baumeister & Bushman, 2008). The work of Ross (1908), McDougall (1924) and Allport (1937) signifies the first confirmed and well-developed efforts to establish the concept of personality and attitude in psychology.

Social psychology was recognized as an independent field of psychology in the late '50s, but it was not until the late '70s when social psychologists started employing scientific approaches to study affect, behaviour and cognition

(Baumeister & Bushman, 2008). Breckler (1984) was one of the first researchers to evaluate the validity of the already theoretically established tripartite model, and prove empirically that affect, behaviour and cognition can be considered as separate components of attitude. Digging deeper into the tripartite model, Dweck and Leggett (1988), in their study on personality and motivation, identified two basic patterns of affect-behaviour-cognition, namely the adaptive and maladaptive response.

Table 2.4 Implicit theories in consumer behaviour: selected studies between 2008-2018.

Study (Year)	Unit of analysis	Operationalization of the independent (or moderator) variable	Operationalization of the dependent variable	Key findings
Hung & Wyer (2008)	Undergraduate students	Fixed vs. growth mindset (manipulated (study 1) via news article and measured (study 2) via implicit theory scale adapted from Levy et al. (1998).	Parent brand and extension evaluation (three, seven-point scales, <i>very bad/very good, very negative/very positive, very unfavorable/very favourable</i>).	Growth mindsets focus on the process (effort), and view extensions with poor (vs. good) fit more favorably in updating parent brand impressions. Entity theorists are outcome focused, and update their personality impressions only in response to an outcome, especially failure
Jain, Mathur, & Maheswaran (2009)	Undergraduate students	Fixed vs. growth mindset (measured (study 1), via implicit theory general world order scale adapted from Levy et al. (1998) and manipulated (study 2) via tv and movie clips and (study 3) via scenarios.	Attitudes towards a brand (five, seven-point scales, <i>bad/good, low quality/high quality, not likeable/likeable, unpleasant/pleasant, unappealing/appealing</i>).	Growth mindsets evaluate a brand more (less) favourably, when viewing approach (avoidance) framed ads. Fixed mindsets are not influenced by the message frame.
Wentzel, Henkel, & Tomczak (2010)	Financial advisors	Fixed vs. growth mindset (manipulation adapted from Hong et al. (1999)).	Behavioural intentions (five, seven-point scale items, e.g., <i>the ad inspired me to search for ways that would enable my clients to have a similar experience as the client in the ad</i>).	Fixed mindsets are more motivated to imitate an ad model if the model's behaviour is not highly challenging.
Yorkston, Nunes, & Matta (2010)	Undergraduate students	Fixed vs. growth mindset (general trait manipulation adapted from Chiu et al. (1997)).	Acceptance of brand extensions (number of chosen extensions).	Growth mindsets accept a greater number of brand extensions, compared to fixed mindsets.

Mathur, Jain & Maheswaran (2012)	Students	Fixed vs. growth mindset (manipulated (study 1) via news article, measured (study 2) via implicit theory scale, manipulated (study 3) via proverbs).	Brand personality judgement (three, seven-point scales, very bad/very good, very negative/ very positive and very unfavourable /very favourable).	For growth mindsets, brand personality is enhanced (diluted), when the extension fit is poor (good). Fixed mindsets are not affected by the extension fit.
Park & John (2012)	Undergraduate students	Fixed vs growth mindset (Implicit Persons Theory Measure adapted from Levy et al. (1998)).	Attitude toward the advertised product (seven-point scales: appealing-unappealing, desirable-undesirable, extremely well-designed- extremely poorly designed).	Signaling ad appeals are more effective for fixed mindsets, whereas self-improvement ad appeals are more effective for growth mindsets.
Beruchashvili, Moisio, & Heisley (2014)	Adult dieters	Fixed vs. growth mindset (implicit theories scale (Dweck et al., 1995) through long interviews).	Goal setting (discover, through long interviews, consumers' ways (subordinate goals), or reasons (superordinate goals) for losing weight).	Fixed mindset set subordinate goals for weight loss, that minimize effort. For growth mindsets, weight loss is guided by superordinate goals that promote change in life.
Huang, Dong, & Mukhopadhyay (2014)	Undergraduate students	Fixed vs. growth mindset (3-item scale adopted from Levy et al. (1998).	Pride attributions (event recall: pride vs. control. Participants had to describe a situation in which they felt proud (pride recall condition) or describe a typical school day (control condition).	When feeling proud, fixed (vs. growth) mindsets are associated with a greater likelihood purchase for the unique brand.
			Uniqueness seeking (purchase likelihood for two brands (popular vs. less popular).	

Cinelli & Young (2016)	Overweight women	Fixed vs. growth mindset (Implicit Self-Theory scale adapted from Levy et al. (1998)).	Reactions towards products, advertised by plus-size models.	Growth (fixed) mindsets evaluate positively a product that is advertised by a plus-size model, when the model is objectively smaller (similar) to the model.
Yin, Yu, & Poon (2016)	Undergraduate students	Fixed vs. growth mindset (8-item, 6-point Likert scale developed by Plaks et al. (2001), including statements like 'People can do things differently, but the important parts of who they are can't really be changed' (1=strongly disagree, 6=strongly agree)).	Attribution (Locus, stability and controllability) were measured on a 4-item, 7-point scale adapted from Klein & Dawar (2004)). Brand evaluation (Brand attitude and brand trust were measured on a 6-item, 7-point bipolar scale adapted from Dawar & Lei (2009) and Dawar & Pillutla (2000)).	When a firm in crisis adopts 'support' strategy as a recovery strategy, fixed mindsets (compared to growth mindsets), tend to have more internal, stable and controllable attributions and they evaluate brands less favourably.
Carnevale, Yucel-Aybat, & Kachersky (2018)	Undergraduate students	Fixed vs. growth mindset (Implicit Theory General World Order Scale adapted from Levy et al. (1998)).	Attitude toward the brand (seven-point semantic differential scale: good /bad, positive /negative, high quality /low quality, valuable /worthless).	Growth mindsets develop favourable attitudes toward a brand when the brand shares a meaningful story, compared to a happy one.
Park & John (2018)	US residents	Fixed vs. growth mindset (Implicit Persons Theory Measure adapted from Levy et al. (1998)).	Brand user perceptions (ratings of five personality dimensions on a 0-10 scale <i>not at all like the person/very much like the person</i>).	Fixed mindsets, but not growth mindsets, form perceptions of people, based on the personality of the brands they use.
Rai & Lin (2018)	Undergraduate students	Fixed vs. growth mindsets (measured (study 1a) via the implicit self-theory measure of personality scale adapted from Levy et al. (1998) and manipulated (study 1b) via news article).	Financial decisions (investment decision task with two alternative options).	Growth mindsets prefer riskier investments, whereas fixed mindsets prefer risk-averse investments.

2.4.3.2 The implicit theory model. The concept of implicit theory is dated back to 1988, when Carol Dweck and Ellen Leggett developed a sociocognitive approach to personality and motivation (Dweck & Leggett, 1988). The researchers investigated the underlying psychological process through which specific behavioural patterns are formed. More specifically, their research revealed how implicit theory lead individuals towards specific goals and how these goals create, in turn, adaptive or maladaptive behavioural patterns. Table 2.5 presents an overview of Dweck and Leggett’s (1988) conceptualization of implicit theory.

Table 2. 5. The implicit theory model.

Theory	Goal orientation	Response pattern
Incremental (-or- growth mindset)	Learning (increase the level of competence)	Adaptive and challenge seeking
Entity (-or- fixed mindset)	Performance (gain favourable judgement of competence)	Maladaptive and challenge averse

Response Patterns. The adaptive and maladaptive patterns are two distinguishable response patterns, each bearing significant differences with regards to cognitive, affective and behavioural features (Dweck and Leggett, 1988). A basic distinction between the two patterns, lies in one’s view of obstacles in goal attainment. Obstacles, like dilemmas, challenges and difficulties are present in almost all pursuits; therefore, an individual has the option of either facing or avoiding obstacles. More specifically, adaptive -or *mastery oriented*- patterns, define individuals who constantly seek challenges and can develop efficient strategies when faced with obstacles. Moreover, this favourable stance towards difficult tasks and the willingness to engage in demanding situations can be characterized as an adaptive attitude when setting valuable goals. On the contrary, maladaptive, -or *helpless*-

patterns, characterize individuals who do not tend to set long term or valued goals because they consider that such goals will inevitably generate challenges. As a result, those individuals will either avoid obstacles or underperform in both cases because they cannot adapt to the challenging situations.

Research has empirically confirmed that when failure is possible, different outcomes are observed between mastery-oriented and helpless participants, with regards to affect, behaviour and cognition. In their study, Dweck and Leggett (1988) asked school children to solve problems of a high difficulty level for their age. *Helpless* children, compared to *mastery-oriented* children, developed different response patterns in the face of failure.

In specific, *helpless* children ascribed their failure to inherent inadequacy, stating that their cognitive limitations, like set intelligence, poor numerical skills, or weak memory are responsible for their failure. Moreover, *helpless* children reported negative affect. Specifically, they expressed repugnance to the exercises and showed a lack of interest for the task. Finally, they did not manage to employ effective strategies that would help them succeed in the task, and thus their overall performance was poor. In contrast, mastery-oriented children displayed a completely different response pattern to failure. They viewed failure as an opportunity to learn through effort and were excited to embark on a new challenge. While adhering to their strategies, mastery-oriented students demonstrated a positive outlook throughout a task, even after failing to solve the problems. An overview of the comparison between helpless and mastery-oriented students is presented below.

Table 2. 6. Response patterns and their components.

Response Pattern	Self-Cognition	Affect	Behaviour
Maladaptive	Negative Personal inadequacy, deficient intelligence, weak memory, lack of skills	Negative Aversion to the task, boredom, anxiety, arrogance	Impaired performance by ineffective strategies
Adaptive	Positive Personal abilities will contribute to development through effort	Positive Optimism for successful effort, joyful mood	Effective problem-solving strategies

Goal Orientation and Response Patterns. The work of Dweck and her colleagues (Dweck & Leggett, 1988, also see Dweck, 1999; Heyman & Dweck, 1992) suggests that when pursuing different goals, patterns of cognition, affect and behaviour are consequently created. Goal pursuit is, therefore, broadly conceptualized as a personality dimension. In achievement situations, individuals interpret and react to events according to their goal orientation, which has been classified as performance or learning (Dweck & Leggett, 1988). For *performance* goal-oriented individuals, the ideal task is characterized by low levels of challenge and risk, which enables them to thrive by demonstrating their abilities. Such individuals always seek positive criticism and try not to engage in tasks that are likely to generate negative outcomes. In contrast, *learning* goal orientation refers to those individuals who want to develop and grow their abilities through effort. Even in cases where failure is possible, these individuals perceive challenge as an opportunity to learn and enhance their competence (Dweck and Leggett, 1988; Dweck & Elliott, 1983).

When pursuing goals, specific frameworks are created for information interpretation and response to events. In other words, different goals ultimately

create different response patterns. A learning goal orientation creates adaptive response patterns, which are characterized by a preference toward challenging tasks and an ability to develop effective strategies. Even in cases of failure, these individuals show positive affect as they acknowledge that an unsuccessful attempt will provide valuable feedback to perform better in the future (Elliott & Dweck, 1988). In contrast, performance goal orientation creates maladaptive response patterns, which are defined by challenge aversion and an inability to respond effectively to difficult tasks. Imminent failure is attributed to a lack of inherent cognitive skills, while negative feelings are created (Dweck & Elliott, 1983). In short, goal related differences create an antithesis in cognitions, affective reactions, and behaviours. A summary of the response patterns which follow from goal orientation is presented in the following table (2.7).

Table 2. 7. Components of response patterns that follow goal orientation.

Response Patterns	Performance goal orientation	Learning goal orientation
Self-Cognition	Negative Low effort equals high ability and high effort equals low ability	Positive Effort is a means to deploy ability and achieve mastery
Affect	Negative Imminent failure promotes low ability judgement, low self-esteem, anxiety, shame, boredom, disdain	Positive Imminent failure promotes determination, desire for effort, pleasure, pride, enthusiasm
Behaviour	Maladaptive challenge seeking The ideal tasks foster pride in intrinsic abilities and require low effort	Adaptive challenge seeking The ideal tasks foster development and growth of abilities and require increased effort

Implicit theories of intelligence. Considered a predictor of goal orientation (Leggett, 1985), implicit theory of intelligence was developed by Dweck and colleagues in 1988 and refers to ‘the implicit conception about the nature of ability’ (Dweck & Leggett, 1988, p.262). Otherwise stated, implicit theory refers to an individual’s belief that personal abilities and intelligence can or cannot change. The belief of change vs. stability in personal traits is a fundamental assumption, which defines an individual’s world view and attaches importance and substance to events (Kelly, 1955). Implicit theory is not seen as a direct driver of behaviour; it actually defines goal orientation, and these two entities form a motivational framework through which behavioural patterns are created (Dweck & Leggett, 1988; Dweck, Chiu, & Hong, 1995a). The implicit theory model is categorized into two distinct theories: incremental theory that supports malleability of personal traits and entity theory that views personal traits as fixed (Dweck & Leggett, 1988).

Incremental and entity theories were initially developed after studying school children’s goal orientation in a classroom setting (Bandura and Dweck, 1985). First reports mention that children who align with *incremental theory* accept that intelligence is a dynamic, malleable trait that can be developed over time. A series of studies over years, (e.g., Bandura & Dweck, 1985; Dweck & Bempechat, 1983; Leggett, 1985), validated a causal relationship by indicating that children’s implicit theory is an accurate predictor of their goal orientation. Dweck and associates later confirmed that children who match an incremental profile will pursue learning goals and ultimately develop challenge seeking behaviours in order to develop and increase their abilities and intelligence (Dweck & Leggett, 1988). Thus, when faced with demanding situations or failure, incremental theorists wish to improve their

performance by developing adaptive strategies and exerting effort (Dweck, Chiu & Hong, 1995).

In contrast, children who endorse *entity theory* hold the belief that intelligence is a static, fixed and non-malleable trait that remains stable throughout life. Moreover, as a driver of goal orientation, entity theory leads individuals to adopt performance goals in order to avoid challenging situations and secure favourable judgement of their innate abilities (Dweck & Leggett, 1988). In addition, entity theorists are not willing to exert effort in the face of failure and attribute negative performance to their lack of abilities (Dweck, Chiu & Hong, 1995).

2.4.3.3 Fixed and Growth Mindset. The terms *growth* and *fixed mindset* emerged in 2006, after decades of research on implicit theory by Dweck and her colleagues (Dweck, 2006). Since then, growth and fixed mindsets have been used interchangeably with incremental and entity theories, while implicit theory is also referred to as mindset in the majority of Dweck's work (e.g., Murphy & Dweck, 2016). Mindset is defined as 'a psychological orientation that affects the selection, encoding, and retrieval of information; as a result, mindsets drive evaluations, actions and responses' (Rucker & Galinsky, 2016, p.161). The aforementioned definition aligns with Dweck and Leggett's (1988, p.256) concept of entity theory model, as 'an underline psychological process that sets up different cognitive, affective and behavioural response patterns'.

Despite the labelling inconsistency across different papers, researchers agree on the core concept surrounding implicit theory: beliefs that people hold about the malleability of human characteristics (Dweck, 1999). Moreover, it is important to stress that mindsets can be chronic, directly changed, or situationally activated (Dweck, 1999; Murphy & Dweck, 2016; Rucker & He, 2016). For example, an

individual may hold chronic beliefs about the malleability of personal traits, and thus be characterized as having a growth mindset. Or, a growth mindset may be temporarily induced if, for instance, researchers experimentally manipulate it (Murphy & Dweck, 2016).

Previous research on fixed and growth mindset. The fundamental ideas of implicit theory have been under investigation since the mid '70s when researchers attempted to identify dominant patterns of behaviour and connect them to psychological processes. First, Dweck and Rappucci (1973) demonstrated that maladaptive -or helpless- response pattern is a major pattern, defined by challenge aversion and poor performance when confronted with failure. Later, Dweck and Elliott (1983) conceptualized goals in an achievement setting as a framework for interpretation and reaction to events. In 1985, Bandura and Dweck first attempted to link implicit theory with goal orientation, proposing that individuals with an entity theory will adopt performance goals, while incremental theorists will favour learning goals (Bandura & Dweck, 1985).

For many years, implicit theory has been restricted to the fields of social and developmental psychology, while the initial experimental work was conducted within school settings. During the past two decades, though, research on fixed and growth mindsets has intensified in diverse fields, like consumer and organizational behaviour, advertising, service recovery and branding (e.g., Park & John, 2012; Haselhuhn, Schweitzer, & Wood, 2010; Yorkston, Nunes, & Matta, 2010; Wentzel, Henkel, & Tomczak, 2010). Yet, a very limited number of studies applied implicit theory to the aforementioned fields (John & Park, 2016).

An overview of the modern research on fixed and growth mindsets in consumer research and marketing practice reveals that the majority of studies lies

within the field of consumer behaviour, and more specifically revolves around branding and advertising (John & Park, 2016; Priester & Petty, 2016). For example, the role of mindsets on brand extensions is reflected at a prime piece of research by Yorkston, Nunes and Matta (2010), which showed that mindset affects the acceptance of brand extensions. More specifically, consumers with a fixed mindset, that hold stable and fixed perceptions about a brand's image and personality, were less willing to accept change and, thus, brand extensions into new, different categories. In contrast, growth mindsets, due to their dynamic nature, viewed the same brand extensions more positively and were more accepting of brands operating in new product categories (Yorkston et al., 2010).

Brand advertising is another popular area for mindset research. Indicatively, in a series of studies, Park and John (2012) showed that different advertisement approaches incur different attitudes towards a product. Advertisements that promoted favourable judgement from peers after using a product ('there's no better way to show others that you have a modern up-to-date sense of beauty') were more effective with fixed mindset consumers, while advertisements that fostered self-improvement ('there's no better way for you to learn how to have a modern up-to-date sense of beauty') were more effective among growth mindsets. Growth and fixed perceptions are, thus, very important for advertisers when presenting and promoting their product to consumers. Capitalizing on the notion of mindsets, brands strategically design their advertisements in order to generate favourable attitudes towards their products (Murphy & Dweck, 2016). Apple, for example, use slogans like 'think differently', or the more recent 'for a better you', which highlight abilities (e.g., creativity, self-improvement and dynamism) associated with growth mindsets (Siltanen, 2011; Murphy & Dweck, 2016).

2.4.3.4 Gaps and future research avenues. Despite the great importance of fixed and growth mindset as a driver of human behaviour and motivation, research on mindsets is still at an early stage with only a few studies having applied this idea into consumer research in order to address real world issues (John & Park, 2016; Rucker & He, 2016). Recently, Murphy and Dweck (2016) urged scholars to engage in managerial mindset research to provide insights into designing effective advertising campaigns, planning failure recovery strategies and providing guidance when entering new product categories and markets. A thorough investigation of implicit theory literature during recent years, reveals that despite researchers' call, the vast majority of fixed and growth mindset research lies in the academic achievement (e.g., Yeager et al., 2016), child development (e.g., Schleider & Weisz, 2018) and personality (e.g., Burgoyne et al., 2018) fields. Moreover, in the consumer behaviour field, only a handful of studies examine the role of fixed and growth mindset in the last triennium (e.g., Carnevale, Yucel-Aybat, & Kachersky, 2018; Cinelli & Yang, 2016; Mathur, Chun, & Maheswaran, 2016; Park & John, 2018; Price et al., 2017; Rai & Lin, 2018). In addition, literature suggests that fixed and growth mindsets influence a firm's strategy when entering new markets, as growth mindsets may prompt companies to adapt and customize their products or strategies in order to efficiently serve their host markets (Murphy & Dweck, 2016). Despite Murphy and Dweck's (2016) clearly explaining that implicit theory is a promising area of research in international marketing, to our knowledge, no studies have examined the role of fixed and growth mindsets in a strictly international marketing setting. Nevertheless, a few studies have investigated the broader influence of mindset in internationalization decisions (e.g. Jiang, Ananthram, & Li, 2018; Lazaris & Freeman, 2018), whilst the entrepreneurial mindset in an international setting has

been under research for decades (e.g., Andersson & Evangelista, 2006; Felício et al., 2013; Harveston, Kedia, & Davis, 2000). Despite the distinct lack of implicit theory research in international marketing, support and inspiration to pursue this promising area can be found in neighbouring literature. Studies on the entrepreneurial mindset in international ventures and research on the global mindset, namely the global and bold view of the business world (Kefalas, 1998), in internationalization decisions indicate the high relevance of mindset in a managerial and international business context. In this line of reasoning, investigating the role of fixed and growth mindsets in international marketing decisions seems an exciting and promising endeavour. Furthermore, a 40-year robust stream of work on fixed and growth mindsets led a large body of research to interchangeably use the terms *implicit theory* and *mindset* suggesting the solid and strong nature of fixed and growth mindset that guides human behaviour. Nevertheless, different mindsets exist making one wonder how they interact with each other. Recent comments on future research avenues highlight the need to investigate the simultaneous existence of mindsets, as they have been only studied in isolation (Rucker & Galinsky, 2016; Rucker & He, 2016). A broad array of mindsets includes construal level (Trope & Liberman, 2010), regulatory focus (Higgins, 1997) and power (Galinsky, Rucker, & Magee, 2015).

It is still unclear how these mindsets interact with each other and if they are hierarchically connected. Rucker and Galinsky (2016) call researchers to examine which mindset is a better predictor of a given behavioural outcome. In addition, it is yet to be examined whether a mindset can explain the effect of another mindset on a particular behaviour, or the circumstances under which this effect occurs (Rucker & Galinsky, 2016; Rucker & He, 2016). Overall, these new research avenues reveal

interesting strands of the applicability of implicit theory in previously unstudied domains.

2.4.3.5 Mindset and lifestyle adaptation. Drawing on implicit theory, two mindset types that affect the degree people embrace changes, are identified: fixed and growth mindset. Fixed mindset individuals believe that intelligence and ability are fixed, while beliefs, attitude and opinions are perceived as static throughout life (Park & John, 2010). On the contrary, growth mindset individuals view intelligence and ability as dynamic attributes; these individuals also consider that there is significant change in character and beliefs as people grow and mature (Chiu, Hong, & Dweck, 1997).

Fixed and growth mindset has long been linked to adaptivity. Dweck and her colleagues have extensively studied how mindset leads to adaptive or maladaptive behaviours (Dweck & Leggett, 1988). Static and dynamic thinking can conceptualize a plethora of phenomena in diverse fields, such as science and culture; recent research (Murphy & Dweck, 2016) stresses the importance of fixed and growth mindsets in everyday decisions. According to the researchers, mindset influences different consumer behavioural outcomes, for instance the way people accept change, product extensions and adaptations.

Research on implicit theory has yielded congruous results with regards to the adaptivity of growth mindset (Dweck, 2006). Specifically, growth mindset individuals, compared to fixed mindset, are more adaptive; for instance, growth mindsets tend to respond to failure in more adaptive ways (Hong et al., 1999). Having been studied in domains such as social perception, achievement and behaviour, implicit theory can provide insights into the mindset-adaptivity relationship. In an attempt to confirm the above relationship in a real-life context, the

researcher suggests that growth mindset people are more willing to adapt their lifestyle when necessary; in contrast, fixed mindset people are expected to be less willing to change their lifestyle habits. Formally:

H1: Mindset has an effect on lifestyle adaptation decisions; growth (fixed) mindset leads to higher (lower) levels of lifestyle adaptation.

2.4.3.6 Mindset and level of adaptation. Drawing on implicit theories, two basic dimensions of perception automatically emerge; change and fixity. The concepts of change, dynamic abilities and development are core aspects of growth mindsets, while stability, non-malleable traits and firm beliefs better describe fixed mindsets (Dweck, 2006). It is established in the literature that growth mindsets are associated with higher levels of adaptation rather than fixed mindsets (Dweck, 2006). Adaptiveness has been studied in various real-life and business contexts, like response to failure (Hong et al., 1999), brand extensions (Yorkston, Nunes & Matta, 2010), entrepreneurial success (Neneh, 2012) and computer science education (Murphy & Thomas, 2008), to name a few. Murphy and Dweck (2016) suggest that growth mindsets are associated with company offerings tailored to local tastes, whereas fixed mindsets are linked to standardized marketing practices, such as introducing the identical American Taco Bell menu to Mexico (Stevenson, 2007). Thus, it is evident that implicit theories play a crucial role in determining the way marketing managers take decisions. When companies design ventures into new foreign markets, it is important to assess how managers' mindsets control such decisions. Taking into consideration the importance of managerial mindset, as well as the adaptiveness linked to growth mindsets, it is expected that:

H2: Mindset has an effect on adaptation intentions; growth (fixed) mindset leads to higher (lower) levels of adaptation.

2.4.3.7 Mindset and level of involvement. Apart from the effect of mindset on adaptation decisions, the researcher argues that a positive relationship exists between growth mindset and business arrangements with a high level of involvement. Support for this association comes from the concept of locus of control (Rotter, 1966). Recent research (Price et al.,2017) shows that growth mindsets are positively associated with locus of control, namely one's perception of control over future actions (Rotter, 1966). Additional proof that locus of control is a personality component which coexists with mindset is found in Burgoyne et al.'s (2018) research, where locus of control and mindset, among other traits, are treated as a common factor.

Moreover, locus of control is an integral component of managerial decision processes (Koch, 2001), and often a factor (degree of control) of the latent construct *entry mode choice* (Tihanyi et al.,2005). Research in entry mode indicates that different modes involve different levels of control; wholly owned subsidiaries are characterized by higher control, than, for example, licensing agreement or exporting (Hill, Hwang & Kim 1990; Kim & Hwang, 1992). The aforementioned control associations with mindset and entry mode decisions are clearer in Ashford and Black's (1996) study. The researchers showed, in an organizational context, that entry into a new environment is a process determined by individual feelings of control. In other words, desirable control is a parameter of the entry process. Taking all the above into consideration, it is expected that growth mindset managers as control driven individuals (Price et al., 2017) will incline towards high involvement business arrangements. Such arrangements are characterized by a high degree of exerted control (Tihanyi et al., 2005), a state that is desirable for growth mindsets. Formally, it is anticipated that:

H3: Mindset has an effect on entry mode choice; growth (fixed) mindset leads to higher (lower) level of involvement.

2.4.4 Construal Level Theory. In an attempt to close the aforementioned gap, enrich the consumer behaviour literature and provide enhanced managerial implications, the researcher suggests the construal level theory as an additional theoretical framework. Construal level theory (CLT, Trope & Liberman, 2010) provides a theoretical framework for understanding how people consider objects and events that are removed from direct experience. According to construal level theory (CLT), individuals use concrete, low-level construals to represent near events and abstract, high-level construals to represent distant events. Low-level construals are relatively unstructured, contextualized representations that include subordinate and incidental features of events. High-level construals, in contrast, are schematic, decontextualized representations that extract the gist from the available information.

The construal level mindset, according to construal level theory of social psychology, can be characterized as high or low level in terms of abstractness and concreteness (Trope and Liberman 2010). People construe information at distinct levels, which causes a different conceptual process of that information (Aggarwal and Zhao 2015). The conceptual processes can be either abstract or concrete, leading to two separate construal level mindsets; high and low. At a high construal level mindset, there is an abstract process of information, whereas at a low level, this process is more concrete (Trope and Liberman 2010; Vallacher and Wegner 1987). For instance, an action of *three toddlers having fun in the playground*, at a high construal level would be portrayed as having fun, but a low construal level illustration of this activity would include aspects like weather, kids' clothes, or

features of their toys (Trope et al., 2007). Clearly, in the high construal level description, explicit features of the activity are ruled out; consequently, when transitioning from low, concrete construal levels to high, abstract ones, notable characteristics are disregarded and concurrently the overall perception of the action (i.e., having fun) becomes prominent (Trope et al., 2007). Hence, an abstract and less precise representation of an activity is formed when specific features of the same activity are elided (Trope et al., 2007).

Moreover, low construal levels are linked to the way actions are performed (how), and high construal levels justify the reason actions are performed (why) (Freitas et al., 2004). For example, when an action like *locking the door* is described at a high construal level, then the *why* aspect of the action is promoted (locking the door means securing the house); in contrast, at a low construal level the *how* aspect of the action is favoured (locking the door means putting the key in the lock) (Trope & Liberman, 2010). In addition, several studies have shown that under a concrete mindset, individuals focus on the way actions are performed (how), while under an abstract mindset, individuals justify the reason an action is performed (why) (Aggarwal & Zhao, 2015; Lerner et al., 2015; Trope, Liberman, & Wakslak, 2007; Wan & Rucker, 2012; White et al., 2011; Wilson et al., 2013). So, construing a goal-directed action at a high level enables attention to be focused on why the goal is important. In contrast, when the same action is construed at a low level, a person focuses more on its feasibility and how to achieve the goal (Freitas et al. 2004; Vallacher and Wegner 1989).

Furthermore, construal level mindset has been found to have a significant influence on people's decision-making and evaluation processes. For example, Sagristano, Trope, and Liberman (2002) asked participants to choose one option

from a set of bets that varied in their expected value and probability of winning and they found that the participants under a more concrete mindset preferred the option with a high probability of winning compared to those under a more abstract mindset.

2.4.4.1 Construal levels and perceptions of distance. Prior research has shown that a basic determinant of construal level is the distance between the event and the present situation of an individual. Distance, often referred to as psychological distance, is defined as ‘a subjective experience that something is close or far away from the self, here and now’ (Trope & Liberman, 2010, p.440). When events and actions are distant, they are not involved in one’s direct experience and environment (Bornemann & Homburg, 2011). Events can be related to the present, past or future (temporal distance), to proximal or remote locations (spatial distance), to other individuals (social distance), or to probability (hypothetical distance) (Trope et al., 2007).

Table 2. 8. Perceptions and definitions of distance

Perceptions of Distance	Definitions
Temporal distance	Distance in time between two events
Spatial distance	Physical distance between two events
Social distance	Distance between social groups or individuals in terms of tolerance and acceptance
Hypothetical distance	Distance between two events in terms of probability

Temporal distance. Temporal distance refers to the time distance, or duration, between two events (Trope et al., 2007). Undoubtedly, people constantly have to estimate a priori how much time any given activity demands. Nevertheless, optimistic and unconscious future planning often results in wrong task duration estimation and this situation is explained by the *planning fallacy* (cf. Kahneman &

Tversky, 1977). Not accounting for previous experience, restraints or interfering events may ultimately lead individuals to ascertain that their planned activities have little likelihood of accomplishment within their predetermined time frame (Buehler, Griffin, & Ross, 2002; Kahneman & Tversky, 1982). The planning fallacy can be explained by the construal level mindset, as near future events are construed at a lower, more concrete level, whereas distant future events are construed at higher abstract levels (Kantén, 2011).

Kantén (2011) conducted a study to confirm the relationship between temporal distance and construal level. Participants were requested to provide an estimation of the number of hours needed to complete a decent book chapter summary. In the first scenario the task had to begin the following day, whereas in the second scenario the same task was scheduled for next year. The findings of Kantén's (2011) study disclosed that a higher amount of time was allocated for the execution of the distant future task. These results may be explained by the fact that when people calculate the amount of time needed for a distant future task, they apply a broader mental outlook. In contrast, events that are about to take place sooner are considered in more realistic terms (Lieberman & Trope, 1998). In addition, as people move up in abstraction, time units are perceived as shorter, making people believe that future tasks require more time to perform (Kantén, 2011)

Besides time estimation, there is a plethora of studies that have examined how distant future events are linked to construal levels. For instance, Lieberman and colleagues (2002), using categorization techniques, asked participants to imagine an activity like camping, occurring in near or distant future. Then, they had to create as many groups of related physical items (e.g., cooler, sleeping bag, lantern, blue tarp etc.) as they deemed suitable for each scenario. Participants in the near future

condition developed concrete thinking, and thus categorized the objects more precisely, creating more groups. On the contrary, participants in the distant future condition created less groups as a result of their more abstract thinking.

Spatial distance. Spatial distance is defined as the geographical distance between two events (Henderson et al., 2006). When an event takes place at a location far from an individual, then the event is characterized by abstraction; similarly, when an event is in close proximity, it is described in less abstract terms (Henderson et al., 2006).

There is a significant number of studies that confirm the relationship between spatial distance and construal levels. Fujita and colleagues (2006) ran a series of experiments where participants had to imagine that they were helping a friend move to a house located in another country vs. in the local area. When asked to describe the above action, participants of the spatially distant condition gave more abstract descriptions. Moreover, another study, conducted by Theodorakis and Painesis (2018), revealed the abstract construction of information in distant situations. More specifically, the researchers manipulated spatial distance through the ad headline ('attractive smell experience felt nearby vs. from afar') across different taboo types in advertising, and eventually revealed that the spatially distant taboo ad activated consumers' high construal levels in a greater extent than the spatially proximal ad (Theodorakis & Painesis, 2018, p.155).

Social distance. Social distance is defined as the distance among social groups and represents the distinction between oneself and others (Trope et al., 2007). Pertinent literature has demonstrated a positive correlation between distant social groups and abstractness, as well as between proximal social groups and concreteness (Kim, Zhang, & Li, 2008). Additionally, individuals who are not part of a social

group, and therefore socially distant, are characterized by abstractness and increased construal levels compared to entities of same groups (Zhao & Xie, 2011).

Moreover, the concept of similarity has been examined in the context of social distance. Liviatan and colleagues (2006) predicted that when an individual is associated with another individual or with a social group, then social distance is attenuated. The researchers invited participants to think of a classmate or a non-classmate and envisage this individual participating in various activities for which they had to select a statement that better described the action. Results revealed that in the socially close situation (classmate), the statements were subordinate descriptions (how the action was performed), while superordinate descriptions (why the action was performed) matched the socially distant situation (not a classmate).

Hypothetical distance. Hypothetical distance is another dimension of distance that affects the level at which information is construed. Hypotheticality can be described as the degree of likelihood of an event to take place (Wakslak et al., 2006). Accordingly, an improbable event conveys the impression of greater distance, compared to a probable event, and as the likelihood of an event increases, the hypothetical distance decreases (Trope et al., 2007).

Hypotheticality is associated with concreteness; direct experience does not assimilate impossible to occur events, which are eventually construed in a more abstract way. Likewise, feasible events are more likely to be incorporated into someone's direct experience, and therefore, are characterized by less abstract terms (Wakslak et al., 2006). In other words, impossible events are often portrayed in abstract concepts and their superordinate nature is highlighted, while on the contrary, possible events are described in concrete terms and their subordinate nature is accentuated (Wakslak & Trope, 2009).

2.4.4.2 The moderating role of temporal and spatial distance.

Understanding the way individuals evaluate events and take decisions has always been the epicentre of consumer psychology. One of the primary determinants of evaluation and choice is distance. As described within the construal level context, an event is distant when it is not part of one's direct experience, therefore distance can be considered in terms of time, space, uncertainty and the self (Trope et al., 2007). In general, as distance increases, a situation is evaluated in more abstract and superordinate terms (Trope & Liberman, 2010).

The researcher predicts that temporal distance will influence lifestyle adaptation decisions in such a way that the effect of growth mindset on adaptation intentions will be strengthened when a given event is likely to take place farther in the future. A distant future event enables more flexible thinking and dispositional evaluations of the event (Nussbaum et al., 2003). At the same time, the correspondence bias is conspicuous; that is, people tend to underestimate the situational constraints of a temporally distant event. On the contrary, situational thinking is more pronounced in temporally proximal events, inciting people to evaluate an event in more concrete and realistic terms. Moreover, people typically would allocate more time for the execution of distal rather than proximal events (Kanten, 2011). Building on this, adaptation decisions with regards to lifestyle are more likely to happen when an event, such as relocation, takes place in distant, rather than proximal, future. In case that relocation is scheduled in the distant future, it is anticipated that people will evaluate such an event more abstractly and flexibly. Moreover, they will not adequately consider any given situational constraints (e.g., health problems) that would obstruct them from adapting their lifestyle. In contrast, when an event, such as relocation is planned for the near future, then it will be

evaluated more precisely and concretely; at the same time, situational barriers (e.g., having a new born baby) will be more observable, therefore maintaining a similar lifestyle would deem more desirable.

Besides temporal distance, spatial distance has similar effects on the representation and evaluation of events (Fujita et al., 2006). Often, there is more readily available information for proximal objects, compared to distant ones, which are evaluated in concrete and detailed ways (Rim et al., 2009). In terms of geographical distance, a higher degree of similarity is generally detected between two neighbouring countries (e.g., USA and Canada) or between two countries that are perceived as close (e.g., UK and Australia) due to language, education level and cultural values amongst other factors. In this line of reasoning, the researcher suggests that relocation to proximal country will facilitate a similar lifestyle, due to increased familiarity with this country; on the contrary, relocation to a spatially distant country which is also perceived as distant, would encourage lifestyle adaptation as a result of great dissimilarity. For example, relocating to a distant country where locals' dietary preferences are diametric would dictate compliance with the domestic cuisine. Considering all the above, the researcher formally posits that:

H4: Temporal distance moderates the effect of mindset on lifestyle adaptation intentions; for high (low) temporal distance the effect of growth (fixed) mindset on the level of adaptation will be strengthened (weakened).

H5: Spatial distance moderates the effect of mindset on lifestyle adaptation intentions; for high (low) spatial distance the effect of growth (fixed) mindset on the level of adaptation will be strengthened (weakened).

Overall, perceptions of distance are considered strong predictors of the construal level mindset. Given the specific context of each study, distance can take different forms, like spatial, temporal, hypothetical or social. In an international marketing context, strategic decisions that accompany new market entry, involve a great amount of distance. This perceived distance between two markets is widely known as *psychic distance*.

2.4.4.3 The mediating role of construal level mindset. Construal level theory (CLT, Trope & Liberman, 2010) provides a theoretical framework for understanding how people consider objects and events that are removed from direct experience (i.e., those that are psychologically distant). According to construal level theory (CLT), individuals use concrete, low-level construals to represent near events and abstract, high-level construals to represent distant events. Low-level construals are relatively unstructured, contextualized representations that include subordinate and incidental features of events. High-level construals, in contrast, are schematic, decontextualized representations that extract the gist from the available information. A mindset is described as “the persistence of cognitive processes and judgmental criteria that are activated in the course of performing a task. Once activated, it generalizes to other situations, affecting responses in these situations as well” (Xu & Wyer, 2007, pp. 556–57). According to CLT, an individual mindset can be characterized as high or low level in terms of abstractness and concreteness (Trope & Liberman 2010). People construe information at distinct levels, which causes a different conceptual process of that information (Aggarwal & Zhao, 2015). The conceptual processes can be either abstract or concrete, leading to two separate construal level mindsets; high and low. At a high construal level mindset, there is

abstract process of information, whereas at a low level, this process is more concrete (Trope & Liberman, 2010; Vallacher & Wegner, 1987).

Several studies have shown that under a concrete mindset, individuals focus on the way actions are performed (how), while under an abstract mindset, individuals justify the reason an action is performed (why) (Aggarwal & Zhao, 2015; Lerner et al., 2014; Trope, Liberman, & Wakslak, 2007; Wan & Rucker 2012; White et al., 2011; Wilson et al., 2013). So, construing a goal-directed action at a high level enables attention to be focused on why the goal is important. In contrast, when the same action is construed at a low level, a person focuses more on its feasibility and how to achieve the goal (Freitas et al., 2004; Vallacher & Wegner, 1989).

Researchers have found that the ways people construe events have a significant influence on their decision making and evaluation (Trope et al., 2017). For example, Sagristano, Trope, and Liberman (2002) asked participants to choose one option from a set of bets that varied in their expected value and probability of winning and they found that the participants under a more concrete mindset preferred the option with a high probability of winning compared to those under a more abstract mindset. Drawing on the construal level theory, the researcher argues that high (vs. low) psychic distance is related to a higher and more abstract (vs. lower and more concrete) construal level mindset.

Furthermore, CLT suggests that, when events are directly experienced (i.e., psychologically proximal), people develop a more concrete mindset but when events extend beyond the scope of direct perception (i.e., psychologically distant), by contrast, people develop a higher, more abstract mindset (Sagristano et al., 2002). Thus, when managers face a decision regarding a market with higher (lower) psychic distance, they will construe a more abstract (concrete) mindset. Liberman and

Förster (2009, p.203) indicate that “an event is psychologically distant whenever it is not part of one's direct experience [...] as it occurs in more remote locations, or it happens to people whose experience is less like ours”. Therefore, when a manager thinks of a market with significantly different economic development than their own country, a distal perception will be formed. Since the perception of psychic distance grows with dissimilar events and increases with events that abstain from someone's experience, it is very likely that high psychic distance will evoke a higher-level mindset. Indeed, some empirical studies of psychic distance reveal findings that are comparable with construal level principles. For example, Prime, Obadia and Vida (2009), in their study on exporter-importer relationships, found that patterns of thought and behaviour greatly affect psychic distance. Specifically, managers perceive higher psychic distance in countries that are characterized by different thought models, for example in terms of high vs. low context communication styles. Under the same logic, research from psychology posits that similarity in behaviour is part of social distance (Liviatan et al., 2006).

In turn, it is suggested that construal level mindset will affect managerial decisions regarding the price adaptation strategy. The construal level is a widely researched phenomenon in the psychology and consumer behaviour, therefore, the researcher expands those literatures by proposing a new behavioural outcome. The effect of construal level on price adaptation decisions has been confirmed in research fields, like climate change (e.g. Brügger et al. 2015; Halperin and Walton 2018), but in a very incongruous context.

When making a decision under a low construal level, concrete features of an action are taken into account and vice versa (Kray, 2000; Raue et al., 2015). In other words, when a low construal level is activated, then situation – specific features are

favourably considered (Trope et al., 2007). An event that is considerably far from an individual's present situation will demand enhanced effort to be construed and the outcome (mental representation) will be described in more abstract terms (Trope et al., 2007). Similarly, price adaptation decisions, as opposed to standardisation decisions, demand more effort to implement, as they involve a high degree of managerial complexity (e.g. higher cost of modification, legal restrictions etc.) and are characterized by greater uncertainty and ambiguity (Theodosiou & Leonidou, 2003). In addition, due to their more complex nature, if a manager is asked to describe adaptation strategies, then a more peripheral and general idea and meaning will be given. In this line of reasoning, high construal levels are more likely to relate positively to adaptation decisions, due to the latter's abstract nature. Taking all the above into account, it is hypothesized that:

H6: The effect of psychic distance on price adaptation intentions is mediated by the construal level mindset.

2.5 Existence of multiple mindsets.

Acceptance of the existence of multiple mindsets leads to one of the most critical, yet unanswered, research questions of the decision making and consumer behaviour literature: Who, among the mindsets, is the ruler, and how are mindsets related to each other? Only recently, Rucker and Galinsky (2016) sowed the seed of investigating how mindsets interact with each other instead of focusing on studying mindsets in isolation, which has been the trend in consumer psychology. They, therefore suggest a potentially hierarchical structure that enables one mindset to be more solid and substantial than others. The current study attempts to address Rucker and Galinsky's (2016) call for testing whether a mindset can mediate the effects of

other mindsets, by proposing the construal mindset as the underlying mechanism which helps explain the relationship between growth mindset and international marketing decisions. More specifically, the researcher argues that due to growth mindsets being very robust, strong and influential of human behaviour (Dweck, 1999; Rucker & Galinsky, 2016; Yorkston, Nunes, & Matta, 2010), they hierarchically precede the construal level mindset which could explain the effects on behavioural outcomes.

Murphy and Dweck (2016) explain that growth mindsets are coordinated with the process that explains an effect. Moreover, the same researchers argue that fixed mindsets are focused on their personal traits and outcomes, ignoring the process that leads to this outcome. For example, an ad about nutritional supplements that presents before-after photos will appeal more to fixed mindsets that are more concerned about the result and the necessary actions to achieve it (e.g., take 1 pill every day) ; on the contrary, if the ad highlights the way nutritional supplements work to improve our health (e.g., by activating our digestive system), then growth mindsets will value the ad a lot more. A similar concept of mindsets tuning to either how or why an action can be performed is encountered at the construal level theory (CLT, Trope & Liberman, 2010). According to CLT, low construal level mindsets are linked to the actions (e.g., I study for an exam by reading a textbook), whereas high construal level mindsets are linked to the reason an action is performed (e.g., I study for an exam because I want to do well). Considering the above mindset theories, it is proposed that growth (fixed) and high (low) construal level mindsets are aligned.

In turn, it is suggested that construal level mindset will affect managerial decisions regarding entry mode and adaptation strategies. The researcher, thus, not

only proposes a new mechanism, but also expands the social psychology and international marketing literatures, by suggesting new behavioural outcomes. It is anticipated that high involvement business arrangements that are associated with higher levels of control are more likely to be selected from high construal level mindset managers. High construal levels are characterized by high levels of self-control (Fujita et al., 2006). Putting it another way, managers with a high construal level who want to exert high control in their actions and behavioural outcomes, will opt for high involvement business arrangements, which will allow them to take more control of the entry mode. Moreover, construal level mindset is expected to affect adaptation decisions. High construal levels are characterized by abstractness in their process of thinking, and abstract information is more adaptable to any setting than concrete information (Trope & Liberman, 2010). In addition, high construal mindsets generally characterise creative individuals (Förster, et al., 2004), and creativity offers cognitive flexibility to adapt to dynamic environmental conditions (Fortunato & Furey, 2011). It is, thus, expected that construal level mindset and adaptation decisions are positively related due to the flexible and creative nature of individuals with a higher construal level mindset. Considering the above discussion, the researcher formally posits that:

H7: The effect of mindset on adaptation intentions is mediated by the construal level mindset.

H8: The effect of mindset on entry mode choice is mediated by the construal level mindset.

2.6 The concept of psychic distance.

Psychic distance was originally conceptualized as the perception of distance between a home and a foreign country. The term *psychic* highlights the fact that distance is not objective, but subjective since it is perceived by individuals. In this sense, *psychic* is connected to the mind and justifies its semantic Greek origin *psychikos*, which is related to the mind and soul (Hakanson & Ambos, 2010). In addition, the majority of studies treat psychic distance as an individual, subjective perception of a given country related to the actor's knowledge, experience and understanding of the foreign environment (Dow & Karunaratna, 2006). Moreover, existing definitions of psychic distance acknowledge that perceptions of the same scenario may lead to different outcomes, as individuals differ in the way they perceive the world (Hakanson & Ambos, 2010).

Psychic distance was initially introduced by Beckerman (1956) in a study on European trading patterns. Specifically, Beckerman (1956, p. 38), referring to psychic distance, wrote : ‘ While the transport costs paid by an Italian entrepreneur on a raw material supplied by Turkey may be no greater than the same material supplied by Switzerland, he is more likely to have contacts with Swiss suppliers, since Switzerland will be ‘nearer’ to him in a psychic evaluation (fewer language difficulties and so on), as well as in the economic sense that air travel will absorb less of his time’. Hence, Beckerman (1956) suggested that traders will more likely chose partners based on geographical and personal factors. The concept of psychic distance hibernated for nearly twenty years, until it was reinstated in internationalization studies by the Uppsala School (Hornell, Vahlne, & Wiedersheim-Paul, 1973; Johanson & Wiedersheim-Paul, 1975). Psychic distance specifically referred to the factors that impede or disrupt the flow of information

between suppliers and buyers (Vahlne & Wiedersheim-Paul, 1973). This reintroduced concept aimed to explain the geographical pattern of Swedish exports and cast light upon dynamic internationalization processes (O'Grady & Lane, 1996). Yet, as Magnusson and colleagues (2014) explain, the Uppsala School researchers relied on longitudinal studies to create measurements of psychic distance, thus ignoring modern individual perceptions. As a result, obsolete country-level indicators of cultural perceptions became a norm, creating a cultural distance index based on Kogut and Singh's (1988) formula (Magnusson, Schuster, & Taras, 2014). Kogut and Singh (1988) created a distance metric by calculating the difference among Hofstede's (1980) dimensions between the home and the host country. Apparently, the focus was shifted from subjective to objective perceptions, as the cultural distance (CD) measure used only secondary data (Nebus & Chai, 2014). CD was a very popular antecedent in the entry mode literature presenting, however, a problematic nature (Shenkar, Luo, & Yeheskel, 2008). It was an over simplistic measure with many inconsistent results that falsely placed culture at the heart of psychic distance (Nebus & Chai, 2014).

Evans and Mavondo (2002) addressed the issues related to CD, by turning to the origins of psychic distance. Undoubtedly, Beckerman's (1956) aim was to emphasize the significance of perception in psychic distance, an idea that slightly changed when the Uppsala School took charge. In the early '00s, researchers concluded that psychic distance was not composed merely by external environmental factors; instead, psychic distance was characterized as a cognitive process which encompassed perceptions of cultural and business differences among markets (Evans & Mavondo, 2002). This fresh viewpoint of psychic distance was embraced by numerous studies. For example, Katsikeas and colleagues (2009) consider managers'

perceptions of language, culture and legal systems, among others, when measuring psychic distance, whilst Sousa and Bradley (2006) clearly describe psychic distance as an individual's perception of distance between two countries. The reference point has therefore shifted from the firm to the individual level, bringing the manager into view (Nebus & Chai, 2014). Nevertheless, more recent studies (e.g., Brewer, 2007; Dow & Karunaratna, 2006) have developed measures based on Kogut and Singh's (1988) work. Such measures of absolute differences in country-level dimensions are being used and remain popular amongst researchers (e.g., Dow & Ferencikova, 2010; Dow & Larimo, 2009; Griffith et al., 2014; Tihanyi, Griffith, & Russell, 2005).

Nebus and Chai (2014, p.10) mention that the concept of psychic distance 'seems to suffer symptoms of schizophrenic definitions and measures alternating between a perceptual, subjective perspective and a factual, objective viewpoint'. The current thesis does not accept the interchangeable use of the terms *cultural* and *psychic* distance. The researcher accepts that the two concepts are related, but treats cultural distance, both conceptually and empirically, as a dimension of psychic distance. This operationalisation corresponds to the 4th column of the following table 2.9 and is in line with the work of many researchers (e.g., Dow & Larimo, 2007; Shenkar, 2001). Table 2.9 presents four studies that employed different conceptualizations and measurement techniques of the psychic distance construct. The summary presented is consistent with the psychic distance operationalisation classification of Nebus and Chai (2014, p.10) and depicts a factual objective perspective (first and second columns) and a perceptual subjective perspective (third and fourth columns).

Table 2. 9 Operationalisation types of psychic distance.

	Country-level studies		Managerial-level studies	
Data	Objective secondary	Objective secondary	Subjective primary	Subjective primary
Measure category	Cultural distance	Cultural and environmental distance	General perceptions of distance captured as a single number	Perceptions of cultural and business distance
Definition of psychic distance	Principal differences in national cultures between the home country of the firm and their countries of operation.	Distance between the home and host countries in terms of differences in language, religion, industrial development, education and political systems.	Subjective distance between the home and the foreign country that results from perceptions of national differences in aspects like business practices, or the cultural, political, and/or economic environments.	Distance between the home market and a foreign market, resulting from the perception of both cultural and business differences
Measure	Euclidian distance measure based on absolute differences in cultural dimensions developed by Hofstede (1980)	Formative index based on five major dimensions of psychic distance: differences in language, religion, industrial development, education and degree of democracy.	Respondents were asked to indicate 1) the degree of perceived differences and 2) the degree of perceived difficulty of working with other national cultures, on a five-point scale, ranging from very similar (1) to very different (5).	Respondents were asked to indicate the degree to which the foreign market was similar to or different from the home market on a seven-point scale (1=totally the same, 7= totally different) with regards to culture and business factors.
Sample study	Tihanyi, Griffith, & Russell (2005),	Dow & Ferencikova (2010)	Magnusson, Schuster, & Taras (2014)	Evans, Mavondo, & Bridson (2008)

2.6.1 The reference point of psychic distance. The concept of distance is deeply rooted in human experience and it can refer to physical closeness, time, similarity and ideas along with others. Distance is only meaningful if at least two physical or non-physical entities are present (Deza & Deza, 2006). In this line of reasoning, distance can be observed between two countries, the question is, however, which country should be the reference point.

A thorough review of the concept of distance in international business, conducted by Hutzschenreuter, Kleindienst and Lange (2016), revealed that in the majority of the examined studies, the home country was the reference point, while the distance between the home and host countries connotes the distance a firm has to face in international activities.

Another issue that arises is whether two firms located in the same country will perceive identical distance between their country and the host country. Researchers are generally sceptical about unanimous perceptions of distance and suggest assessing distance in relation to a bigger area, i.e. a cluster of countries (e.g. Chao & Kumar, 2005). Moreover, the type of business arrangement in a foreign country may distort distance perceptions (Hutzschenreuter et al., 2016); for example, if a firm enters a foreign market through a joint venture, two types of distances have to be considered: first, the home and host country distance, and second, the distance between the firm's home country and the home country of the foreign partner(s) if applicable (Hsieh, Rodrigues, & Child, 2010).

2.6.2 Perception in the managerial decision-making process. Perceptions, as defined in social and cognitive psychology, is a process through which individuals arrange and analyse environmental stimuli in order to make sense of their world (Robbins et al., 2013). In a managerial context, perceptions are described as 'one's construction of reality, as perception serves to distort or filter the environment, amplifying some elements and attenuating others' (Nebus & Chai, 2014, p.13; see also: Kiesler & Sproull, 1982). When managers need to take decisions for their firm, they encounter a plethora of data and information related to their decisions. Through the perceptual process, managers can filter, unfold and interpret the relevant to them information and in turn, this information will affect the final outcome.

From a psychic distance perspective, individual-level perceptions of distance refer to the subjective distance between two entities and are characterized by a dynamic nature (Baack et al., 2015). Perceptions of distance are, therefore, not stable and vary significantly among individuals. In other words, managers who are faced with the same problem, e.g. adaption or standardisation of the marketing mix in a foreign market, will very possibly take different decisions. This different outcome occurs because of two reasons. First, the available information might be inaccurate and, thus, perceptions will be formed on a flawed basis as individuals might overestimate or underestimate the same situation (Nebus & Chai, 2014). Inevitably, the decisions that will result from this process will differ among managers. Second, perception is reference dependent (Thurnstone, 1927). As discussed earlier, the reference point of distance, for example in internationalization decisions, is the country when where a firm is located. Similarly, in decision making processes, the reference point is the self, therefore individuals use their experience as their reference basis (Nebus & Chai, 2014). Different individuals possess different experiences; hence, they will form different perceptions for the same issue (Kahneman, 2003). In a managerial context, for instance, a manager's prior experience might be restricted within a particular industry, which subsequently becomes their reference context. But, for more experienced managers the reference context might be an amalgamation of prior experience on different industries (Kahneman, 2003). It is evident that in this case, individuals with different experiences will perceive a situation differently and will eventually take different decisions.

2.6.3 An overview of key research topics in psychic distance. Psychic distance is a fundamental concept that has been applied in international marketing,

international business and cross-cultural studies. A 25-year review on psychic distance has identified that the most popular research topics revolve around performance and internationalization and market adaptation decisions (Ciszewska-Mlinarič, & Trąpczyński, 2016). Specifically, there are many studies that explore the role of psychic distance in market selection (e.g., Brewer 2007), performance (e.g., Evans & Mavondo, 2002), entry mode (e.g., Tihanyi et al., 2005), and adaptation/standardisation (e.g., Sousa & Lages, 2011). Despite the abundance of studies in the aforementioned fields, findings are rather inconclusive (Ciszewska-Mlinarič, & Trąpczyński, 2016). In particular, studies in performance present the higher inconsistency in results, perhaps due to the psychic distance paradox (cf. O'Grady & Lane, 1996). The effect of psychic distance on performance has been found to be non-significant (e.g., Tihanyi et al., 2005), significant and negative (e.g. Hutzschenreuter et al., 2014), significant and positive (e.g., Sousa & Lengler, 2011) and inverted U-shaped (e.g., Wang & Schaan, 2008).

Overall, a 40-year distance related research has established the role of psychic distance in the international marketing literature (Hutzschenreuter et al., 2016). Besides the effects of psychic distance, scholars have investigated its antecedents and coping modes. Research on the drivers of managerial perceptions of distance, though, remains confined (Ciszewska-Mlinarič, & Trąpczyński, 2016). However, there are some prime examples of research studies that have empirically tested factors that influence psychic distance. For instance, Hakanson and Ambos (2010) examined the drivers or perceived psychic distance using original data from 25 major countries. The researchers found that geographic, cultural, economic and political factors shape psychic distance (Hakanson & Ambos, 2010). In addition, Sousa and Bradley (2006) proposed a new model to assess psychic distance after

analysing its antecedents. Specifically, the authors used survey data from managers and concluded that cultural distance and managerial values determine psychic distance (Sousa & Bradley, 2006).

2.6.3.1 *Psychic distance and adaptation decisions.* The role of psychic distance in explaining adaptation strategies has been central in international marketing research for many decades (Vida & Obadia, 2018). The majority of studies in the field has revealed that psychic distance is positively related to the degree of the marketing mix adaptation (Ciszewska-Mlinarič, & Trąpczyński, 2016), meaning that adaptation strategies are favoured when two markets are viewed as relatively dissimilar. On the contrary, standardisation is more likely to happen in those markets that present higher levels of similarity (Cavusgil et al., 1993). Strategic business decisions can be either inhibited or stimulated by individual cognitions of a firm's resources, capabilities, structures, as well as by personal experiences and environmental stimuli (Baum & Wally, 2003; Kraus et al., 2016). In other words, the manager acts as the eyes of a company, since he is the first to perceive, filter and interpret relevant information (Weick, 1995). As a result, decisions are made on the basis of the manager's environmental perceptions (Cesinger et al., 2014; Kraus et al., 2016).

The effect of managers' perceptions of distance on the level of adapted strategies dates back to more than 30 years ago and is well-grounded in the international marketing literature (Cavusgil & Godiwalla, 1982; Martenson, 1987). A plethora of studies support the central role of managerial perception of distance in the international marketing decision making process, with the main premise being the positive relationship between psychic distance and the degree of adaptation in international strategies (Kraus et al., 2016). More specifically, studies have revealed

that firms favour adaptation strategies when the distance between the home and the host country is perceived higher by the manager (Sousa & Bradley, 2005).

Conversely, when a manager perceives lower distance, their firm will likely follow a standardized strategy (Leonidou and Katsikeas, 1996). Some outstanding examples in the field include the work of Sousa and his colleagues (Sousa & Bradley, 2005; Sousa & Bradley, 2006; Sousa & Bradley, 2008; Sousa & Lengler, 2009; Sousa & Lages, 2011). The researchers devoted major research effort to conceptualize and operationalize the concept of psychic distance in international marketing decisions. Such decisions were mostly related to the adaptation of the marketing mix, namely the degree of similarity between price, product, distribution and promotion strategies across countries (Evans et al., 2008). Despite the mostly positive correlation between psychic distance and all the components of the marketing mix (e.g. Theodosiou & Katsikeas, 2001), recent studies have revealed contradicting findings. For example, Griffith and colleagues (2014) explain that the manager's cognitive capabilities may occasionally be confined due to bounded rationality (cf. Shoham, 1999; Simon, 1955). In such cases, limited information and understanding of the business partner and/or the host country may lead to increased uncertainty (Griffith et al., 2014). Thus, the manager may prefer more standardized strategies to address uncertainty, regardless of psychic distance (Griffith et al., 2014). Although the explanatory power of psychic distance is unquestioned, recent conflicting results may imply that more research is needed in order to alleviate the gap between conceptual frameworks and empirical findings.

There is an established significant relationship in the literature between psychic distance and the degree of international marketing strategy adaptation/standardisation (Westjohn & Magnusson, 2017). Certain studies

specifically reveal that when two countries, the host and the home country, present similarities, then standardisation is more likely to happen (e.g., Calantone et al., 2006). Similarly, adaptation is prevalent when the two markets present little to no similarity (e.g., Sousa & Bradley, 2008). Nevertheless, a small number of studies report insignificant and inconsistent results. In such cases, the effect of distance on adaptation is either not supported (Leonidou et al., 2006), or is negative and not significant (Griffith et al., 2014). Despite the mixed results in the psychic distance field, it is expected, in accordance with the majority of relevant studies, that psychic distance will positively affect price adaptation intentions. More formally:

H9: Psychic distance has an effect on price adaptation intentions; the higher the psychic distance, the higher the level of price adaptation intentions

2.6.3.2 *Psychic distance and entry mode decisions.* Psychic distance holds a significant position in the internationalization literature, as it is considered one of the main drivers of entry mode choice. Every time chief managers of a firm have to take entry mode decisions, a lot of complex issues arise. Such decisions entail considerable capital investments, time, effort and risk and cannot be easily revoked (Dow, Baack, & Parente, 2018). This increased degree of complexity justifies the reason why entry mode decisions have been heavily investigated in the international marketing and business literature (Dow, et al., 2018). Research on the type of entry has identified two streams: the first is related to the level of involvement and the second is associated with the choice of establishment (Hutzschenreuter et al., 2016). The level of involvement- or degree of equity- indicates the level of commitment in a foreign investment; for example, wholly owned subsidiaries encompass a higher degree of commitment compared to joint ventures (Gatignon & Anderson, 1988).

The choice of establishment refers to the type of expansion. Therefore, a company can enter a foreign country through an acquisition by investing in an existing foreign business or make a greenfield investment, if there is not an appropriate foreign company to acquire (Arslan & Larimo, 2011). Research on the ownership structures has not yet reached a conclusion as to which type of establishment is more suitable for different levels of psychic distance (Laufs & Schwens, 2014).

Pertinent literature has established psychic distance as a significant driver of entry mode choice. Major meta-analyses (e.g., Tihanyi et al., 2005; Zhao et al., 2004), identified psychic distance as an influencing variable in more than half of the investigated studies. Indeed, psychic distance is such a powerful predictor of entry mode choice, that is included, at least as a control variable, in almost every study of the field (Cho & Padmanabhan, 2005). It is generally acceptable that perceived psychic distance is negatively related to the degree of equity, meaning that high psychic distance between two markets, attenuates a firm's need for control (Hutzschenreuter et al., 2016; Dow & Larimo, 2007). In other words, in order to minimize risk and the chance of failure, firms prefer lower involvement entry modes, like licensing or exporting, when psychic distance is high (Laufs & Schwens, 2014). To further illustrate this relationship, Dow and Ferencikova (2010) found that high psychic distance leads to a preference for joint ventures over wholly owned subsidiaries, while Magnusson and colleagues (2008) revealed that low equity modes are favoured in cases of high psychic distance. Despite the large body of research that identifies a negative relationship between psychic distance and the level of involvement, an opposing theoretical position supports that high psychic distance leads to higher levels of involvement in entry mode decisions (Hutzschenreuter et al., 2016; Tihanyi et al., 2005). This is evident in the ambiguous and mixed empirical

results of the field (Dow et al., 2018). For example, Malhotra, Sivakumar and Zhu (2011) found a U-shaped relationship between distance and entry modes, Gooris and Peeters (2014) revealed a positive relationship and Tihanyi and colleagues (2005) found no significant results. One could, therefore, speculate that these largely inconclusive results might be attributed to the way psychic distance is measured (Dow & Larimo, 2007; Laufs & Schwens, 2014).

2.6.4 The moderating role of psychic distance.

2.6.4.1 Mindset and adaptation decisions. Mindset undoubtedly shapes human decision making, but since its universal adaptability cannot be argued, the researcher suggests psychic distance as the boundary condition of the study. Psychic distance is associated with the differences between home and host countries, as they are perceived by an individual's mind (subjective) rather than objective facts (Sousa & Bradley 2005). The concept of psychic distance emanated from the international trade literature when Beckerman (1956) introduced the term in order to describe a barrier to trade in geographically remote markets. Later, Hörnell and Vahlne (1986) defined psychic distance as the concept of conceiving knowledge and awareness of other countries. Psychic distance has been extensively researched in the international marketing (Sousa & Bradley, 2008; Theodosiou & Katsikeas, 2001; Westjohn & Magnusson, 2017) and the international business (Brouthers & Brouthers, 2001; Håkanson et al., 2016; Lopez-Duarte & Vidal-Suarez, 2010) fields. The focal point of psychic distance is the complexity and cost for access to pertinent and precise information regarding foreign firms and markets (Håkanson & Ambos 2010). Therefore, psychic distance may indeed hinder managerial decision-making processes (Håkanson & Ambos 2010).

As psychic distance grows, perceived uncertainty toward the foreign market also grows, due to lack of familiarity with the foreign environment (O'Grady & Lane, 1996). In such cases, managers that do not have adequate knowledge of the host market might as well be concerned about their ability to adapt, as a flawed adaptation strategy could constitute an unsuccessful and costly effort abroad (Griffith et al., 2014; Johnson, Lenartowicz & Apud, 2006).

It is therefore evident that in a high psychic distant condition, the level of effort to adapt is high. For growth mindsets, high effort is desirable and valued as they have a chance to unfold their full potential and ultimately improve (Murphy & Dweck, 2016). Contrariwise, fixed mindsets are traditionally not willing to put effort, as success according to those individuals is a result of inherent capabilities (Murphy & Dweck, 2016). Recent research avenues, though, highlight a paradox in implicit theories (Wheeler & Omair, 2016). Fixed mindsets are afraid that any prospective failure will disclose their lack of skills and abilities. Thus, they will welcome challenge and effort when faced with imminent failure, a stance that contradicts the conventional view of stability associated with fixed mindsets (Wheeler & Omair, 2016).

Consequently, it is expected that in a high psychic distant condition, where there is high risk of incorrectly implementing adaptation strategies (Johnson et al., 2006), both growth and fixed mindsets will put maximum effort to employ adaptation strategies; the former because they always want to get out of the comfort zone and reach their maximum potential (Murphy & Dweck, 2016) and the latter because a subsequent failure will expose their incompetence (Wheeler & Omair, 2016). To put it another way, the effect of mindset on the level of adaptation is expected to weaken in the presence of high psychic distance. Formally:

H10: The effect of mindset on adaptation intentions is weakened (strengthened) for higher (lower) levels of psychic distance.

2.6.4.2 Mindset and level of involvement. When a firm pursues activity in culturally distant foreign grounds, relevant research suggests that entry modes in joint operation are more likely to take place (Brouthers & Brouthers, 2001). Profound cultural differences between a home and a host market can lead to high levels of uncertainty, as well as to raised organizational and regulatory costs. The perceived lack of similarity between the home and the host country may pose an impact on the managers' perceived psychic distance, urging them to lean towards wholly owned subsidiary agreements. In the context of the current study, it is expected that high psychic distance will negatively impact the effect of growth mindsets on high involvement entry mode decisions.

In psychically distant markets, the level of risk and uncertainty is high, while communication between the two markets is impeded, and as a result, cross-border relationships are weakened (Skarmeas et al., 2008). In demanding situations, growth mindsets develop counterfactual thinking (Vandewalle, 2012) and tend to discover more effective strategies (Kray & Haselhuhn, 2007) than fixed mindsets. Specifically, growth mindsets pay greater attention to surrounding information which is incongruent with a norm or a stereotypical view, and ultimately take unexpected, but effective decisions (Kray & Haselhun, 2007; Plaks et al., 2001).

As discussed earlier, control-driven growth mindsets (Price et al., 2017) are expected to lean towards high involvement entry modes, but this is not the case when psychic distance is high. Due to the per se demanding and challenging nature of psychically distant situations, which are characterized by increased complexity and uncertainty (Shane et al., 1995), growth mindsets, due to their counterfactual

thinking in challenging situations (Kray & Haselhuhn, 2007), will likely take an inconsistent to their norm decision, opting for lower involvement entry modes. Lower involvement business arrangements, like joint ventures, are arrangements with lower control, where the local partner's specialized knowledge will hopefully counterbalance this decrease of control (Barkema et al., 1996), revealing the growth mindset's ability to discover effective and flexible strategies (Kray & Haselhuhn, 2007).

On the contrary, fixed mindsets do not follow a dynamic and flexible thinking approach but tend to judge any situation very rapidly even when they hold limited information (Chiu et al., 1997). Also, they differ to growth mindsets in the way they encode information; they evaluate information in a more dogmatic way (Hong et al., 1997), and in turn this information becomes an anchor that impedes counterfactual thinking (Vandewalle, 2012). Fixed mindsets are therefore expected to quickly judge a high psychically distant situation, despite its limited information flow. In addition, the high levels of risk, uncertainty and complexity that accompany high psychic distance, will lead risk averse fixed mindsets (Yamazaki & Kumar, 2013) to evaluate the situation accordingly. The lack of counterfactual thinking will finally lead them to take entry mode decisions, after considering only the most obvious parameters of the high psychically distant situation, namely risk and uncertainty. Therefore, in an effort to minimize potential transaction costs, they are expected to opt for high control business arrangements, like subsidiaries (Tihanyi et al., 2005). In line with the above discussion, the researcher posits that:

H11: The effect of mindset on entry mode choice is weakened (strengthened) for higher (lower) levels of psychic distance

2.6.5 Problems with the measurement of psychic distance. As mentioned earlier, psychic distance has been widely researched in the international marketing and business fields, often yielding conflicting and inconsistent results. Part of this weakness is attributed to the construct's inappropriate measurement (Obadia, 2013; Prime et al., 2009). Although psychic distance is conceptualized as a phenomenon caused by the perception of environmental differences (causal indicators), many studies in the field employ reflective scales. Such measures are not suitable for the nature of psychic distance, as causal indicators cause the phenomenon and not vice versa (Diamantopoulos & Winklhofer, 2001). When treating a formative construct with a reflective scale, then the regression coefficients are inflated (Diamantopoulos et al., 2008). As a result, the credibility of many research findings is being questioned (Obadia, 2013; Jarvis et al., 2003).

Moreover, the perceptual nature of psychic distance is widely neglected in the literature. Prime and colleagues (2009) call researchers to consider the perceptual nature of psychic distance when measuring this phenomenon, instead of giving participants a list of a priori conceptualized items. Recent research efforts (e.g., Kraus et al., 2016) criticize the role of questionnaires in measuring psychic distance, stating that managers do not evaluate differences based on a scale and if they are forced to do so, social acceptability bias may emerge. Furthermore, the cognitive nature of psychic distance has been proposed throughout the years (e.g., Chelariu et al., 2006; Johanson & Vahlne, 1977) as a way to accurately conceptualize this phenomenon. Cognition can explain how the brain processes existing information and consequently leads to a behavioural outcome (Rosenbaum, 2001).

It is evident from the above that the aforementioned gap merits attention, as it may impede researchers from generating accurate results. The current thesis

addresses this issue, by introducing scenario-based experiments in the field of international marketing and psychic distance. In this way, the perceptual nature of psychic distance will be accurately captured by manipulating the construct. The decisions that will ultimately derive will be justified by the measured cognitive mechanism of the construal level mindset, which is activated by the perceived psychic distance. Moreover, our experimental design responds to Magnusson and Boyle's (2009) and Durand, Turkina and Robson's (2016) concerns that mixed results are produced when effects are not investigated in distinct psychic distance (low-high) and country (home-host) levels.

2.7 The moderating role of thinking style.

Decisions on whether to standardize or adapt are driven by a plethora of background forces, like environmental or market related factors. A review of the extant literature (Theodosiou & Leonidou, 2003) has revealed a plethora of contradicting and inconsistent results with regards to the antecedents of adaptation strategy implementation. At the same time, thinking style is gaining ground in diverse research fields which examine decision making outcomes (Choi et al., 2004). In an attempt to explain under what circumstances different decision outcomes occur, considering at the same time the central role of a manager in adaptation strategies, it is imperative to examine the role of thinking style in adaptation decision making processes.

A prevalent framework for decision making, namely the analytic versus holistic thinking style framework, explains different approaches when taking a decision, for example how people view the future or what kind of information they attend to (Yates & Oliveira, 2016). Holistic and analytic thinking styles are cognitive

thinking styles that can affect a decision-making process (Nisbett et al., 2001).

Holistic thinking emphasizes the whole context of a situation and is described by the belief that the world is constantly changing, while diversification and change is widely accepted. On the contrary, analytical thinking emphasizes particular attributes of a situation and views the world as stable and foreseeable, while devotion to logic is prevalent (Yates & Oliveira, 2016).

Holistic and analytic thinking has been examined in various contexts. Studies have shown that holistic thinkers are prone to taking proactive actions, in order to ensure safety, because they think beyond the focal point. These individuals frequently anticipate challenging and unpredictable situations and their holistic mindset incites them to take non-linear and non-standardized decisions (Xiaotian & Zhang, 2017). Furthermore, Sacchi, Riva and Aceto (2016) found that analytic thinking styles are related to a perception of low distance, whereas holistic cognitive styles are linked to higher distance. Kinley et al. (2014) in their research on web users, found that analytic thinking users adopt a more standardized navigation process, whereas holistic thinking individuals require more time and effort to perform an action (Palmquist & Kim, 2000).

Taking the above aspects into account, it is suggested that the thinking style of managers will affect the relationship between psychic distance and adaptation. Specifically, managers with a more holistic thinking style are expected to welcome change in a greater degree than analytical cultures do, and they are more likely to adopt more localized strategies that often entail higher risk (Theodosiou & Leonidou, 2003). Additionally, holistic individuals pay more attention to the general context, seek larger information sets and are characterized by higher thoroughness in their decision-making process, especially when considering any potential consequences

(Choi et al., 2007). Therefore, managers with a holistic thinking style are expected to be more prone to apply an adaptation strategy, regardless of the psychic distance of the export country. Thus, they will be less affected by psychic distance when deciding their adaptation/standardisation strategy. On the other hand, managers, that are associated with analytical thinking styles, pay more attention to detail (Choi et al., 2007; Yates & Oliveira, 2016) and psychic distance affects their behavioural intentions to a greater degree (Sacchi et al., 2016). Therefore, they are expected to adapt their strategies in a greater extent when faced with higher psychic distance. Formally:

H12: The effect of psychic distance on price adaptation intentions is weakened (strengthened) for managers with a more holistic (analytical) thinking style.

2.8 The moderating role of promotion orientation.

Further, building on the proposed mechanism underlying adaptation decisions, it is suggested that promotion orientation, an individual-trait variable related to goal pursuit, will affect the relationship between psychic distance and price adaption. The main premise of regulatory focus theory (RFT, Higgins, 1997) is that human behaviour, when related to goal pursuit, is controlled by two separate motivational systems; promotion and prevention (Higgins 1997, 2000). Promotion-focused individuals have strong needs for growth, accomplishment and advancement relative to their goals, seek the presence (gain) and disfavour the absence (non- gain) of positive outcomes (Higgins et al., 2001; Liu & Brockner, 2015; Zhang & Yang, 2015). On the contrary, prevention-focused people, are controlled by their security and safety needs and aim at the realization of their responsibilities (Higgins and

Spiegel 2004; Higgins et al., 2001). Under prevention focus, avoiding errors is desirable (Crowe and Higgins 1997) and people interpret the presence of negative outcomes as painful (losses) and the absence of negative outcomes as pleasurable (non-losses) (Zhang & Yang, 2015).

Building on regulatory focus theory, it is suggested that promotion orientation, as an individual managerial characteristic, will interact with psychic distance and consequently affect price adaptation decisions. Additionally, there is significant empirical evidence pointing towards a link between risk aversion and low promotion orientation, while supporting the notion that highly promotion-oriented people adopt a riskier approach (e.g., Werth & Forster, 2007). Therefore, being more risk averse, managers with lower promotion orientation, are expected to favour risk-minimizing strategies when psychic distance is high. Similarly, in low psychic distance, which is characterized by lower levels of uncertainty, standardisation strategies are expected to prevail among managers with low promotion orientation. Hence, promotion orientation should be a moderator to the psychic distance effect on price adaptation decisions. It is, thus, expected that:

H13: The effect of psychic distance on price adaptation intentions is weakened (strengthened) for managers with higher (lower) promotion orientation.

2.9 Conclusion

The current chapter presented a review of the literature on drivers of international marketing decisions. First, adaptation and standardisation viewpoints were introduced, followed by a discussion of the strategic fit perspective. Entry mode decisions and their relationship with the commitment-risk-control perspective were subsequently discussed. For both adaptation and entry mode decisions, their

antecedents and consequences were analysed, while relevant studies were presented throughout this part. A meticulous examination of mindset, that is theoretically underpinned by bounded rationality (Simon,1955), followed. Although the importance of managerial decision-making processes in international marketing was highlighted more than 50 years ago, there is a distinct lack of empirical micro level research on the cognitive attributes of managers (Aharoni et al., 2011). To address this gap, the researcher drew on implicit theory, in an attempt to explain how managers make internationalization decisions and under what circumstances. Implicit theory was extensively reviewed, gaps were identified and insights into its relationship with the marketing field were provided. Within the frame of mindset, construal level mindset was also discussed with the aim of providing enhanced reasoning behind managerial decision-making and examining how mindsets interact with each other; therefore, calls for advanced and elaborated research on mindset (Rucker & Galinsky, 2016) were addressed by the researcher. The final part of the literature review identified the significant role of distance perception in decision making. Rooted in social psychology, perceptions of distance are major determinants of managerial decisions (Nebus & Chai, 2014), while at the same time perceived distance determines the mindset structure (Trope & Liberman, 2010). Therefore, the operationalisation of perceived -or psychic- distance was extensively reviewed and an overview of the key research topics was presented. Following on, the current state of psychic distance research on adaptation and entry mode fields was evaluated and critical gaps were discussed. Overall, the scope of the review was to provide insights into the managerial decision-making process within an international marketing frame and conceptually develop the reasons that lie behind the way managers take internationalization decisions.

CHAPTER 3 METHODOLOGY

3.1 Introduction

This chapter provides an overview of the research methods employed in the current thesis and explores its theoretical and philosophical foundations, particularly epistemology, empiricism and positivism. Quantitative methods and deductive logic are elaborated afterwards to result in a discussion of bounded rationality. Conducting research in an ethical way is fundamental. The important aspects of ethical issues in every step of a research project are also mentioned. The experimental research design is, then, presented to provide an overview of the reasons behind its selection. Finally, an overview of the three empirical studies captures their research objectives, methods and findings.

3.2 Philosophical underpinnings

Philosophical positions enable researchers to understand how assumptions of the world are linked to the way they conduct research. By embracing philosophical views, individuals develop a holistic understanding of a particular field and support their strategy and employment of specific methods in their research (Clark, 2006).

Before exploring research philosophies further, the researcher deems appropriate to clarify the role of research paradigms. In research and philosophy, paradigms are concepts that explain how social phenomena can be examined (Clarke & Clegg, 2000). Research paradigms also refer to the way researchers think about philosophy, and consist of 3 major streams: ontology, axiology and epistemology. Ontology refers to the notion of reality and comprises two aspects, objectivism and subjectivism, while the epicentre of axiology is the value (Heron, 1996).

Epistemology, which is the paradigm adopted by the researcher, portrays the theory of acceptable knowledge and revolves around the triptych of truth, belief and justification (Borchert, 2006). The major schools of thoughts that are grounded on epistemology include empiricism, rationalism, idealism, pragmatism and constructivism (Saunders et al., 2009).

3.2.1 Empiricism and positivism. Empiricism is a theory asserting that knowledge predominately derives from sensory experience (Sellars, 1956). Different variants of empiricism that developed later encompass positivism, realism and common sense. Positivism is a philosophical system that was developed by Comte in 1844. Comte, influenced by laws of natural sciences (e.g., gravity) that were formed based on observations (e.g., falling leaves), aimed at establishing social science laws by systematically observing social phenomena (Ryan, 2015). Therefore, the idea that knowledge is formed by observable facts constitutes the cornerstone of positivism (Remenyi et al., 1998). The procedure of acquiring data from continuous observation of regularities in the world and forming, consequently, laws or generalizations, is the interface between positivism and deductive approaches. Positivists embrace deduction and employ objective, quantitative methods. The researcher has written the current thesis from a positivistic view; consequently, the way research has been conceptually approached and conducted is deeply influenced by the paradigm of epistemology and theoretically underpinned by the ideas of positivism.

3.2.2 Positivism and quantitative research. Positivism is a philosophical stance which supports that knowledge can be empirically generated through observation (Yu, 2003). Quantitative methods are underpinned by positivism and provide mathematical and statistical tools for the empirical investigation of observable phenomena (Cavana et al., 2001). Epistemologically, every phenomenon

can be scaled down to empirical data, while the relationship between the phenomenon and the observer is not interactive; in fact, the observer can independently collect objective data without affecting or being affected by it (Guba & Lincoln, 1994). As quantitative research dictates, objective and unbiased data can be primarily obtained via structured questionnaires among other, free-from-bias techniques (Sale et al., 2002).

3.2.3 Deductive logic and bounded rationality. Deductive research approaches are generally associated with quantitative methods. The key tenet of deductive logic is that conclusions succeed general rules (top-down logic); in other words, if the premises are true (premise 1: ‘If the test is to continue, then the turbine must be rotating fast enough’, premise 2: ‘The turbine is not rotating fast enough’), then the conclusion is valid (conclusion: ‘Therefore the test is not to continue’) (Johnson-Laird, 2006, p.110). Nevertheless, deductive logic is a far more complex phenomenon than reaching simple conclusions. The amount and intricacy of premises that the mind can compute affects its deductive competence. The human mind is not an optimal computational machine; hence, the paradox of rationality emerges (Cook, 1971). Philosophers and psychologists approach this paradox from several viewpoints (cf., Engel & Kochan, 1991), but the researcher adopts the concept of bounded rationality (Simon, 1982) to theoretically underpin the current thesis. ‘Perfect rationality is for the angels’ and deductive reasoning is bounded, because the human brain cannot compete with a computational system which processes data with great accuracy (Johnson-Laird, 2006, p.111). Bounded rationality additionally posits that humans are rational entities -they invented logic in the first place-, but due to the abundance and complexity of data in the world, their information-processing system, namely their brain, often malfunctions (Johnson-

Laird, 2006). Along these lines, the researcher has structured the current thesis upon the ideas of bounded rationality and has treated the subjects of the experiments as rational individuals who are often bounded in their thought processes by environmental complexity.

3.3 Ethical issues

Ethics are defined as the ‘norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others’ (Cooper & Schindler, 2008). In this vein, ethical research refers to the behavioural aptness and morality of the researcher towards the subjects of their study (Saunders et al., 2009). Moreover, research must be conducted according to *deontological* and *teleological* norms; otherwise stated, researchers must obtain their data in deception-free ways and, under no circumstances, unethical behaviours can occur regardless of the benefit the research findings could offer (Saunders et al., 2009).

Ethical behaviour is required throughout the research process, from its very beginning when the research topic and ideas are formulated, to its very end when results are reported (Zikmund et al., 2013). During the initial stages of designing, the researcher must ensure that their research will not cause any type of harm (i.e., psychological, physical, legal, social or economic) and the anticipated findings will not be employed for unethical purposes (Zikmund et al., 2013). Moreover, the subjects of a research project study must formally consent to participate, and their privacy ought to be fully respected (Malhotra, 2009).

The researcher adhered to Leeds University code of ethics during all the steps of her research project. In specific, the current research was conducted via accurate means (i.e., questionnaires), while the identity of the researcher and her institute

were clearly presented. Moreover, no sensitive personal data were obtained, while respondent confidentiality and anonymity were warranted. Data were analysed only for research purposes by appropriate statistical techniques and findings were objectively and impartially interpreted. Finally, the Leeds University research ethics committee granted ethical approval for the current research project, which can be found in appendix D.

3.4 Research methods

Literature of research methods suggests that a research purpose can be defined in exploratory and conclusive terms. Having a mostly unstructured format, exploratory studies focus on interpreting a problem, when the nature of the problem is obscure (Robson, 2002). The most prevalent, although not exhaustive, ways of conducting exploratory research is through literature reviews, interviews and focus groups (Saunders et al., 2009). In addition, the conclusive research design consists of descriptive and causal research types. Descriptive research is predominately used in business and management research by scholars who have an explicit view and adequate knowledge of the phenomenon they investigate (Robson, 2002). Predesigned surveys are the most common way to perform descriptive research. Moreover, the aim of causal research design is to establish causal relationships between variables in order to explain their relation (Saunders et al., 2009). In other words, causal design is employed when a researcher intends to prove a relationship between an independent and a dependent variable and to understand how this relationship functions (Saunders et al., 2009). The most frequent means of conducting causal research is experiments, either in laboratory or natural settings, where usually the independent variables are manipulated, and the dependent ones are

measured (Malhotra, 2009). The current study has adopted the conclusive research design and has combined both descriptive and causal research methods, also known as descripto-explanatory methods (Saunders et al., 2009).

3.4.1 Experimental design. The structure of the current thesis followed the principles of descripto-explanatory methods; therefore, the researcher fundamentally embraced the experimental research design, but embedded surveys which are, primarily, descriptive method tools. Thus, the term *survey experiment* accurately depicted the design of the current study, which will be discussed later.

Experiments can be conducted in laboratory, field or natural settings. Due to the nature of the current research, investigating behavioural outcomes of human subjects is meaningless in a natural setting. Field and laboratory experiments are frequently seen in consumer behaviour studies and both carry advantages and disadvantages. Selecting a research design over another is often dictated by the research question, the aim and objectives of a given study. The reasons that lied behind the selection of experimental design are as follows. First of all, the researcher, based on pertinent literature (Dweck & Leggett, 1988), suggests that mindset and behavioural outcomes (i.e., decisions) vary together; otherwise stated, a change in mindset simultaneously activates different levels of behavioural outcomes. Moreover, both perceptions and mindset precede behavioural outcomes and finally, other possible causal factors are controlled. Considering the fact that the above conditions of causality have been met, experiments were deemed the most suitable technique for providing evidence for the research hypotheses (Ryan,2007).

In particular, the current research has adopted a survey experimental design. Pertinent studies enlist survey experiments to laboratory studies and disassociate them from field studies (Kim & Jang, 2014). Notwithstanding, laboratory

experiments do not always take place in actual labs, but also online (Malhotra, 2009). By implementing online survey experiments, the researcher addressed some major challenges that are typically linked to field studies. First, field experiments are very time consuming, second, the costs associated with such experiments are exorbitant, and third, regulating the effect of extraneous variables is an exceptionally demanding task (Malhotra, 2009).

3.4.1.1 Factorial design. Furthermore, experimental designs include true experiments, quasi-experiments, pre-experiments and statistical experiments. The researcher employed the statistical design method, and specifically the factorial design. A factorial experimental design allows the investigation of different interactions between the variables, for example the concomitant effect of more than one independent variables (Montgomery, 2013). Factorial designs are very frequent in the research of mindset; for instance, Yorkston, Nunes and Matta (2010) used a 2x5 (study 1) factorial design to investigate the effect on mindset on brand evaluations, where mindset was manipulated in two levels (i.e., fixed vs. growth) and the product category in 5 levels (i.e., five different branded products). Similarly, the researcher intended to measure the interaction of multiple independent variables (factors) and their effect on the dependent variable, therefore a factorial design with a different number of levels has been applied to each study.

3.4.1.2 Between-subjects design. A final concern in experimental design is about the construction of the experimental environment. There are two design approaches that can help a researcher obtain causal estimates: the *within-subjects* and the *between-subjects* design. Their main disparity revolves around the number of conditions -or levels of a factor- each participant is exposed to (Charness et al., 2012). Choosing the suitable design is not a simple task and critical questions need

to be asked. Although within-subjects designs offer better statistical power and their internal validity does not rely on randomization (Howell, 2009), the researcher viewed a between-subjects design as more appropriate for her research. Apparently, manipulation of mindset can only be performed through a between-subjects design since individuals cannot be characterized by both mindsets at the same time. Therefore, mindset must be a between-subjects factor in order to examine whether differences between groups (i.e., fixed vs. growth mindset) are statistically significant. Moreover, between-subjects designs are more suitable for measuring behavioural outcomes under several conditions and offer greater external validity when subjects are more likely to take a single decision (i.e., adaptation decisions), rather than a series of decisions that is the case in within-subject designs (Charness et al., 2012). Finally, demand, carry-over and order effects are attenuated for the reason that randomization is a robust tool that can address the aforementioned sources of bias, commonly associated with within-subjects designs (Martin, 2007). It is, also, worth mentioning that certain studies adopt a mixed-designs method, or split plot design, where at least one between-subjects factor and at least one within-subjects factor are included. Such experimental designs are rather complex, but suitable for repeated tests or measures across the time (Oehlert, 2010). For example, Homburg et al. (2005) employed a split plot experimental design (study 1), where *mindset* was the between-subjects factor (fixed vs. growth) and *product category* was the within-subjects repeated measure.

3.4.2 Scenario-based experimental design. Scenario-based experiments, frequently referred to as scenario-based role-playing (SBRP) or survey experiments, are well-established ways to conduct marketing and consumer behaviour research (Falk & Heckman, 2009; Homburg et al., 2005). In these experiments, participants

are presented with different versions of vignettes or short scenarios that display particular -to specific variables- information (Alexander & Becker, 1978). In addition, the short scripts, which may also take visual forms, describe certain variables, leading the subjects of the experiment to speculate an *a priori* function of these variables (Rungtusanatham et al., 2011). Reactions to the scripted information are consequently captured usually via questionnaires or observation and are then dissected and analysed in an effort to empirically investigate how different independent variables (i.e., those conveyed in the script) cause different outcomes (i.e., participants' reactions) (Rungtusanatham et al., 2011).

There is a number of advantages linked to the employment of scenario-based experiments. First, such experiments provide high levels of internal validity due to construct manipulation; second, this experimental design is cost and time effective compared, for example, to field experiments; third, due to their hypothetical nature, ethical issues associated with real settings are diminished; fourth, the option to manipulate certain variables, while controlling others, enabled the researcher to accurately test assumptions that derive from theoretical models (Calder et al., 1981; Kim & Jang, 2014). Nevertheless, scenario-based experimental design has received some criticism. The main premise of its opponents is that human behaviour is not consistent across different experimental settings, such as in laboratories and in field. In this vein, it is argued that unrealistic data are generated due to the artificial environment of laboratory or scenario-based experiments (Bardsley, 2005). An additional drawback of non-field experiments, claimed by certain researchers, is the *experimenter demand effect* (Orne, 1962). The issue that arises here is that participants of the study assume the researcher's expectations and behave in line

with them. As a result, biased results are produced, threatening the validity of the experiment (Levitt & List, 2007).

While the above criticism pertains to laboratory experiments in general, scenario-based experiments as part of laboratory type experiments have become a principle research tool of behaviour across social sciences. Moreover, scenario-based experiments have seen increasing deployment in marketing and managerial research. For instance, Homburg et al. (2005) investigated the relationship between consumer satisfaction and willingness to pay through a scenario-based experiment (Study 1). Likewise, in a managerial setting, Tomlinson et al. (2004), using a scenario-based experimental design, examined the willingness of victim business partner to reconcile their professional relationship with the offender partner after a breach of trust.

Although the external validity of scenario-based experiments and the reliable generalizability of their results have been criticised, empirical support for the validity of this experimental design has been provided by influential studies (cf., Kim & Jang, 2014). For instance, the robust role of scenario-based experiments has been reinforced by major studies (Aaker et al., 2008; Barsky, 2011; Camerer, 2011; Homburg et al., 2005; Kamins et al., 2011) that revealed a concordance between the results of laboratory and field experiment studies.

3.4.3 Internal and external validity. Internal and external validity issues were discussed throughout this section. Being a measure of experimental accuracy, internal validity can be violated if extraneous variables impede or influence the observed effect of an independent variable on a dependent one (Shadish, 2002). In order to address potential internal validity issues, the researcher carefully and methodically assigned participants to different experimental conditions with either

the RAND command in excel (study 1 and study 3), or the randomization tool in Qualtrics (study 2). In addition, extraneous variables were measured and their effect on the dependent variables of the studies was controlled.

Other factors that might threaten the internal validity of scenario-based experiments, is the *demand effect* discussed earlier. However, the employment of a between-subjects experimental design alleviated the participants' subconscious change in behaviour, due to the power that randomization has over demand effects (Charness et al., 2012).

Furthermore, laboratory experiments seem to be more vulnerable with regard to external validity, namely the extent to which a cause-effect relationship is robust, realistic and can be statistically generalized to a larger population (Lynch, 1982; Malhotra, 2009). Nevertheless, as mentioned earlier, several researchers compared results of laboratory and field experiments (e.g., Aaker et al., 2008), asserting that both types of study generate consistent results, while the consistent use of between-subjects designs enforce the external validity. Finally, the researcher attempted to enhance external validity (Winer, 1999) by: (a) conducting multiple studies where some of the prior results were replicated (study 2 and study 3) and new procedures (study 2) were introduced, (b) interactions effects followed every main effect experiment and covariate variables were included across all 3 studies, (c) all the scenarios and manipulations presented a high degree of realism, referred to familiar tasks and were clearly written in plain language.

3.5 Overview of studies

Three empirical studies were conducted to shed light on the research question of the current thesis: does managerial mindset affect international marketing

decisions and if so, under what conditions? Grounded on cognitive psychology, mindset is a psychological mechanism that guides behavioural outcomes (i.e., decisions) and is activated by perceptions of distance (Nebus & Chai, 2014; Trope & Liberman, 2010). Seeking to provide answers to the current thesis research question, the researcher formulated a hyper conceptual model illustrated in figure 2.

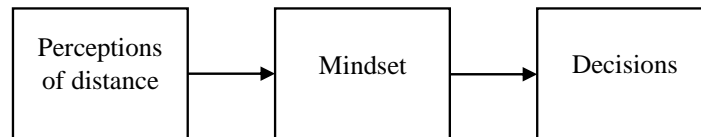


Figure 2. A conceptual hyper-model for the interactions between perceptions of distance, mindset and decisions

According to the above hyper model, and as pertinent literature suggests, perceptions of distance activate mindset which in turn guides decisions. In other words, perceived distance acts as the background force that drives behavioural outcomes, while mindset is considered as the underlying mechanism of this effect. By deconstructing the hyper model, three distinct conceptual models were generated which addressed the hypotheses of the current thesis.

3.5.1 Study 1. The first study was designed to test the effect of distance perceptions on decision making in a managerial context. Manager's perception of distance was manipulated and their price adaptation intentions with regards to their company's hypothetical export venture were measured. In this way, the researcher aimed to validate an already established relationship in order to safely test for a mediating effect. Thus, the role of mindset as the underlying mechanism was investigated and consequently, the researcher found that mindset is indeed activated by perceived distance and in turn affects managerial decisions. Finally, the mediating role of mindset on the perceived distance- managerial decisions relationship was

tested both on European managers and their Taiwanese counterparts with the aim of examining the cross-cultural applicability of the above effect.

Purpose. The aim of this study was to experimentally investigate whether, how and under what conditions psychic distance affects managers' decisions regarding international marketing adaptation/standardisation strategies, while also uncovering the mechanism underlying this effect. The focus was specifically on export pricing adaptation decisions as this is a relatively under researched component of the international marketing program (e.g., Sousa and Bradley 2008), and also one of the most directly implementable among strategy decisions. The researcher employed an experimental design to establish the causal effect of perceived psychic distance, rather than simply relying on correlational inferences (cf., Baack et al., 2015). In particular, she drew on the relevant research stream of psychology related to construal level theory (CLT, Trope & Liberman 2010) in order to connect psychic distance with managerial decision making.

Using a scenario-based experiment, with 233 export managers in Greece and Taiwan, it was revealed that psychic distance had a significant positive effect on price adaptation, but this effect became non-significant for managers with a more holistic cognitive style (i.e., from Asia). Surprisingly, even for managers with a more analytic cognitive style (i.e. from Europe), the positive effect of psychic distance became weaker when managers were characterized by higher promotion orientation. Results also confirmed that construal level mindset mediated the effect of psychic distance on adaptation decisions. This study contributes in the export marketing literature by uncovering boundary conditions and an underlying mechanism for the effects of psychic distance.

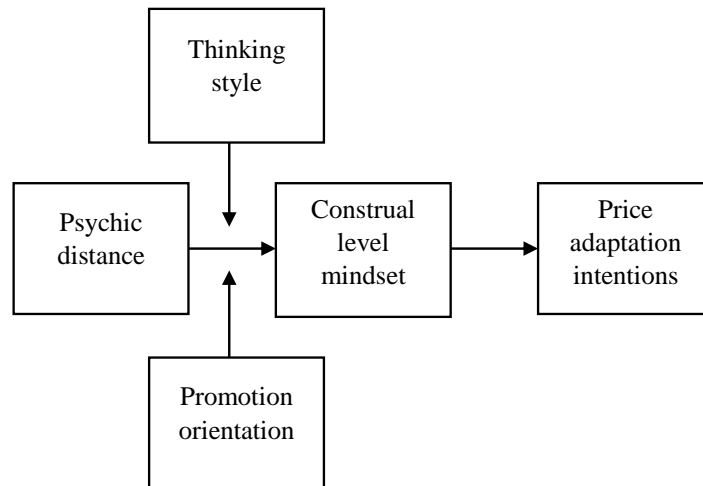


Figure 3. A framework for the effects of psychic distance on price adaptation intentions

3.5.2 Study 2. Study 1 provided strong empirical support for the effect of distance perceptions on behavioural outcomes, whilst mindset was found to mediate this relationship; therefore, the next step was to investigate the direct effect of mindset on behavioural outcomes. As such a correlation had not been examined in an international marketing context before, and due to the fact that mindset has been primarily investigated in consumer behaviour contexts (Murphy & Dweck, 2016), the researcher deemed necessary to initially test the direct effect of mindset on adaptation decisions with consumers. Accordingly, study 2 was conducted among American consumers and the influence of mindset on lifestyle adaptation intentions was subsequently explored. Lifestyle adaptation decisions were selected as the behavioural outcome of study 2, in an attempt to achieve consistency and harmony across the dependent variables of the studies. Moreover, adaptation decisions are very prevalent in day-to-day tasks for consumers and marketing managers alike. On the one side, according to social adaptation theory, individuals have to constantly

adjust their lifestyle, attitude and values to conform to the predominant values and laws of any given society (Kahle, 1984). Moreover, all human beings are familiar with the notion of adaptation because they experience it throughout their life as the natural process of aging dictates (Stockard et al., 2014). On the other side, international marketing managers are continually faced with issues regarding the level of adaptation that should be applied on the marketing mix elements during international and export ventures (Theodosiou & Leonidou, 2003). In summary, study 2 aimed to confirm the direct impact of mindset on adaptation decisions among consumers.

Purpose. The aim of study 2 was to explore the effect of mindset on lifestyle adaptation decisions. Study 1 revealed the mediating role of mindset on the perception-adaptation decision relationship and the next step was to discover whether mindset could directly affect adaptation decisions. Notwithstanding, mindset has been examined mainly in a consumer behaviour context and, thus, the researcher deemed appropriate to initially test this effect with consumers, before replicating the study in a managerial setting. A scenario-based experiment was conducted online and yielded 321 complete responses. Results revealed that mindset does have an effect on lifestyle adaptation decisions. In particular, growth mindset consumers would be more willing to adapt their lifestyle in case of relocation, compared to fixed mindset individuals who would be less ready to comply with a new lifestyle.

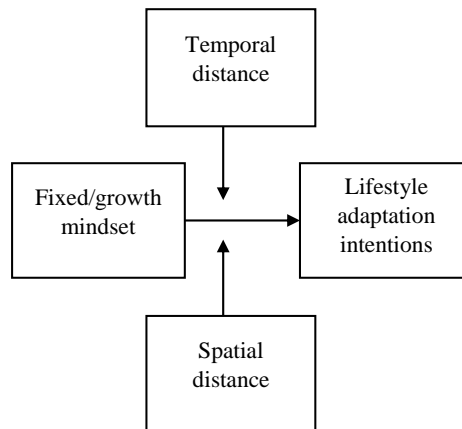


Figure 4. A framework for the effects of mindset on lifestyle adaptation intentions.

3.5.3 Study 3. Having established a significant main effect in the consumer study 2, the researcher was able to replicate the study in the international marketing field. Hence, in study 3, mindset was manipulated and participating managers from Europe had to indicate, for each scenario, the level of intended adaptation on marketing mix elements. The effect of mindset was additionally tested on entry mode choice to allow the researcher to have greater leeway to interpret results and draw conclusions on the findings.

Purpose. The aim of this study was to shed light on the reasons behind the way managers take international marketing adaptation decisions. In particular, after confirming a positive effect of mindset on consumers, the researcher aimed to examine a similar effect in a managerial context. Thus, the current study examined the conditions under which fixed and growth mindsets affect managers' decisions regarding the level of adaptation and involvement in cross-border strategies. Grounded in the implicit theory from psychology, a conceptual model that included psychic distance as the boundary condition and construal level mindset as the

underlying mechanism of this effect, was developed. A scenario-based experiment, with randomly selected managers from Greece, was expected to yield results showing the effect of mindset on marketing adaptation and entry mode decisions. The study offered insights in the international marketing and consumer psychology literatures by introducing the mindset as a new antecedent of adaptation and entry mode decisions and showed under which conditions managers take internationalization decisions.

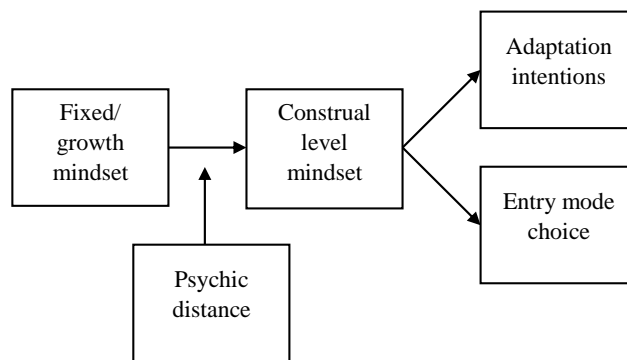


Figure 5. A framework for the effects of mindset on adaptation intentions and entry mode choice.

The three empirical studies discussed above were designed to provide answers to the research question of the current thesis, namely the conditions under which mindset affects international marketing decisions. The first study revealed the significant effect of distance perceptions on adaptation decisions and uncovered the mediating role of mindset. In study 2, the researcher demonstrated that mindset is effective at enhancing lifestyle adaptation intentions in a scenario-based experiment that was conducted among consumers. Finally, study 3 extended these findings by establishing a strong relationship between mindset and international marketing decisions, and thus proving the robustness of the conceptual hyper model.

Table 3. 1. An overview of the way research questions were addressed.

	Sub-model 1 (study 1)	Sub-model 2 (study 2)	Sub-model 3 (study 3)
<p>Perceptions of distance → Mindset → Decisions</p>	<p>Thinking style → Construal level mindset → Price adaptation intentions</p> <p>Psychic distance → Construal level mindset</p> <p>Promotion orientation → Construal level mindset</p>		
<p>Research question: How and under what circumstances does mindset affect international marketing decisions?</p>	<p>Thinking style → Temporal distance → Lifestyle adaptation intentions</p> <p>Fixed/growth mindset → Lifestyle adaptation intentions</p> <p>Spatial distance → Lifestyle adaptation intentions</p>		
<p>Sub-question 1: Does mindset affect decisions and how is this effect achieved?</p>	<p>Fixed/growth mindset → Construal level mindset → Adaptation intentions</p> <p>Psychic distance → Adaptation intentions</p> <p>Entry mode choice</p>		
<p>Sub-question 2: Under what circumstances does mindset affect decisions?</p>	<p>H1: Mindset has an effect on lifestyle adaptation decisions; growth (fixed) mindset leads to higher (lower) levels of lifestyle adaptation.</p> <p>H2: Mindset has an effect on adaptation intentions; growth (fixed) mindset leads to higher (lower) levels of adaptation.</p> <p>H3: Mindset has an effect on entry mode choice; growth (fixed) mindset leads to higher (lower) level of involvement.</p> <p>H4: Temporal distance moderates the effect of mindset on lifestyle adaptation intentions; for high (low) temporal distance the effect of growth (fixed) mindset on the level of adaptation will be strengthened (weakened).</p> <p>H5: Spatial distance moderates the effect of mindset on lifestyle adaptation intentions; for high (low) spatial distance the effect of growth (fixed) mindset on the level of adaptation will be strengthened (weakened).</p> <p>H6: The effect of psychic distance on price adaptation intentions is mediated by the construal level mindset</p> <p>H7-H8: The effect of mindset on adaptation intentions (entry mode choice) is mediated by the construal level mindset.</p> <p>H9: Psychic distance has an effect on price adaptation intentions; the higher the psychic distance, the higher the level of price adaptation intentions</p> <p>H10: The effect of mindset on adaptation intentions is weakened (strengthened) for higher (lower) levels of psychic distance.</p> <p>H11: The effect of mindset on entry mode choice is weakened (strengthened) for higher (lower) levels of psychic distance.</p> <p>H12: The effect of psychic distance on price adaptation intentions is weakened (strengthened) for managers with a more holistic (analytical) thinking style.</p> <p>H13: The effect of psychic distance on price adaptation intentions is weakened (strengthened) for managers with higher (lower) promotion orientation.</p>		

3.6 Conclusion

This chapter presented an overview of the research methods of the current thesis. Underpinned by the philosophical paradigm of epistemology, the role of positivism and its connection with quantitative research was then elaborated. Deductive logic and the concept of bounded rationality were afterwards discussed, followed by the examination of the experimental research design. The chapter ends with the presentation of three empirical studies and an overview of the way research questions were addressed (Table 3.1).

CHAPTER 4 EMPIRICAL STUDY 1

4.1 Overview of the study

A scenario-based experiment was used to test the study's hypotheses. As previously mentioned, participants for this experiment were a randomly selected sample of export managers from Greece and Taiwan, two comparable size countries both heavily dependent on export revenues but different in key cultural variables such as high versus low context, uncertainty avoidance, and time orientation (Hall 1976; Hofstede 2001). Pretesting indicated that export managers from the two countries were comfortable with a data collection instrument in English. Using a 2 (psychic distance: low vs. high) by 2 (managerial thinking style: holistic vs. analytic) between-subjects experimental design, 233 complete responses were yielded. In order to manipulate thinking style, data were collected from two countries; Greece and Taiwan. Previous literature has shown that Western cultures, like Greece and East Asian cultures, like Taiwan represent analytic and holistic thinking styles respectively (Yates & Oliveira, 2016). For manipulating psychic distance, each export manager was assigned to a scenario including a specific export country (either psychically distant or psychically proximate to the manager's home country). Thus, for the low psychic distance condition, participants from Greece (Taiwan) were asked to "imagine that their firm plans to export" in an Eastern European country (South East Asian country), where they have never performed any exporting activity in the past. Manipulation check pretest on 30 managers from Taiwan and Greece showed that South Eastern Asia and Eastern Europe are perceived as psychically close and distant respectively, as intended.

The main outcome variable of this study was price adaptation intentions which was measured with a single item on a 7-point scale. Construal level mindset was measured using the BIF scale (Vallacher & Wegner, 1989). Managers' promotion orientation was measured with a 6-item scale (Higgins et al., 2001). Moreover, five control variables were included in the study; firm size (number of employees) as a control for economies of scale, firm's exporting experience (number of years the firm has been exporting) and manager's international experience (number of years working in an international capacity) as a control for prior learning experience, number of export markets as a control for market knowledge and control over pricing strategy as a control for exporter-importer relationship direction. All the questionnaire items can be found in appendix B.

4.2 Method

4.2.1 Sample and data collection procedure. The unit of the current analysis is the export venture at a product level; that is, the current study examines the degree of price adaptation between the home market and a specific export market. The cross-cultural sample included Greek and Taiwanese exporters. Greece is a country that heavily depends on exporting activity. According to the CIA World Factbook, in 2017, Greece's GDP was \$98b, while its export revenue was \$31.54b (33.4% of its GDP). The main export partners (64%) were based in Europe, whilst 23% of Greek exports (by value) were sold to Asian partners. Moreover, the major Greek export industries included food and beverage, manufactured goods, petroleum, chemicals and textiles (CIA World Factbook, 2017). With regards to the Taiwanese market, its GDP for 2017 was \$1.19t and its export revenue was \$350b (65% of its GDP). Taiwan's main trading partner is China and its export industries comprise

semiconductor, petrochemicals, automobile parts, ships, displays, electronics and plastics among others (CIA World Factbook, 2017). The researcher used a multi-industry sample, since there are no common industries that represent similar exporting activity (proportionally) in both countries.

The sampling frame for Greece was obtained from the Greek Exporters Association (SEVE) and for Taiwan from the Taiwanese Ministry of Economic Affairs. A list of Greek and Taiwanese firms that matched the criterion of manufacturing goods was consequently generated. Each of the 1114 companies was initially contacted by email in order to present the purpose and value of the study and identify the appropriate consultant. A total of 53 Greek and 67 Taiwanese companies agreed to participate; however, 6 companies were eventually eliminated due to incorrect contact details. The researcher later contacted by telephone all the remaining companies that had not responded. A scenario-based questionnaire was finally sent to 287 companies via email, post or was given in person. After 2 follow-up reminders, 242 questionnaires were collected, 9 of which questionnaires were dropped because of missing data and/or not satisfying the *confidence about answering* criterion. The usable responses were 233 (81% response rate). A list of the manufacturing goods is provided in appendix B.

4.2.2 Independent and Mediating Variables

4.2.2.1 *Psychic distance*. In order to manipulate psychic distance, each participant was assigned to a certain geographical area that represented high or low psychic distance.

The first condition read:

Please now imagine that your company plans to export the above product to a new

Eastern European country where you have never performed any exporting activity in the past. Please answer the following questions with the aforementioned scenario in mind.

The second condition read:

Please now imagine that your company plans to export the above product to a new South East Asian country where you have never performed any exporting activity in the past. Please answer the following questions with the aforementioned scenario in mind.

After examining the main factors that determine the psychic distance scale (Sousa and Lages 2010; Theodosiou and Katsikeas 2001), the researcher concluded that South East Asia and Eastern Europe are valid examples of high and low psychic (low and high) distance respectively, when these regions are compared to Greece (Taiwan). In order to confirm the above assumption, a manipulation check of psychic distance was included in the instrument. Psychic distance was, thus, measured by the researcher after adapting the scale from Katsikeas, Skarmeas and Bello (2009) and Evans and Mavondo (2002). Psychic distance was operationalized by asking managers to indicate the perceived distance toward a foreign country, namely the extent to which the scenario country is similar to or different from the country their firm is located in, with regard to various aspects. Therefore, firms' decision makers had to designate whether the scenario country's (a) Level of Economic and Industrial Development, (b) Political and Legal System, (c) Cultural Values, Beliefs, Attitudes and Traditions and (d) Language were similar or different to the firm's location country in a 5-point Likert scale from 1=Very Similar to 5=Very Different ($\alpha=.73$).

4.2.2.2 Thinking style. The thinking style framework (Nisbett et al., 2001) proposes two distinct viewpoints: the analytic and the holistic thinking style. Analytic individuals hold stable beliefs about the world and accept that future can be predicted. On the contrary, holistic thinkers have non-linear views of the world and believe that future cannot always be predicted (Nisbett & Masuda, 2003). Thinking style affects critical cognitive processes, such as attribution, attention and perception (Li et al., 2018) and has been primarily investigated in a cultural context. An abundance of cross-cultural studies (Choi et al., 2003; Chua et al., 2005; Ji et al., 2008; Li et al., 2018; Masuda & Nisbett, 2001; Miyamoto et al., 2006; Norenzayan et al., 2002) have provided consistent empirical results that confirm a correlation between: (a) holistic thinking style and East Asian cultures (i.e., Japanese, Chinese, Koreans) and (b) analytic thinking style and Western cultures (i.e., Europeans, Americans, Canadians). Drawing on the above, the current study followed the approach of Li et al. (2018) and recruited Taiwanese export managers as members of a holistic culture, and Greek export managers as members of an analytic culture.

4.2.2.3 Promotion orientation. The most dominant approach of assessing promotion orientation is the regulatory focus questionnaire (RFQ, Higgins et al., 2001). The RFQ assesses individuals' orientation towards their goals and includes two psychometrically distinct subscales; promotion and prevention. High levels of promotion orientation indicate a tendency towards accomplishments and hopes, while the reference point is *gains*. On the contrary, high levels of prevention orientation indicate higher levels of responsibility and safety, and centre around *losses*. Moreover, promotion-oriented individuals favour eager strategies compared to prevention-oriented ones, who prefer vigilant strategies (Higgins et al., 2001).

The RFQ, being a self-reported measure, relies on respondents' awareness of their own motivational system. Although this can constitute a drawback, RFQ is the most prevalent measure of promotion orientation -as a trait- and is characterized by strong predictive validity (Summerville & Roese, 2008).

The RFQ consists of 11 items on 5-point scales, ranging from 1 (certainly false, or never true, or never) to 5 (certainly true, or very often true, or always). Out of the 11 items, 6 are promotion scale items and 5 are prevention scale items. For example, promotion items include 'How often do you do well in different things you try', while prevention items include 'Not being careful enough has gotten me into trouble at times' (reversed item). According to Higgins et al. (2001), none of the prevention items load on the same factor as the promotion items and vice versa. Thus, prevention and promotion are two distinct dimensions that form regulatory focus (i.e., regulatory focus = promotion - prevention). In the current study, 6 out of the 11 RFQ items were randomly selected. Half of the employed items were related to promotion orientation, whereas the rest were prevention orientation items. Being distinct subscales, the researcher chose to measure promotion orientation only, for conceptual clarity.

4.2.2.4 Construal level. The behavioural identification form (BIF, Vallacher & Wegner, 1989) constitutes a long-established measure of the construal level and has been employed by the vast majority of researchers. BIF measures individuals' chronic construal level, namely the abstractness level that identifies their actions. It is a 25-item dichotomous questionnaire that includes actions like 'taking test' and gives a high construal level ('showing one's knowledge') and a low construal level ('answering questions') option. In the current study, participants filled out a shorter version of the BIF scale, with 6 items randomly selected from the 25-item form. For

each participant, the total score was summed and as a result, individual BIF scores were created. Higher BIF scores are translated as an inclination to more abstract information construal.

4.2.3 Dependent Variables

4.2.3.1 Price adaptation intentions. Unanimously, there is no universal integrated approach to measuring the degree of adaptation strategy. Theodosiou and Leonidou (2003, pp. 157-158) extensively reviewed operationalisation processes of adaptation strategies and discovered dichotomous, interval and Likert scales. After analysing 38 studies, they created a measure of 35 items in total; 11 items for promotion, 11 items for product, 8 items for pricing and 5 items for distribution. Later, Lages et al. (2008) introduced the STRATADAPT scale to assess the degree of marketing strategy adaptation, using a total of 30 items; 10 items for product, 5 items for price, 10 items for advertising and 4 items for distribution. Lages et al. (2008) moving away from formative indicator indexes, created a scale of reflective indicators for each of the four marketing mix dimensions. Moreover, the researchers reported that each item in the same dimension presented significant and large standardized loadings on its construct, with the average standardized loading size being 0.89, while composite reliability and discriminant validity results were satisfactory (Lages et al., 2008).

Furthermore, there is empirical evidence that predictive validity does not always differ between multi-item and single-item measures (Bergkvist and Rossiter, 2007). According to a stream of researchers, instead of multi-item scales, single items scales can be employed in a study, provided that they reflect a homogeneous construct (determined by either high internal consistency or by factor analysis results) which is concrete and can be uniformly imagined (Diamantopoulos &

Siguaw, 2006; Diamantopoulos et al., 2012; Loo, 2002). In addition, although single-item measures have been criticised, constantly using multi-item measures is not a panacea, especially when a single-item would have sufficed (Bergkvist, 2015). Besides increased data collection costs, multiple items may threaten the quality of the research, primarily due to the respondents' fatigue and boredom (Bergkvist, 2015). Taking all the above into consideration and given the fact that the respondents of the current study are export managers with very limited spare time, the researcher deemed appropriate to indicate the level of adaptation intentions through a 1-item scale, which corresponds to price. Specifically, marketing strategy price adaptation intentions were assessed by a 7-point scale, where 1 corresponds to 'fully standardized pricing strategy' and 7 to 'fully adapted pricing strategy'. This scale included 4 items, namely price, promotion, product and distribution.

4.3 Results

4.3.1 Preliminary analysis. The categorical variables of study 1 were psychic distance (Eastern Europe vs. South East Asia) and thinking style (Greece vs. Taiwan). According to table 4.1, 53 Greek managers and 37 Asian managers were presented with the Eastern Europe scenario, while 81 Greek managers and 62 Asian managers were presented with the South East Asia scenario. Therefore, 115 managers were assigned to the low psychic distance condition (Greece-Eastern Europe and Taiwan-South East Asia) and 118 managers were assigned to the high psychic distance condition (Greece-South East Asia and Taiwan-Eastern Europe).

Table 4. 1. Crosstabulation between psychic distance and thinking style

		Europe (Greece)	Asia (Taiwan)	Total
Psychic distance	Eastern Europe	53	37	90
	South East Asia	81	62	143
Total		134	99	233

According to table 4.2 below, 90 managers (38.6%) and 143 managers (61.4%) in the sample were presented with the Eastern Europe and South East Asia scenarios respectively. Moreover, out of the total of managers, 134 (57.5%) were based in Greece and 99 (42.5%) were based in Taiwan.

Table 4. 2. Frequencies of psychic distance and thinking style

Psychic Distance		Frequency	Valid percent	Cumulative percent
Valid	Eastern Europe	90	38.6	38.6
	South East Asia	143	61.4	100
	Total	233		
Cultural thinking style		Frequency	Valid percent	Cumulative percent
Valid	Europe (Greece)	134	57.5	57.5
	Asia (Taiwan)	99	42.5	100
	Total	233		

With regards to the control variables of the study, namely exporting experience, international experience, firm size, price control and number of export markets, their mean values are presented in the table below.

Table 4. 3. Mean values of the control variables

Control variables	Exporting experience	International experience	Firm size	Price control	Number of export markets
N	233	233	233	233	233
Mean	13.73	7.45	69.22	2.85	5.82

The continuous variables of study 1 included price adaptation intentions and promotion orientation. Their descriptive characteristics are presented in table 4.4. The negative skewness of both variables indicates a clustering of scores at the high end, which is the right side as it can be seen in the histograms (figure 6 and figure 7). Moreover, both variables present negative kurtosis, therefore their distribution is relatively flat. Nevertheless, these tests are too sensitive with large samples, therefore it is suggested that inspection of the histograms would suffice (Tabachnick & Fidell, 2007).

Further exploring these two variables, more descriptive results were generated. Comparing the 5% trimmed mean with the mean, it is evident that the extreme scores do not have a strong influence on the original mean. Moreover, besides the histograms, a closer inspection at the normal Q-Q plots (figure 8 and figure 9) reveals a reasonably straight line, suggesting a normal distribution. Also, no outliers were detected in the boxplots (figures 10 and 11). Finally, 34.3% of the participating firms were active in the B2C sector, while 65.7% in the B2B sector.

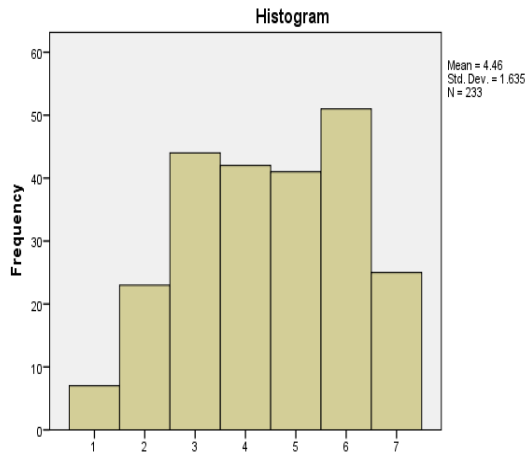


Figure 6. Histogram of price adaptation intentions.

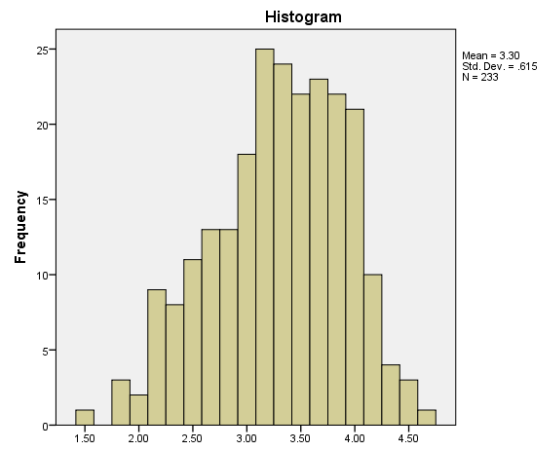


Figure 7. Histogram of thinking style.

Table 4. 4. Descriptive findings for price adaptation intentions and promotion orientation

Items	Distribution of responses							Scale properties						
	1	2	3	4	5	6	7	Mean	5% trimmed	Median	SD	Skew.	Kurt.	
Price adaptation intentions	3%	9.9%	18.9%	18%	17.6%	21.9%	10.7%	4.46	4.49	5	1.63	-0.17	-0.95	
PROMO1	27%	30%	21.5%	15.9%	5.6%			3.57	3.63	4	1.20	-0.46	-0.78	
PROMO2	3%	8.2%	12.7%	9.1%	16.7%			3.73	3.79	4	1.02	-0.60	-0.04	
PROMO3	7.7%	12.9%	21.5%	30.5%	27.5%			3.57	3.63	4	1.23	-0.55	-0.66	
PROMO4 (reversed)	15.5%	17.2%	16.3%	29.2%	21.9%			2.75	2.72	2	1.38	0.31	-1.18	
PROMO5 (reversed)	16.3%	21.5%	13.7%	26.6%	21.9%			2.84	2.82	3	1.41	0.17	-1.33	
PROMO6	6.4%	12%	22.3%	31.8%	27.5%			3.64	3.71	4	1.19	-0.56	-0.51	
Promotion orientation								3.30	3.31	3.33	0.62	-0.36	-0.38	

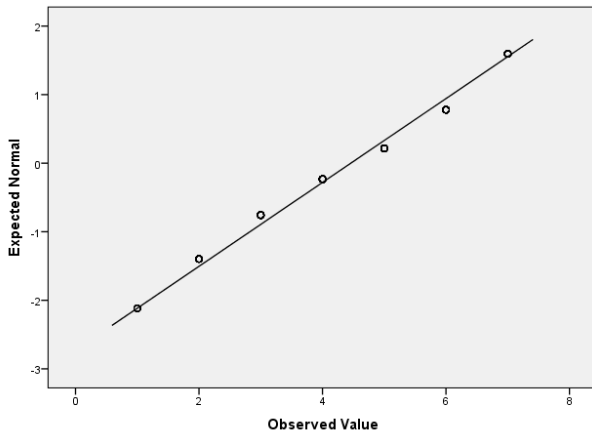


Figure 8. Normal Q-Q plot of price adaptation intentions.

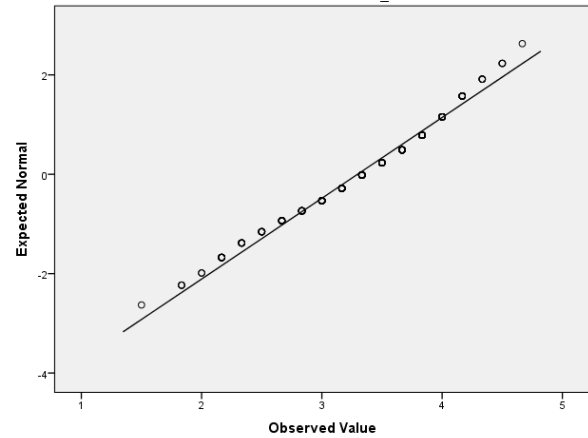


Figure 9. Normal Q-Q plot of promotion orientation.

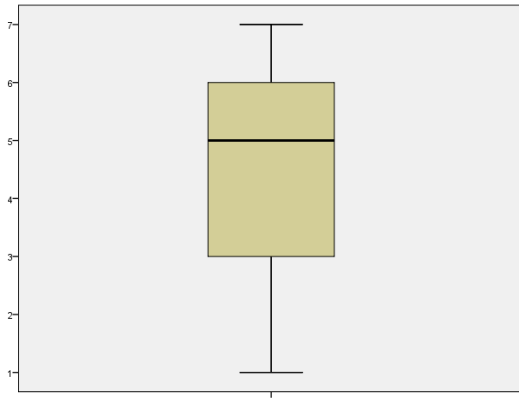


Figure 10. Boxplot of price adaptation intentions.

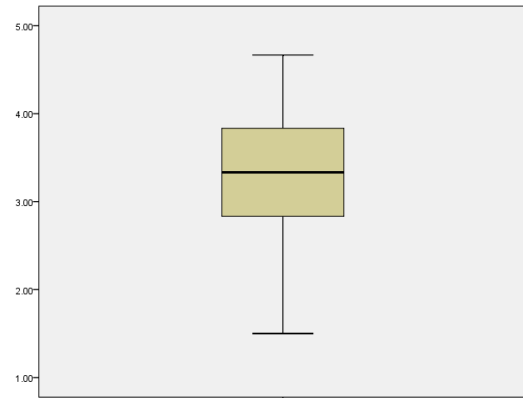


Figure 11. Boxplot of promotion orientation

4.3.2 Manipulation checks. As expected, the manipulation check results revealed that managers in the low psychic distance condition scored low at the relevant scale ($M_{\text{LowPD}} = 2.16, p < 0.01$), indicating perceptions of similarity between the home and host countries. Participants in the high psychic distance condition reported perceptions of dissimilarity between the two countries and therefore, scored higher at the psychic distance scale ($M_{\text{HighPD}} = 4.33, p < 0.01$). In summary, the manipulation of psychic distance had the intended effect.

Moreover, in order to confirm that thinking style was captured correctly, participants had to indicate ‘the country where the company is located’. Those managers located in Greece were coded as *analytic thinking style* (1), while those located in Taiwan were coded as *holistic thinking style* (2). None of the responses was null or invalid.

4.3.3 Hypothesis testing. To test the hypotheses, a moderation model was employed using PROCESS macro (Hayes 2013; model 2, 5000 bootstrap resampling) with psychic distance as independent variable, thinking style and promotion orientation (mean-centred) as moderators and price adaptation intentions as dependent variable. Firm size (number of employees), number of export markets, exporting experience (how many years the firm has been exporting), international capacity (number of years in an international role) and price control in the foreign market acted as covariates. An alternative analysis would involve median-splitting the promotion orientation scores and testing the hypotheses through ANOVA. Nevertheless, dichotomization has been heavily criticised for generating flawed results and for the increased likelihood of Type I and Type II errors (Fitzsimons, 2008). However, both methods, namely ANOVA and regression, produce consistent results with regards to direction and significance. All estimates for the model can be found in table 4.5.

Table 4. 5. Regression results for price adaptation intentions.

	Beta coefficient	Standardized estimate	t value	p value
Constant	4.2914	.2452	17.5028	.0000
Psychic distance	.4584	.2285	2.0062	.0460
Promotion orientation	1.0452	.1936	5.3992	.0000
Thinking style	.1389	.2071	.6705	.5032
Psychic distance x promotion orientation	-1.2489	.4546	-2.7470	.0065

Psychic distance x thinking style	-1.6717	.4320	-3.8697	.0001
R ²	.2178			

Psychic distance, consistent with the theoretical reasoning, had a significant main effect on price adaptation intentions ($\beta=0.46$, $t=2.00$, $p=0.05$), that is, respondents exposed in the high psychic distance scenario reported higher price adaptation intentions than respondents exposed in the low psychic distance condition; therefore, H9 is confirmed.

Further, thinking style had a non-significant main effect ($p=0.50$), but the interaction between psychic distance and thinking style was significant ($\beta= -1.67$, $t=-3.86$, $p<0.01$). Psychic distance had a significant and positive effect for managers with an analytic thinking style (i.e., from Europe) (95% CI = [+0.7558, +2.0378]); however, this effect turned insignificant for managers with a holistic thinking style (i.e., from Asia) (95% CI = [-0.9507, +0.3597]); therefore, H12 is confirmed. The above interaction is depicted in figure 12 below.

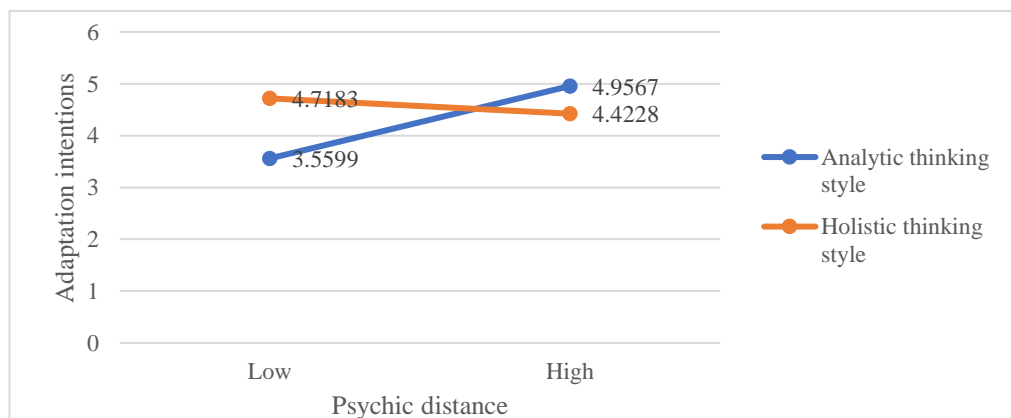


Figure 4. Simple slopes of psychic distance by thinking style on price adaptation intentions.

Promotion orientation also had a significant main effect ($\beta=1.04$, $t=5.39$, $p<.001$). That is, managers with higher promotion orientation reported higher price

adaptation intentions than managers with lower promotion orientation. Moreover, as displayed in figure 13, the interaction between psychic distance and promotion orientation was significant ($\beta = -1.24$, $t = -2.74$, $p < 0.01$). More specifically, for managers scoring low on promotion orientation ($\text{promo}_{\text{low}} = 2.68$ on a 5-point scale), psychic distance had a significant positive effect on price adaptation intentions (95% CI = [+0.4146, +1.7776]). However, for moderate ($\text{promo}_{\text{mod}} = 3.29$; 95% CI = [-0.1083, +0.8107]) and high ($\text{promo}_{\text{high}} = 3.91$; 95% CI = [-1.1703, +0.3828]) values of promotion orientation, this effect turned insignificant. H13 is, thus, supported.

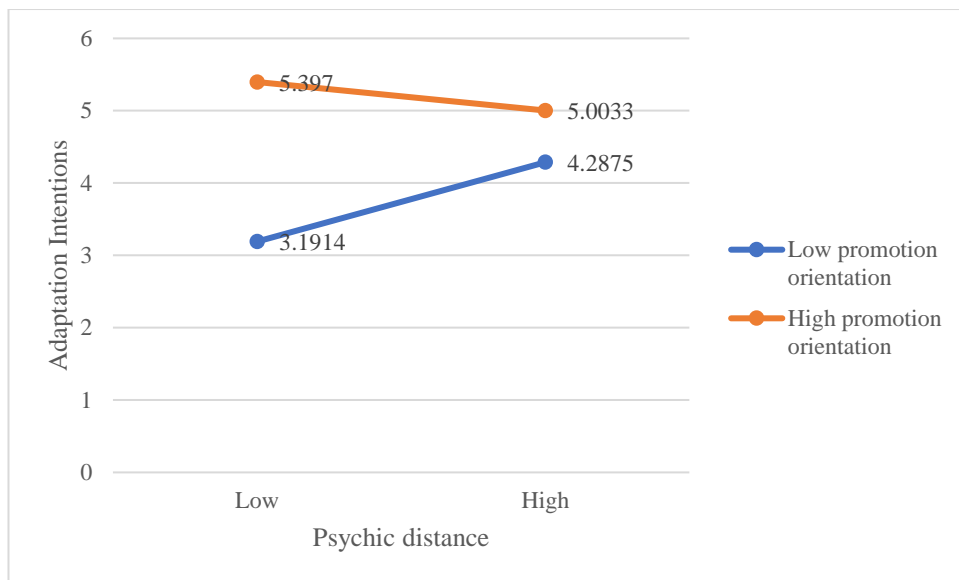


Figure 13. Simple slopes of psychic distance by promotion orientation on price adaptation intentions.

These results were further examined by conducting a floodlight analysis, in order to: (a) probe the interaction between psychic distance and promotion orientation at the whole range of values of the latter and (b) identify the Johnson-Neyman points that determine regions of statistical significance for the effect of psychic distance on price adaptation intentions. This analysis revealed that for promotion orientation values below 3.24, the effect of psychic distance on price adaptation intentions is positive and significant ($\beta_{\text{promo}} = 0.42$, $se = 0.23$, $p = 0.07$). For

promotion orientation values between 3.40 and 4.35, psychic distance has no significant effect on price adaptation intentions. However, for promotion orientation values above 4.50, the effect of psychic distance on price adaptation intentions renders again significant, but this time negative ($\beta_{\text{promo}} = -1.11$, $se = 0.64$, $p = 0.08$). A visualisation of the floodlight analysis is presented below in figure 14.

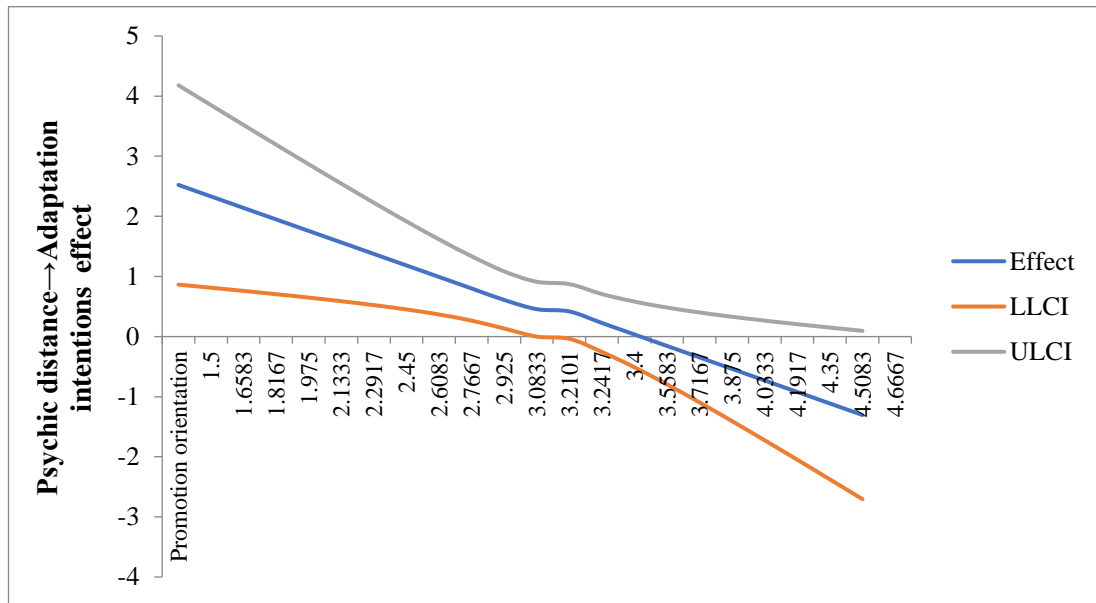


Figure 5. Regions of significance for the psychic distance-price adaptation intentions effect.

4.3.3.1 Mediation analysis. It was predicted in H6 that construal level mindset mediates the effect of psychic distance on price adaptation intentions. To test this, the researcher ran a mediation analysis suggested by Hayes (2013; PROCESS model 9) to estimate moderated mediation for price adaptation intentions with psychic distance as independent variable, thinking style and promotion orientation as moderators, and construal level mindset as mediator. The results of a bias-corrected BC bootstrapping analysis (based on 5000 bootstraps) revealed that construal level mindset mediated the effect of psychic distance on price adaptation intentions for thinking style (90% BC bootstrap CI = [-0.9661, -0.1296]), but not

for promotion orientation (90% BC bootstrap CI= LL: [-0.7446, +0 .2018]). More specifically, the effect of psychic distance is mediated only for analytic managers (90% BC bootstrap CI= [+0 .0400, +0.8829) but not for holistic managers (90% BC bootstrap CI= -0.4850, +0.3006). Therefore, H6 is partially confirmed for analytic managers.

4.3.4 Post hoc analysis. Post hoc tests revealed that, for managers with an analytic thinking style, a moderation analysis at low values of promotion orientation indicates that psychic distance has a significant positive effect on price adaptation intentions ($\beta=1.94$, $t=4.85$, $p<0.001$). However, for high promotion orientation, this effect turns insignificant ($p=0.35$). In contrast, a post hoc analysis at high values of promotion orientation, indicates that psychic distance has a significant negative effect on price adaptation intentions ($\beta= -1.27$, $t= -2.85$, $p= 0.01$) for managers with a holistic thinking style. However, for low promotion orientation, this effect turns insignificant ($p=0.50$). Figures 14 and 15 illustrate the above findings.

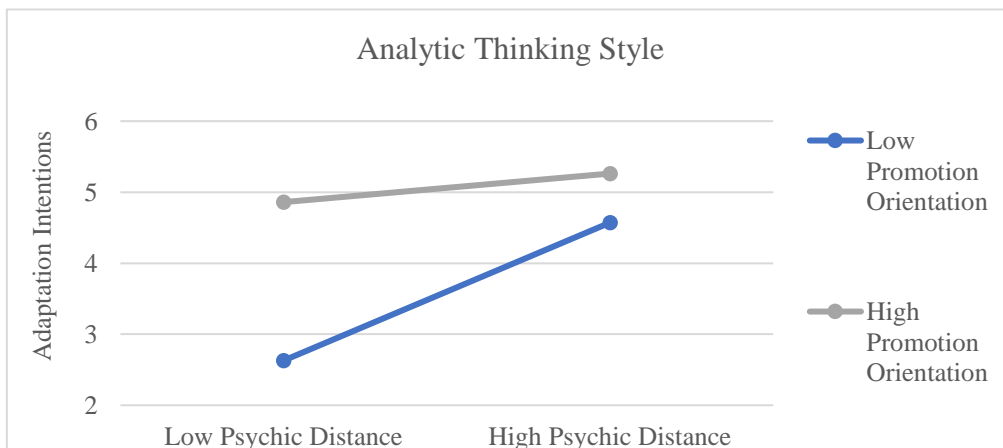


Figure 15. Simple slopes of psychic distance by promotion orientation on price adaptation intentions.

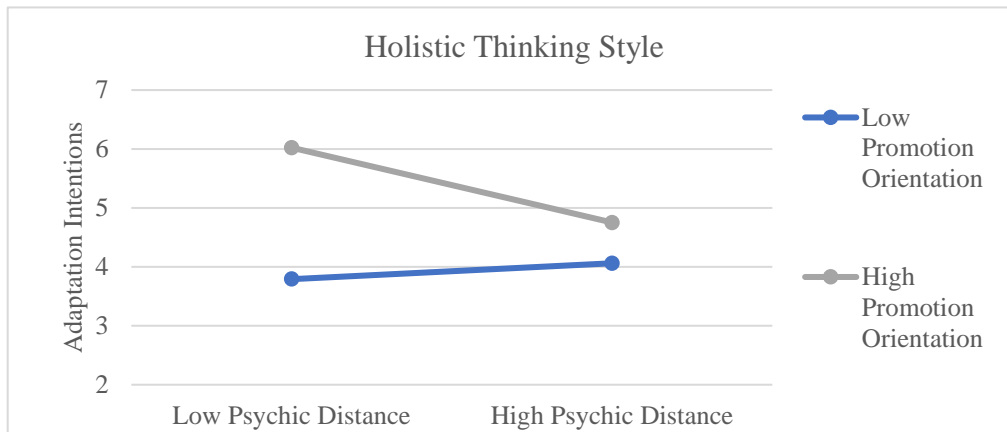


Figure 6. Simple slopes of psychic distance by promotion orientation on price adaptation intentions.

4.4 Discussion

In study 1, the researcher provided an examination of perceived distance effects on price adaptation intentions. In addition, the role of thinking style and promotion orientation was investigated, while the underlying mechanism of the above effect was examined.

Specifically, results revealed, as expected, that export managers' perception of psychic distance is a strong driver of intended price adaptation decisions. With regards to the boundary conditions of the investigated relationship, this study is the first to confirm -to the researcher's knowledge- that the more heterogeneous Asian market environment appears to yield international marketing managers that are less affected by the perception of psychic distance in the formation of price adaptation decisions than their Europe-based counterparts. In fact, the current findings indicate that perceived psychic distance does not play a role at all among holistic managers as they appear to adapt their pricing strategy regardless of what scenario they are faced with.

Further, promotion orientation positively affects the level of price adaptation; that is, highly promotion-oriented managers tend to take decisions that are

characterized by higher adaptation levels. Moreover, promotion orientation was found to moderate the effect of psychic distance on price adaptation intentions for low -but not for high- promotion-oriented managers. In other words, managers who are characterized by lower promotion orientation favour price adaptation strategies when psychic distance is high. This finding is in line with prior research studies that confirm the security and safety-controlled nature of people who are less promotion oriented (Gamache et al., 2015). Nevertheless, a floodlight analysis revealed that very high values of promotion orientation moderate the psychic distance - price adaptation intentions relationship. Surprisingly, this relationship is negative; that is, highly promotion-oriented managers favour less-adapted strategies as psychic distance grows. Moreover, the psychic distance– price adaptation intention relationship is mediated by the activation of construal level mindset only among managers with an analytic thinking style who were based in Greece. This is an interesting finding that makes one question the global applicability of construal level theory, at least in the context of managerial decision making.

Finally, post hoc tests revealed that the effect of psychic distance on price adaptation intentions is positive for low promotion-oriented and analytic managers ($\beta=1.94$, $p<0.01$) while the same effect is negative for high promotion-oriented and holistic managers ($\beta= -1.30$, $p= 0.01$). Overall, the findings of study 1 have disclosed important boundary conditions concerning the effect of psychic distance on price adaptation decisions. In a nutshell, the impact of perceived psychic distance on the manager's decision to adapt the price for export markets is strongest in cases where the manager has an analytic thinking style and low promotion orientation.

CHAPTER 5 EMPIRICAL STUDY 2

5.1 Overview of the study.

The hypotheses of the second study were assessed by a scenario-based experiment. Participants of the current study were a randomly selected sample of American consumers. The instrument was in English, therefore no pretesting to check the respondents' ease with the language deemed necessary. The researcher used a 2 (mindset: growth vs. fixed) by 2 (temporal distance: high vs. low) by 2 (spatial distance: high vs. low) between-subjects experimental design, while the data collection process yielded 321 complete responses. Mindset was manipulated by having participants read a scientific article presenting views in accordance with a fixed or a growth mindset. Temporal and spatial distance were also manipulated. Respondents were asked to imagine that they would relocate for studies or work in 1 or 5 years (low vs. high temporal distance) to Canada or France (low vs. high spatial distance). The reason for relocation would be either educational or professional, in an effort to reach a larger sample of American consumers.

The main outcome variable of study 2 was lifestyle adaptation intentions which was a 3- dimensional construct consisting of 3 factors, namely activities, interests and opinions. The scale was adapted by Wells and Trigert (1977) and participants had to indicate the likelihood of adapting their lifestyle accordingly to the country they were supposed to relocate to, on a 5-point Likert type scale ranging from 1 (extremely unlikely) to 5 (extremely likely). Finally, the control variables of the study were life satisfaction measured on a 5-point scale (1= extremely dissatisfied, 5= extremely satisfied) and happiness (adjusted from Hills & Argyle, 2001) measured on a 5-point scale where 1 corresponded to strongly disagree and 5

to strongly agree. A more analytic review of the constructs of the current study is presented below.

5.2 Method

5.2.1 Sample and data collection procedure. The aim of the current study was to investigate the effect of mindset on lifestyle adaptation intentions and the boundary conditions of the aforementioned effect. The sample included American consumers for two reasons. First, being a social psychology theory, implicit theory has been applied in a plethora of consumer behaviour studies (Murphy & Dweck, 2016), therefore the researcher sought to test the mindset effect on consumers, before replicating on managers. Second, a great number of researchers have tested implicit mindset effects on the American population, including the majority of Carol Dweck's work.

The current study's instrument was designed in Qualtrics and data were collected from the Amazon's Mechanical Turk (M-Turk) platform, which is an online community for crowdsourcing participants. M-Turk is increasingly being employed as a means of data collection source by many scholars, especially within psychological and organisational research (Keith et al., 2017). Besides, it is a relatively cost-effective platform that provides researchers with results in a short time frame, therefore the researcher considered the use of M-Turk suitable for the scope of study 2.

The researcher recruited 367 adults via M-Turk with an incentive of \$0.80 and randomly assigned each participant to one of the 8 conditions (mindset: fixed vs. growth; temporal distance: high vs. low; spatial distance: high vs. low).

Randomization was achieved by creating 8 blocks in Qualtrics, where each block

corresponded to one of the 8 conditions. Participants were evenly distributed to each condition after enabling the *evenly present elements* option in Qualtrics. In total, 46 participants were excluded because of missing data and/or inappropriate language or wrong answers given in question 1, where respondents had to summarize the essence of the text they had just read. Finally, the usable responses of the remaining participants were 321.

5.2.2 Independent variables

5.2.2.1 Mindset. Effective manipulation of mindset can be achieved by temporarily activating either fixed or growth mindset through persuasive passages. These passages present scientific views of ability which is seen as an either innate or evolutionary trait; consequently, people provisionally concentrate on one of the two mindsets, namely fixed or growth (Cury et al., 2008).

In the current study, participants were presented with a Psychology Today type article (adapted from Chiu et al. 1997), which presented scientific views of either fixed or growth mindset theory. The article, based on prior research studies, portrayed implicit theory in a vigorous way, without referring to the dependent variables of the study. Each participant was given the article that presented either the fixed or the growth mindset scenario. Although individuals are, in general, inclined towards one of these mindset types, they can eventually adopt a particular mindset when they are presented with relevant manipulated information (Murphy & Dweck, 2016).

The growth mindset article described that people's personality and mindset constantly evolve and are highly malleable. Moreover, human traits are considerably dynamic and can even change someone's character. The fixed mindset article outlined the fixed and solid human nature over a lifetime, stressing the static

personality and mindset one develops during adulthood. Each of the aforementioned points of view was underpinned by valid and trustworthy research outputs. Parts of the articles, which focused solely on growth or fixed mindset, are as follows.

The growth mindset article read:

According to scientists, people's attitudes, beliefs and opinions are considerably dynamic. Thus, your personality and your mindset are not static, as they constantly evolve before adulthood and are highly malleable throughout adulthood. Moreover, research has shown that in general people change a lot during their life, as human nature is volatile and each one of us owns a dynamic set of developing traits. In his talk at the American Psychological Association's annual convention [...] Dr. Medin [...] reported numerous large longitudinal studies showing that people can mature and change their character. He also reported research findings showing that people's personality characteristics can change, even in their late sixties.

The fixed mindset article read:

According to scientists, people's attitudes, beliefs and opinions are considerably static. Thus, your personality and your mindset are not dynamic, as they shape before adulthood and remain solid and robust throughout adulthood. Moreover, research has shown that in general people do not change much during their life, as human nature is stable and each one of us owns a limited set of fairly fixed traits. In his talk at the American Psychological Association's annual convention [...] Dr. Medin [...] reported numerous large longitudinal studies showing that people can mature and change their character. He also reported research findings showing that people age and develop, but they do so on the foundation of enduring dispositions.

After reading the relevant passage, respondents were asked to summarize in a few words the essence of the text they had just read. Moreover, for its manipulation

check, mindset was measured according to Chiu, Hong and Dweck (1997, Study 1, p.22). This undoubtedly highly reliable measure, known as the measure of implicit theory, includes three statements: (a) the kind of person someone is, is something very basic about them and it can't be changed very much, (b) people can do things differently, but the important parts of who they are, can't really be changed, and (c) everyone is a certain kind of person and there is not much that can be done to really change that. Respondents had to indicate the extent of their agreement in a 5-point Likert scale from 1 (Strongly disagree) to 5 (Strongly agree) ($\alpha=0.95$).

Although a 3-item scale may induce reliability and validity criticism, the implicit theory scale, employed in the current study, embodied items with the same meaning as they measure a unitary belief. Therefore, continuous repetitions of extra similar items would have been perceived as monotonous and fatiguing by the respondents (Chiu et al., 1997). Moreover, it is important to stress that all three items of the scale presented fixed mindset beliefs and participants' mindset was indexed by the mean score. The reason which lies behind the choice of fixed instead of growth mindset statements in the scale is that the latter are considered very forceful and potentially more acceptable and attractive in the society (Leggett, 1985).

Nevertheless, there is adequate evidence in pertinent literature showing that disagreement with fixed mindset statements represents agreement with growth mindset notions (Levy & Dweck, 1996). In general, a plethora of studies (e.g., Bohns, Scholer, & Rehman, 2015; Park & John, 2018) have been operationalising fixed and growth mindset through the implicit theory measure, adopted in the current study, thus reinforcing the power of this scale. This fact is also evident in table 2.7 which portrayed selected studies on mindset from the last decade.

5.2.2.2 Temporal and spatial distance. The vast majority of studies (see Trope & Liberman, 2010; Trope et al., 2007) that examine the role of temporal and/or spatial distance manipulate these variables by asking participants to imagine a near vs. a distant future event or an event that takes place in a proximal vs. a distant location. For example, Fujita et al. (2006), in their study on spatial distance and mental construal, asked participants (study 1) to imagine scenarios in which they engaged in behaviours at spatially proximal (New York City) vs. spatially distant (Los Angeles) locations. In addition, Kantan (2011) investigated the effect of construal level on task duration and manipulated temporal distance by asking participants to think of a task that would take place in 1 year or in the near future (study 1a). Following a similar manipulation pattern, the researcher introduced 4 scenarios that revolved around an action (i.e., relocation) which was scheduled to take place in 1 vs. 5 years (temporal distance: low vs. high) and in Canada vs. France (spatial distance; low vs. high).

Given that relocation was about to happen for studies or work, 1 year deemed a suitable and realistic near future condition. Discussions with American academics and expatriate employees confirmed that university entry procedures are typically finalized up to one year prior to the commencement of studies, while relocation for work to a foreign country is a lengthy procedure that would take at least six months to be implemented, especially when bureaucracy and visa issues arise. Moreover, the period of 5 years was selected to represent the high temporal distance condition. Major studies on construal level (e.g., Liberman et al., 2001) in the consumer behaviour field manipulate temporal distance by allowing a one-year interval between the conditions. Nevertheless, those studies include everyday tasks in their scenarios, for example, going on camping trips and visiting friends among others.

For life events, such as relocating abroad for studies or work, the researcher considered that high temporal distance should be manipulated by a higher temporal interval (i.e., 5 years), due to the increased importance of such events.

In addition, as the respondents were American consumers, Canada was selected to represent the low spatial distance condition and France the high spatial distance condition. Despite being a self-evident fact, Canada does not only share a border with the US, but the two countries present a lot of similarity in many respects, like culture and language (O'Grady & Lane, 1996). Furthermore, France is a country that does share some values with the US, for instance educational levels, but is located in a different continent and in general is considered considerably different from the US (Cunningham et al., 2004).

5.2.3 Dependent and control variables

5.2.3.1 Lifestyle adaptation. Lifestyle was first introduced in the marketing literature in the early 60's, when Lazer (1963) referred to lifestyle patterns as discrete models that derive from our dynamic society. A very prevalent psychographic measure of lifestyle is the Activities Interests and Opinions scale (AIO, Wells & Tiggert, 1977). The aim of AIO is to better understand consumer behaviour according to their lifestyle; in particular, researchers have identified three major aspects that shape lifestyle: activities, interests and opinions (Wells & Tiggert, 1971). This lifestyle segmentation model provides an accurate view of the market because it considers behaviourally oriented facets of consumers (Plummer, 1974). In the current study, 3 items were randomly chosen for each aspect (i.e., activities, interests, opinions) from the original scale. Respondents had to indicate the likelihood of adapting the lifestyle aspects based on the scenario they were presented. Thus, they had to rate their adaptation intentions regarding recreational,

purchasing and leisure time activities, culinary, media and fashion interests, and cultural, political and social opinions on a scale ranging from 1 (extremely unlikely) to 5 (extremely likely) ($\alpha = 0.84$).

5.2.3.2 Life satisfaction. The first control of the study referred to life satisfaction as the evaluation of life that epitomises the fit between personal ambition and reality (Grob et al., 1996). Relevant studies (Uglanova & Staundiger, 2013) showed that the type of event -negative or positive- may strongly influence life adaptation trajectory. In other words, sensitivity of a given life event, such as marriage, studies, new job and divorce among others, affects the pace and way of adapting to the pre-event life. In order to control for the reaction to event, respondents had to indicate the level of satisfaction with their life as a whole, on a scale of 1 (extremely dissatisfied) to 5 (extremely satisfied).

5.2.3.3 Happiness. The influence of affect in decision making processes is a widely researched phenomenon (Forgas, 1995). In general, people tend to evaluate a situation more positively and take decisions accordingly, when they are in a happy rather than a sorrowful mood (Schwartz et al., 2002). Therefore, the researcher controlled for happiness, by employing the Oxford Happiness Questionnaire (OHQ, Hills & Argyle, 2001). The OHQ consists of 29 items, some of which are positively and some negatively phrased, for example 'I feel that life is very rewarding' or 'I don't feel particularly pleased with the way I am'. Respondents had to read the statements and indicate their level of agreement on a 6-point scale, ranging from 1 (strongly disagree) to 6 (strongly agree). In the current study, 4 out of the 29 OHQ items were randomly selected ($\alpha = 0.80$).

5.3 Results

5.3.1 Preliminary analysis

The categorical variables of study 2 were mindset (fixed vs. growth), temporal distance (low-1 year vs. high-5 years) and spatial distance (low-Canada vs. high-France). As presented in table 5.1 below, respondents were equally distributed to the 8 conditions of the current study, while the total number of participants was 321. Moreover, according to table 5.2 below, respondents were uniformly assigned to each experimental condition. Finally, table 5.3 portrays the mean values of the current study's control variables, namely life satisfaction and happiness.

Table 5.1. Distribution of respondents to each experimental condition.

Mindset	Fixed mindset				Growth mindset				
	Temporal distance		Spatial distance		Temporal distance		Spatial distance		
	Low	High	Low	High	Low	High	Low	High	
N	36	52	37	38	39	35	51	33	321

Table 5. 2. Frequencies of mindset, temporal distance and spatial distance.

Mindset		Frequency	Valid percent	Cumulative percent
Valid	Growth	159	49.5	49.5
	Fixed	162	50.5	100
	Total	321		
Temporal distance		Frequency	Valid percent	Cumulative percent
Valid	Low	161	50.2	50.2
	High	160	49.8	100
	Total	321		
Spatial distance		Frequency	Valid percent	Cumulative percent
Valid	High	158	49.2	49.2

Low	163	50.8	100
Total	321		

Table 5. 3. Mean values of the control variables.

Control variables	Life satisfaction	Happiness
Mean	2.47	3.37
N	321	321

Furthermore, the descriptive characteristics of the dependent continuous variable of the study, namely lifestyle adaptation intentions, are presented in table 5.4 below. Negative skewness indicates a slight clustering of scores toward the right end (figure 18), while positive kurtosis implies peakedness in the distribution. Moreover, the Q-Q plot (figure 17) and the histogram (figure 18) of lifestyle adaptation intentions suggest a normal distribution. Finally, some outliers are detected in the boxplot (figure 19) but given the fact that (a) they are not extreme values (not represented by an asterisk) and (b) the 5% trimmed mean values do not significantly affect the actual means (table 5.4), the researcher decided not to drop any of the outliers.

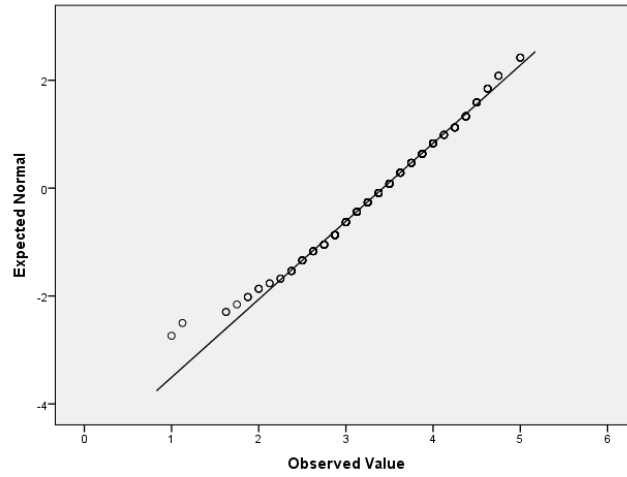


Figure 17. Normal Q-Q plot of lifestyle adaptation intentions

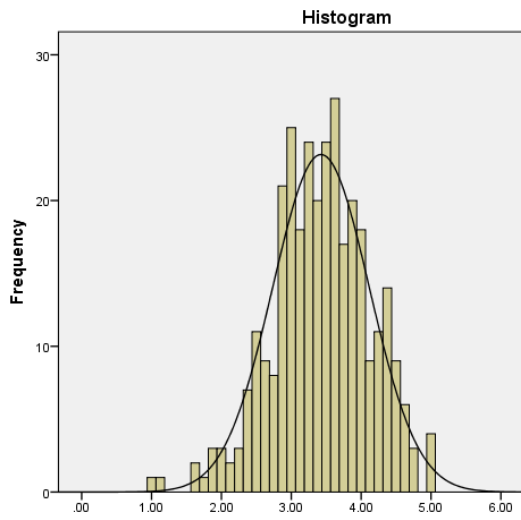


Figure 8. Histogram of lifestyle adaptation intentions.

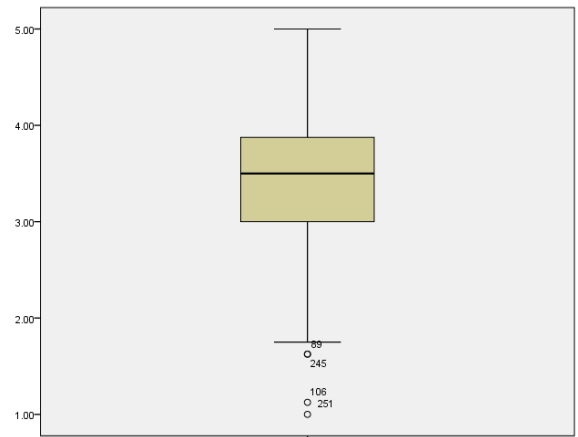


Figure 7. Boxplot of lifestyle adaptation intentions.

Table 5. 4. Descriptive findings for entry mode and marketing mix adaptation intentions.

Items	Distribution of responses					Scale properties					
	1	2	3	4	5	Mean	5% trimmed mean	Median	SD	Skew.	Kurt.
ADAPT1 - recreational activities	2.2%	6.5%	9.3%	51.5%	30.8%	4.02	4.10	4	0.93	-1.19	1.49
ADAPT2- Purchasing activities	0.9%	8.4%	11.5%	47.4%	31.8%	4.01	4.07	4	0.93	-0.94	0.53
ADAPT3- Leisure time	1.2%	9.7%	16.5%	46.7%	25.9%	3.86	3.92	4	0.95	-0.75	0.12
ADAPT5- Fashion interests	5.3%	21.5%	26.8%	35.2%	11.2%	3.26	3.28	3	1.08	-0.24	-0.73
ADAPT6- Media preference	4.4%	26.5%	23.7%	36.1%	9.3%	3.20	3.21	3	1.07	-0.15	-0.91
ADAPT7- Cultural opinions	8.7%	20.2%	29.6%	29.6%	11.8%	3.16	3.17	3	1.14	-0.18	-0.75

Items	Distribution of responses					Scale properties					
	1	2	3	4	5	Mean	5% trimmed mean	Median	SD	Skew.	Kurt.
ADAPT8- Political opinions	10.3%	31.8%	33.3%	19.3%	5.3%	2.78	2.75	3	1.04	0.19	-0.55
ADAPT9- Social issues	6.9%	24%	29%	29.9%	10.3%	3.13	3.14	3	1.10	-0.10	-0.78
ADAPTATION						3.42	3.44	3.5	0.69	-0.29	0.28

Table 5.4 (cont.): Descriptive Findings for Entry Mode and Marketing Program Adaptation Intentions

5.3.2 Manipulation checks. A one-way analysis of variance (ANOVA) was performed to check whether the manipulations of the study worked successfully. Participants who were presented with the fixed mindset scenario scored higher at the relevant scale ($M_{\text{fixed}}=3.06$, $p<0.01$), while those presented with the growth mindset scenario reported lower scores ($M_{\text{growth}}=2.60$, $p<0.01$). Scores over 3 in the implicit theory scale indicate an agreement with a fixed mindset, while scores below 3 imply compatibility with growth mindsets (Huang et al., 2014). Moreover, and as expected, the manipulation of spatial distance was successful ($F_{1,321}=677.92$, $p<0.01$), whilst temporal distance had also the intended effect ($F_{1,321}=382.25$, $p<0.01$).

5.3.3 Hypothesis testing. The hypotheses of study 2 were tested through a 2 (mindset: fixed vs. growth) by 2 (temporal distance: high vs. low) by 2 (spatial distance: high vs. low) analysis of covariance (ANCOVA). Life satisfaction and happiness were the covariates of the study, while lifestyle adaptation intentions represented the dependent variable.

Results revealed that mindset had a significant main effect on lifestyle adaptation intentions, therefore H1 is accepted ($F_{1,321se}=5.39$, $p=0.021$). That is, respondents exposed to the growth mindset scenario reported higher lifestyle adaptation intentions ($M_{\text{Growth}}= 3.50$) than respondents exposed to the fixed mindset scenario who indicated lower lifestyle adaptation intentions ($M_{\text{Fixed}}= 3.33$). Both temporal and spatial distance did not have a significant main effect on lifestyle adaptation intentions ($p=0.87$ and $p=0.59$ respectively). Finally, H4 and H5 are not supported, as the moderation effect of temporal and spatial distance on the mindset-lifestyle adaptation relationship was insignificant ($p=0.40$ and $p=0.56$ respectively).

5.4 Discussion

The purpose of this study was to provide insights into the effect of mindset on adaptation intentions. As expected, the researcher discovered that mindset is a significant determinant of lifestyle adaptation. In particular, when consumers were asked to imagine that they had to relocate to a new country for either work or studies, those in the growth mindset condition reported higher adaptation intentions. Thus, effective manipulation of mindset led consumers to indicate different levels of adaptation in terms of their activities, interests and opinions in the foreign country. In other words, maintaining a similar lifestyle to their current one was more profound among fixed mindset consumers. For example, the intentions of consumers to change or keep similar everyday activities, such as shopping at local stores or malls, interests for instance fashion style, and opinions that include value and tradition perceptions varied according to fixed or growth mindsets when moving to a new country. This is a very interesting and important finding that confirms the flexibility, adaptivity and dynamism that characterize growth mindsets (Dweck & Leggett, 1988). Having, therefore, established the power of mindset on consumer adaptation decisions, the researcher will be able to safely replicate this effect in a managerial setting. This way, research on managerial decision making will be considerably enhanced, since until now the international marketing and business fields have greatly disregarded the cognition of managers (Schellenberg et al., 2018).

In addition, the researcher's effort to demonstrate effective moderating mechanisms failed. Respondents did not appear to be influenced by time frames when relocating abroad. It would be interesting to replicate this effect in different cultures in order to be able to draw reliable conclusions. Moreover, spatial distance did not moderate the effect of mindset on adaptation intentions. Canada is a country

not only geographically but also psychically close to the US, as multiple cultural and psychic distance indexes reveal (e.g., Ronen & Shenkar, 1985; Vahlne & Nordström, 1992). Nevertheless, such indexes of proximity might not always take into account regional, structural or cultural differences (O'Grady & Lane, 1996). For example, the buying behaviour of the two nations slightly differ; Americans are more likely to select their shopping location based on bargains, whereas Canadians tend to shop at national chains regardless of price tags (O'Grady & Lane, 1996). Despite the fact that such differences are subtle, they might have dampened the moderating effect. It would be compelling, though, to address this insignificant effect by replicating a similar study with participants of different nationalities.

CHAPTER 6 EMPIRICAL STUDY 3

6.1 Overview of the study

The hypotheses of the third study were tested by a scenario-based experiment with four experimental conditions. Two hundred and fifty-two international marketing managers from firms based in Greece were recruited to take part in the study. The experimental research design was a 2 (fixed vs. growth mindset) by 2 (psychic distance: low vs. high) between subject design. After running a pretest, in order to ensure managers' ease with the content and the language of the instrument, participants were randomly assigned to one of the four experimental conditions. The mindset manipulation was conducted by having participants read a Psychology Today type article (adapted from Chiu et al. 1997), in which views consistent with fixed or growth mindset theory were presented. Moreover, after examining the main factors that determine the psychic distance scale (Sousa and Lages 2011; Theodosiou and Katsikeas 2001), the researcher concluded that South East Asia and Eastern Europe are valid examples of high and low psychic distance respectively, when these regions are compared to Greece. These two regions had been successfully tested in study 1, therefore it deemed suitable to include them in the current study as well.

The two outcome variables of this study were level of adaptation and entry mode choice. Adaptation levels were measured on a 7-point Likert scale, whilst the entry mode choice measure was adapted from Forlani, Parthasarathy and Keaveney (2008). For the latter measure, managers were asked to point out, from their perspective, the overall best type of business arrangement to have in the scenario market on a 7-point scale, where each choice represented an equity mode. Moreover, in order to further illustrate the relationship between the variables, some further

control variables were included. The selection follows the norm of international marketing studies, therefore the company's location, age, number of employees, number of export markets and international activity, as well as the manager's experience in the company and in an international capacity were taken into consideration.

6.2 Method

6.2.1 Sample and data collection procedure. In study 3, the unit of analysis is the international venture at a product level. In other words, the current study investigates entry mode decisions, as well as the degree of adaptation intentions between the home market and a specific host market. The sample included Greek chief executives and international marketing managers who were ultimately responsible for their firm's internationalization decisions. The reason for selecting Greece is twofold: first, it is a country with rich international activity as highlighted in study 1 and second, the researcher's personal acquaintances and networking skills in this particular country would significantly facilitate the data collection process. The researcher employed a multi-industry sample, similarly to study 1. According to the Hellenic Statistical Authority (ELSTAT), for the fiscal year 2017, there was no dominant export industry representing Greece's exporting activity; instead, exports were led by manufacturing products which represented 40% of total exports, followed by fuels (30%) and agricultural products (20%). The rest 10% of Greece's total exports was distributed among raw materials and unclassified products². The sampling frame for study 3 was primarily obtained from Athens Chamber of Commerce and Industry (ACCI), which encompasses a rich Greek export directory.

² <http://www.statistics.gr/en/>

After excluding service companies, a list of 512 companies was generated. In addition, the researcher created another list of 82 more companies after consulting her personal acquaintances. Finally, after assessing the formerly used database of SEVE (study 1), a third list of 236 companies, which had never been contacted in a prior study, was formed. The researcher contacted each of the 830 companies by telephone and introduced the aim and significance of the study. 303 companies instantly refused to participate or could not be reached. The primary reason for not contributing to the study was data protection, followed by insufficient -or occasional- international activity. For the 527 companies that agreed to proceed, 121 paper questionnaires were delivered in a sealed envelope and 406 emails were sent with an attached link for the online survey which was designed with Google forms. The 4 different versions of the same questionnaire were randomized in Excel with the RAND formula and were equally assigned to participants. After 2 follow-up reminders, 112 paper and 152 on-line questionnaires were collected, but 13 of them were dropped because of missing data and/or scores lower than 4 in the 7-point scale about confidence in answering correctly. Finally, the usable responses were 252, yielding a response rate of 47.6%.

6.2.2 Independent and Mediating Variables

6.2.2.1 Mindset. Mindset was manipulated by prompting managers to read the same supposedly scientific articles used in study 2. The articles presented views of either fixed or growth mindset, in order to temporarily activate one of the two aforementioned mindsets. Participants, consequently, had to briefly summarize the essence of the article they had just read.

For an effective manipulation check, mindset was measured, similarly to study 2, with a 3-item scale adopted from Chiu et al. (1997). Respondents had to

indicate their agreement with the statements ‘The kind of person someone is, is something basic about them, and it can’t be changed very much’, ‘People can do things differently, but the important parts of who they are can’t really be changed’ and ‘Everyone is a certain kind of person, and there is not much that they can do to really change that’, on a 5-point scale (1= strongly disagree to 5= strongly agree) ($\alpha=0.86$).

6.2.2.2 *Psychic Distance.* Psychic Distance manipulation in this study was the same as the one used in the previous studies (1 and 2). Each participant was assigned to a certain geographical area that represented high or low psychic distance.

The high psychic distance condition read:

Now imagine that your company plans to enter a new South East Asian country where you have never performed any activity in the past. Please answer the following questions with the aforementioned scenario in mind.

The low psychic distance condition read:

Now imagine that your company plans to enter a new East European country where you have never performed any activity in the past. Please answer the following questions with the aforementioned scenario in mind.

The geographical area that was selected for each scenario was a result of examining relevant previous research studies. After examining the main factors that determine the Psychic Distance scale (Sousa and Lages 2010; Theodosiou and Katsikeas 2001), the researcher concluded that South East Asia and Eastern Europe are valid examples of high and low psychic distance respectively, when these regions are compared to Greece.

Finally, the manipulation check for psychic distance was performed by employing the same measure with the one used in study 1. That is, respondents had

to indicate the level of similarity between their home and host markets for 5 psychic distance aspects, namely level of economic and industrial development, political and legal system, level of literacy and education, cultural values, beliefs, attitudes and traditions, and language on a scale from 1 (very similar) to 5 (very different) ($\alpha=0.88$).

6.2.2.3 Construal level. Construal Level was measured by the behavioural identification form (BIF; Vallacher and Wegner, 1989) which assesses an individual's tendency to either a high or a low construal level mindset. The BIF is a long-established measure of the construal level and is encountered in a plethora of research studies. BIF includes 25 objects that measure the abstractness level of identified actions; for example, one of the objects reads "locking the door: putting a key in the lock vs. securing the house". Participants were asked to choose the description (e.g., putting a key in the lock or securing the house) that best portrays the relevant action (e.g., locking the door). In the current study, 8 objects in total were randomly chosen by the researcher and each one of them provided 2 options, one with a high and one with a low construal level description.

6.2.3 Dependent Variables

6.2.3.1 Entry mode. The entry mode choice measure was adapted from Forlani, Parthasarathy and Keaveney (2008). Managers were asked to point out from their perspective the overall best type of business arrangement to have in the scenario market. Being an item with non-latent properties, the researcher measured it with a single, seven-point scale that constituted 1- indirect exporting, 2- direct exporting, 3- strategic alliance, 4- minority joint venture, 5- 50-50 joint venture, 6- majority joint venture, and 7-wholly owned subsidiary.

6.2.3.2 Marketing strategy adaptation. Marketing strategy adaptation was operationalized as a second order construct comprised of price, promotion, product and distribution elements. The scale described the degree to which the aforementioned elements are adapted when entering a new market according to the scenario each respondent was allocated to. Similar to the price adaptation scale of study 1, it deemed appropriate to indicate the level of adaptation intentions through a 4-item scale, where each item corresponded to an element of the marketing mix (price, promotion, product and distribution). Specifically, marketing strategy adaptation intentions were assessed by a 7-point scale, where 1 corresponded to ‘fully standardised strategy’ and 7 to ‘fully adapted strategy’.

6.3 Results

6.3.1 Preliminary analysis. The categorical variables of study 3 were mindset (fixed vs. growth) and psychic distance (low vs. high). According to table 6.1, 66 managers were assigned to the fixed mindset-low psychic distance condition, 68 to the fixed mindset-high psychic distance condition, 56 to the growth mindset, low psychic distance condition and 62 to the growth mindset-high psychic distance condition.

Table 6. 1. Crosstabulation between psychic distance and mindset.

		Fixed mindset	Growth mindset	Total
Psychic distance	Low	66	56	122
	High	68	62	130
	Total	134	118	252

Further, according to the table 6.2 below, 122 managers (48.4%) and 130 managers (51.6%) in the sample were presented with the low and high psychic

distance scenarios respectively. Moreover, out of the total of managers, 134 (53.2%) were allocated to the fixed mindset scenario and 118 (46.8%) to the growth mindset scenario.

Table 6. 2. Frequencies of psychic distance and mindset.

<i>Psychic Distance</i>		Frequency	Valid percent	Cumulative percent
Valid	Low	122	48.4	48.4
	High	130	51.6	100
	Total	252		
<i>Mindset</i>		Frequency	Valid percent	Cumulative percent
Valid	Fixed	134	53.2	53.2
	Growth	118	46.8	100
	Total	252		

In addition, table 6.3 depicts the mean values of the control variables of the study, namely international experience, firm size, firm age, firm's international activity, experience with the firm and number of markets.

Table 6. 3. Mean values of the control variables.

Control variables	International experience	Firm size	Firm age	Firm's international activity	Experience with the firm	Markets
N	252	252	252	252	252	252
Mean	8.82	33.28	24.3	17.14	13.5	5.23

Regarding the continuous variables of study 3, namely adaptation intentions and entry mode choice, table 6.4 presents their descriptive characteristics. Negative skewness for adaptation intentions indicates a clustering of scores at the high end, which is the right side as it can be seen in the histogram (figure 20). In contrast, the

positive skewness of entry mode implies that scores are clustered at the left side of the histogram (figure 21). Moreover, both variables present negative kurtosis, therefore their distribution is relatively flat. Nevertheless, these tests are too sensitive with large samples, it is, thus, suggested that inspection of the histograms and Q-Q plots would suffice (Tabachnick & Fidell, 2007). The normal Q-Q plots (figure 22 and figure 23) present a reasonably straight line, suggesting a normal distribution, while no outliers were detected in the boxplots (figure 24 and figure 25). In addition, having a closer inspection at the 5% trimmed mean, it is clear that the extreme scores do not have a strong influence on the actual mean.

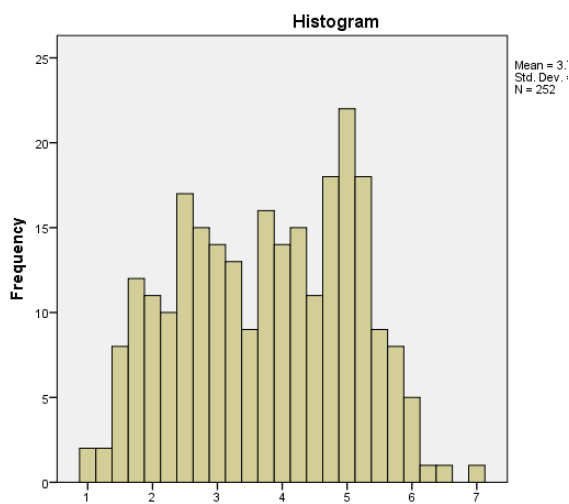


Figure 10. Histogram of adaptation intentions.

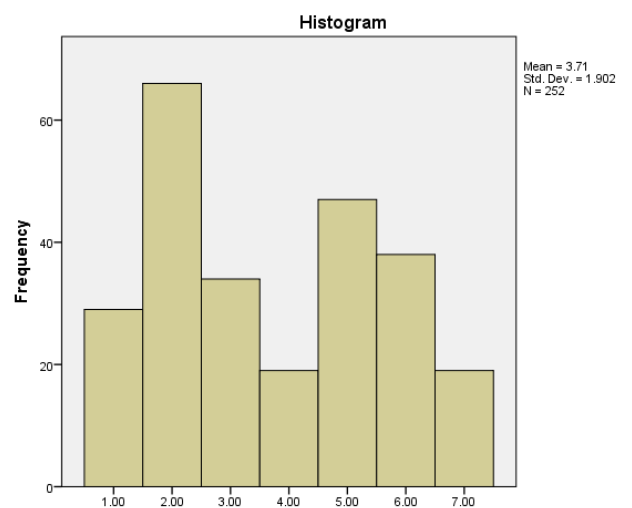


Figure 9. Histogram of entry mode choice (level of involvement).

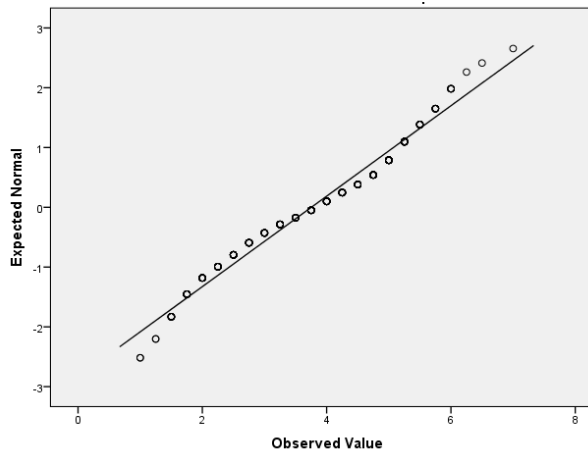


Figure 11. Normal Q-Q plot of adaptation intentions.

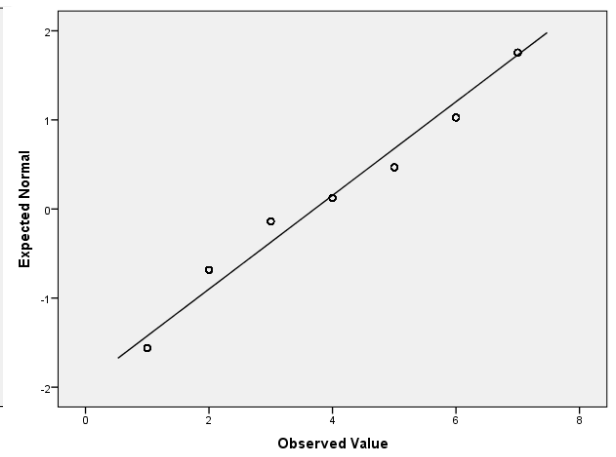


Figure 12. Normal Q-Q plot of entry mode choice (level of involvement).

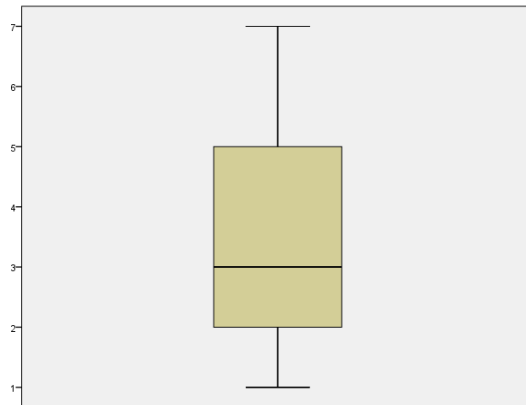


Figure 14. Boxplot of entry mode choice (level of involvement).

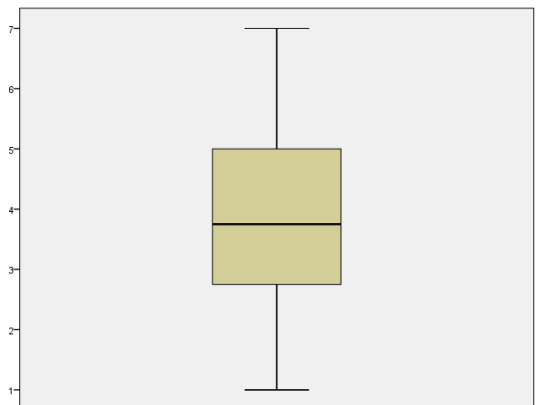


Figure 13. Boxplot of adaptation intentions.

Table 6. 4. Descriptive findings for entry mode choice and marketing mix adaptation intentions.

Items	Distribution of responses							Scale properties					
	1	2	3	4	5	6	7	Mean	5% trimmed mean	Median	SD	Skew.	Kurt.
Entry mode	11.5%	26.2%	13.5%	7.5%	18.7%	15.1%	7.5%	3.71	3.68	3	1.90	0.18	-1.30
Adaptation intentions								3.75	3.76	4	1.32	-0.08	-1.00
Adapt 4-Product	18.7%	22.2%	22.6%	15.9%	9.9%	7.9%	2.8%	3.11	3.04	3	1.64	0.52	-0.56
Adapt 3-Distribution	14.7%	20.2%	12.7%	9.1%	16.7%	15.1%	11.5%	3.84	3.83	4	2.02	0.09	-1.35
Adapt 2-Price	6.7%	18.7%	17.1%	11.5%	19.4%	19.9%	6.7%	4.06	4.06	4	1.78	-0.33	-1.16
Adapt 1-Promotion	9.1%	19.8%	11.1%	12.7%	21.4%	19.8%	6%	4.00	4.00	4	1.81	-0.14	-1.23

6.3.2 Manipulation checks. The researcher conducted an independent sample t-test to examine whether participants in the fixed (growth) mindset condition reported a tendency towards adopting entity (incremental), and whether participants in the growth mindset condition reported a tendency towards adopting incremental theory views. The results supported the experimental manipulation and, therefore, participants in the fixed mindset condition reported a higher level in the implicit theory scale ($M_{\text{Fixed}} = 4.20, p < 0.01$) than participants in the growth mindset condition ($M_{\text{Growth}} = 2.01, p < 0.01$). Scoring high in the implicit theory scale means that there is compliance with fixed mindset, whereas lower scores at the same scale imply the adoption of growth mindset.

With regard to participants' perception of psychic distance, the manipulation check results revealed that managers who were presented with the low psychic distance condition (Eastern Europe) scored low at the relevant scale ($M_{\text{LowPD}} = 2.20, p < 0.01$) indicating a great extent of similarity perceptions between the home and host countries. Participants in the high psychic distance condition (South East Asia), though, were inclined towards perceptions of dissimilarity between the two countries and therefore scored higher at the Psychic Distance scale ($M_{\text{HighPD}} = 4.25, p < 0.01$). In summary, the manipulations of fixed and growth mindsets and psychic distance had the intended effect.

6.3.3 Hypotheses testing. In order to test the hypotheses of the study, a 2 (mindset: fixed vs. growth) by 2 (psychic distance: low vs. high) between subject analysis of covariance (ANCOVA) was performed. The firm size (number of employees), the number of export markets, the number of years in an international capacity, the export experience (number of years of export activity), the number of

years at the current position and the company's age were the covariates of the study, whereas adaptation intentions and entry mode choice were the dependent variables.

Results revealed that mindset had a significant main effect on adaptation intentions ($F_{1,252} = 4.92, p=0.03$), therefore H2 is supported. That is, respondents exposed to the fixed mindset scenario reported lower adaptation intentions ($M_{\text{Fixed}}=3.61$) than respondents exposed to the growth mindset scenario ($M_{\text{Growth}}=3.85$). In particular (table 6.5), when adaptation intentions were decomposed, mindset was found to affect only promotion ($F_{1,252} =9.54, p<0.01$) adaptation intentions, while there was a marginally significant effect on price adaptation intentions ($F_{1,252} =2.68, p=0.10$). In addition, the main effect of mindset on entry mode was not significant ($p=0.70$), yielding the rejection of H3.

Table 6. 5. Effects of mindset on the marketing mix elements.

<i>Adaptation Intentions</i>	P value	F statistic	M_{Fixed}	M_{Growth}
Price	0.103	2.68	3.88	4.18
Promotion	0.002	9.54	3.70	4.29
Product	0.967	0.02	3.09	3.08
Distribution	0.833	0.44	3.78	3.82

Psychic distance had also a significant main effect both on adaptation intentions ($F_{1,252} =419.06, p<0.01$) and on every element of the marketing mix (table 6.6). Thus, respondents who were exposed to the high psychic distance scenario reported significantly higher adaptation intentions ($M_{\text{Hi}}=4.76$) than respondents exposed to the low psychic distance scenario ($M_{\text{Lo}} = 2.70$). Additionally, psychic distance had a significant main effect on entry mode ($F_{1,252} =197.25, p<0.01$); that is, respondents in the low psychic distance condition showed a preference towards

low involvement modes of entry ($M_{Lo} = 2.43$), while in high psychic distance, modes of higher involvement were preferred ($M_{Hi}=4.92$).

Table 6. 6. Effects of psychic distance on the marketing mix elements.

<i>Adaptation Intentions</i>	P value	F statistic	M_{Lo}	M_{Hi}
Price	<0.01	150.11	2.95	5.12
Promotion	<0.01	132.11	2.95	5.04
Distribution	<0.01	253.69	2.36	5.23
Product	<0.01	33.32	2.52	3.66

Furthermore, results showed that psychic distance moderates the effect of mindset on adaptation intentions, due to a significant two-way interaction effect ($F_{1,252} = 2.80$, $p < 0.1$). More specifically, in the low psychic distance condition, growth mindset managers demonstrate higher adaptation intentions than fixed mindset managers, whereas when psychic distance is high, both growth and fixed mindsets opt for similar high levels of adaptation. Thus, H10 is confirmed. In addition, H11 is supported as the moderating effect of psychic distance on the mindset – entry mode relationship is significant ($F_{1,252} = 3.73$, $p = 0.05$); that is, the effect of mindset on entry mode is strengthened for low psychic distance as growth mindset managers tend to select higher involvement business arrangements than their fixed mindset counterparts. The visualization of the above effects is presented in figures 26 and 27 below.

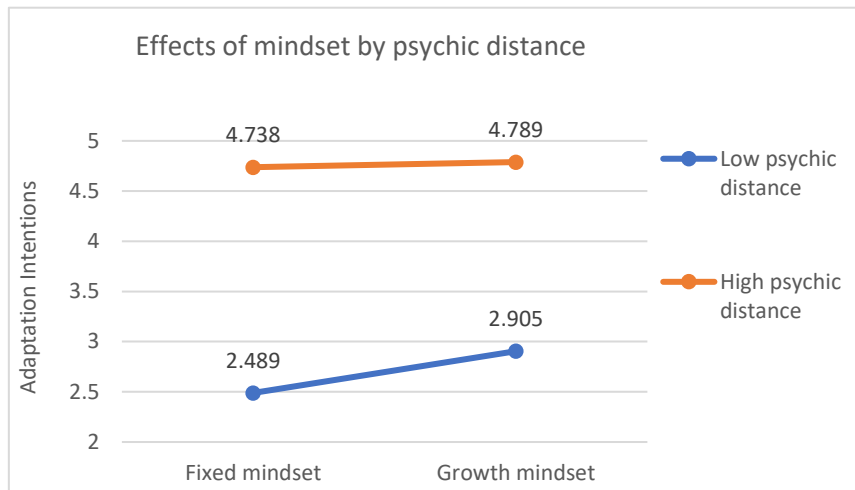


Figure 15. Moderating effects of psychic distance on mindset.

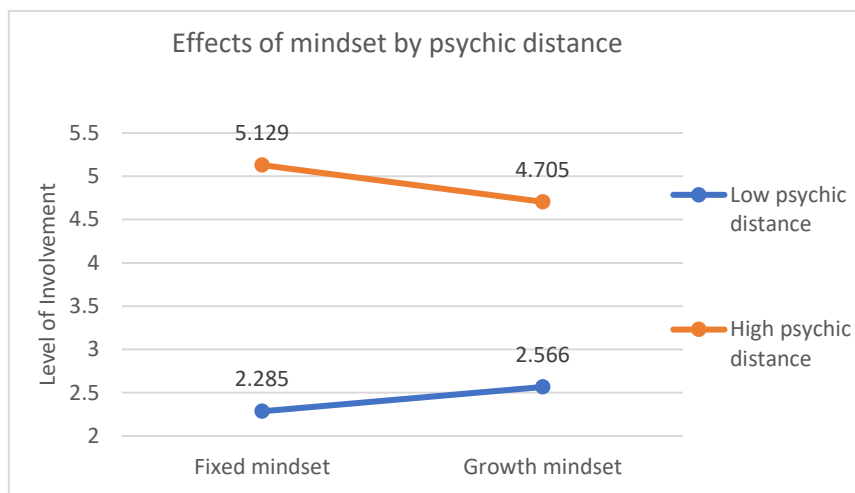


Figure 16. Moderating effects of psychic distance on mindset.

6.3.3.1 Mediation Analysis. H7 and H8 predicted that construal level mindset mediates the effect of mindset on (a) the level of adaptation intentions and (b) the level of involvement. In order to test this, two mediation analyses were performed suggested by Hayes (2013; PROCESS model 7). The results of these two bias-corrected analyses (5000 bootstraps) with psychic distance as the moderator, revealed that overall the total indirect effects of (a) mindset on adaptation intentions and (b) mindset on level of involvement are both insignificant ($\beta = 0.03$, 95% CI = [-

0.2667, +0.3224]) and ($\beta = 0.03$, 95% CI = [-0.3317, +0.4083]) respectively, yielding a rejection of H7 and H8

6.4 Discussion

The purpose of this study was to shed light on the conditions under which mindset affects the level of adaptation and involvement in cross-border strategies. Causal empirical support was provided to explain the moderating role of psychic distance and the mediating effect of construal level. The researcher specifically found, as expected, that mindset is a strong driver of intended adaptation decisions. The results indicated that growth mindsets tend to choose more adapted strategies than fixed mindsets, due to their more flexible and challenge seeking nature (Trope & Liberman, 2010). Further, the result of the effect of mindset on level of involvement is inconsistent with the hypothesis which suggests a direct effect. This is an unexpected finding, as mindset is a well-known driver of decision making.

With regard to the boundary conditions of the investigated relationship it was found that psychic distance moderates the effect of mindset on the level of adaptation. More specifically, the effect of mindset on adaptation is positive for low psychic distance, but the same effect weakens for high psychic distance, meaning that both growth and fixed mindsets are willing to adapt their strategies when they perceive high distance between the home and host markets. This is a very interesting finding that highlights under what conditions the two different mindset types have similar behavioural outcomes. In addition, moderator results indicated that in high psychic distance, the otherwise positive effect of mindset on the level of involvement becomes negative. Results specifically showed that in high psychic distance, growth mindset managers, compared to fixed ones, opt for lower levels of involvement. This

finding is consistent with a stream of literature (Gatignon & Anderson, 1988) which suggests that managers who seek flexibility in uncertain situations will opt for lower equity entry modes. Finally, the researcher's attempt to discover an applicable mediating mechanism failed. The current study suggests that construal level cannot explain the process that underlines the effect of mindset on intended adaptation and involvement. Nevertheless, this is an interesting finding that responds to the call of Rucker and Galinsky (2016) for elaborated research on the interaction of mindsets.

CHAPTER 7 CONCLUSION

7.1 General discussion of results

Does mindset affect international marketing decisions and under what circumstances does this effect occur? Examining, in retrospect, the aforementioned question, the researcher has been able to provide substantial and reliable answers after conducting three empirical studies that aimed to disclose the role of mindset in managerial decision-making processes. The structure of these studies was based upon a hyper conceptual model, which had been created in a way that serves the purpose of the research question. Hence, including perceptions deemed necessary in order to achieve a right balance between mindset and behavioural outcomes as pertinent literature suggests (e.g., Sousa & Bradley, 2008; Trope & Liberman, 2010). Thereby, perception complemented the effect of mindset on managerial decision; perceptions of distance drive international marketing decisions and they activate mindset, as well. What the hyper conceptual model suggested, was that mindset and perceptions both lead to behavioural outcomes (i.e., decisions), but mindset can additionally explain how perceptions drive decisions. Moreover, the research question comprised 2 parts: (a) Does mindset affect decisions and (b) under what circumstances does mindset affect decisions? These two questions were addressed by decomposing the conceptual hyper-model presented earlier. Table 7.1 depicts this procedure.

Table 7. 2. An overview of key findings.

	Sub-model 1 (study 1)	Sub-model 2 (study 2)	Sub-model 3 (study 3)	
	<pre> graph LR A[Perceptions of distance] --> B[Mindset] B --> C[Decisions] </pre>			
Research question:	<p><i>How and under what circumstances does mindset affect international marketing decisions?</i></p>			
	<pre> graph LR A[Thinking style] --> B[Constraint level mindset] C[Promotion orientation] --> B B --> D[Price adaptation intentions] </pre>	<pre> graph LR A[Temporal distance] --> B[Fixed/growth mindset] C[Spatial distance] --> B B --> D[Lifestyle adaptation intentions] </pre>	<pre> graph LR A[Fixed/growth mindset] --> B[Constraint level mindset] C[Psychic distance] --> B B --> D[Adaptation intentions] B --> E[Entry mode choice] </pre>	
Sub-question 1:	<p><i>Does mindset affect decisions and how is this effect achieved?</i></p>	<p>Mindset mediates the effect of psychic distance on adaptation decisions, thus affecting decisions</p>	<p>Mindset has a direct effect on consumer adaptation decisions</p>	<p>Mindset has a direct effect on managerial adaptation decisions</p>
Sub-question 2:	<p><i>Under what circumstances does mindset affect decisions?</i></p>			
Additional findings:	<ul style="list-style-type: none"> • Perceptions of distance drive adaptation decisions • The interaction of psychic distance and thinking style drives adaptation decisions • Promotion focus drives adaptation decisions • The interaction of psychic distance and promotion focus drives adaptation decisions 			<ul style="list-style-type: none"> • Psychic distance drives adaptation and entry mode decisions

Overall, it was found that mindset has a direct effect on managerial decisions, while this effect is moderated by different levels of perceived distance. More specifically, when people adopt a growth mindset, they tend to take adaptation decisions, compared to fixed mindset people who are more favourable toward standardisation decisions. Although the concept of adaptivity has strongly been linked to mindset (Dweck & Leggett, 1988), the level of adaptation was examined in different contexts in order to draw more reliable conclusions. Thus, both in consumer and managerial settings, mindset and adaptation are characterized by a positive relationship. In support of these findings, the researcher tested the effect of two different mindset types on adaptations decisions (i.e., construal-level and fixed/growth mindset) and the significant results, in all cases, highlighted the strength of mindset on behavioural outcomes.

Zooming into adaptation decisions, it was revealed that across the marketing mix elements, it is price and promotion that seem to be particularly affected by mindset with regards to their adaptation levels. Most probably this finding is justified by the nature of product and distribution strategies. Product is generally the most standardized element of a marketing strategy (Theodosiou & Leonidou, 2003). In other words, adapting a product would demand new production designing and at the same time it would delay, or even impede, the rapid diffusion of products in markets (Theodosiou & Leonidou, 2003). Very probably, most managers would not consider product adjustments at all, which is justified by the insignificant effect of mindset on product adaptation; regardless of the activation of a fixed or growth mindset, product standardisation levels remained stable. Similarly, distribution was not affected by mindset. Distribution is the most adapted element of the marketing mix, while literature suggests that standardizing the distribution channels is very demanding and

complex, partly due to legislation, special documentation and accessibility of transportation means in different markets (Dimitrova & Rosenblum, 2010; Theodosiou & Leonidou, 2003). It is not coincidental that product and distribution remained unaffected by mindset. Being two extremes in the standardisation-adaptation continuum, these two elements are very hard to either adapt or standardize and, therefore, were not affected by mindset. Nevertheless, psychic distance had a strong effect on every element of the marketing mix. The seemingly unchangeable nature of distribution and product is influenced by managers' perceptions of distance. Surprisingly, this effect is only significant for managers, but not for consumers. The latter did not intend to adapt their lifestyle based on how distant a relocation country was. Although spatial distance was accurately captured, with France being significantly farther from the US than Canada, the perception of distance was probably inconsistent across respondents. Although an additional psychic distance check revealed that consumers presented with the *France* scenario reported a higher mean ($M_{FR}=4.05$) in the psychic distance scale³ than respondents presented with the *Canada* scenario ($M_{CA}=3.17$), the absolute difference, namely 0.88 units, does not depict distinct psychic distance perceptions. Even though Canada and the US are two culturally and geographically close countries, in fact they might be more distant than anticipated (O'Grady & Lane, 1996). Another possible explanation of the different findings between managers and consumers might be that the researcher used a more direct manipulation in the consumer study, where the scenario specified the relocation country. Contrariwise, managers were presented with a region, rather than a country. Perhaps, the selection of specific countries might have been unrealistic for some respondents. It remains speculative, though, if

³ Higher values in the psychic distance scale reveal difference perceptions between two countries

the slightly different manipulation approach was responsible for the different outcomes.

In addition, results revealed that the otherwise positive relationship between mindset and level of involvement becomes negative for high psychic distance. The intrinsic level of risk tolerance is central in strategic decisions, which determine apropos actions, such as the level of involvement in international ventures (Henderson & Nutt, 1980; Jiang et al., 2018). Moreover, fixed mindsets are well known to abstain from demanding, complex and risky tasks (Murphy & Dweck, 2010). Therefore, one possible explanation for this occurrence is that due to the higher levels of risk, which accompany high psychic distance, the risk averse fixed mindset managers tend to prefer joint modes of entry.

In contrast, for low psychic distance where the risk levels are negligible, fixed mindset managers seem to prefer exporting strategies, probably due to their relative lack of complexity against joint ventures. At the same time, growth mindset managers would very plausibly espouse cultural diversity in the host market as they accept change and are open to experience to a higher degree than fixed mindsets (Yorkston et al., 2010). Thus, in an effort to preserve the local identity of the host market, they might have opted for lower levels of involvement, which are characterized as less invasive entry modes (Chan & Makino, 2007; Jiang et al., 2018).

Furthermore, the psychic distance–pricing adaptation intention relationship was, surprisingly, mediated by the activation of construal level mindset only among managers based in Greece, but not in Taiwan. This is an interesting finding that makes one question the global applicability of construal level theory, at least in the context of managerial decision making. Analytic thinking, often associated with

western cultures (Yate & Oliveira, 2016), was found to strengthen the effect of psychic distance on adaptation decisions, while construal level explained the above relationship. Nonetheless, managers characterized by holistic thinking were based in Taiwan and revealed adaptation tendencies regardless of psychic distance or construal level. These differences are intriguing but could be explained by the reference point adjustment (Arkes et al., 2008). Researchers have asserted that decisions makers adjust their reference point according to specific decisions (Kahneman & Tversky, 1979), and this act is more frequent among Asian individuals (Arkes et al., 2010). In other words, Asian cultures tend to adapt to circumstances instead of suiting the circumstances to themselves (Hsu, 1981). Translating this fact in a managerial context, it can be inferred that Asian managers favour adaptation decisions across all export markets, instead of selecting only those export markets that suit their strategies. For instance, if a Taiwanese firm manufactures a considerably standardized product, but plans to enter new diverse markets, then it is very likely that the product will be adapted across markets. Additional support for the consistent adaptation strategies of Asian cultures is found in the concept of cultural intelligence (CQ, Earley & Ang, 2003, p.9) which is defined as 'a person's capability for successful adaptation to new unfamiliar (cultural) settings'. Relevant studies (e.g., Imai & Gelfand, 2010) have disclosed higher scores in the CQ scale for Asian rather than Western cultures. Taking the above into consideration, while the suggested effect of psychic distance on adaptation is mediated by construal level mindset only among analytic managers, their holistic counterparts seem unaffected by this effect and tend to employ adaptation strategies in their international marketing ventures.

Finally, the researcher's attempt to discover an applicable mediating mechanism that could explain how mindset affects behavioural outcomes, failed. In particular, the construal level could not explain the process that underlines the effect of mindset on intended adaptation and entry mode choice. Up to now, there is no consensus in the literature and no empirical evidence if multiple mindsets exist and how they are related to each other. This research project is the first attempt to examine a hierarchical connection between growth and construal level mindset. Although the great importance and robustness of mindset is not questioned, it is suggested that future research should examine whether other mindsets (i.e., power mindset, Galinsky, Rucker & Magee, 2015) are responsible for the effects of growth and fixed mindset.

7.2 Research Implications

7.2.1 Theoretical implications. The current thesis has significantly contributed to the international marketing literature by introducing new antecedents and to the consumer psychology literature by suggesting a new behavioural outcome.

A major conceptual gap in the international marketing literature has been addressed; the assumption of perfect rationality in behavioural models (Aharoni et al., 2011). Ideally, a fully rational decision-making process would rely on impeccable knowledge and include a thorough comparison of alternatives and accurate judgement of their consequences (Saaty, 2008; Tarka, 2017).

Nevertheless, in a business context, mathematical precision in decision making processes is rather unrealistic, given the extreme time pressure and environmental complexity (March & Simon, 1993; Tarka, 2017). Managers, thus, are compelled to form subjective reasoning mechanisms (Perlow et al., 2002) which

characterize bounded rationality. According to this concept, decision makers are rational humans, but their ability to interpret and construe environmental stimuli is restricted by the abundance and complexity of available information (Ahi et al., 2017; Simon, 1955). The researcher supports the view that managers are boundedly rational, therefore neglecting their cognitive orientation and perception would generate flawed results (Aharoni et al., 2011; Kaczmarek & Ruigrok, 2013). Still, most international marketing and business models either do not incorporate managers or depict them as fully rational individuals (Kogut et al., 2002).

By examining the role of managerial mindset and perception in adaptation and entry mode decisions, the current thesis has offered invaluable insights into the international marketing literature and introduced a new perspective of managerial decision making. Moreover, particular attention was given to the problematic operationalisation of psychic distance, discussed in chapter 2.

Instead of treating psychic distance as a firm-external variable, the researcher manipulated the variable in order to accurately capture its perceptual nature. In addition, both psychic distance and mindset were examined in a cross-cultural environment yielding interesting results that enrich the international marketing literature by offering intercultural insights.

Finally, researchers are urged to study the ‘larger concept of mindset’ instead of focusing on a single mindset, in order to address 4 critical questions: (a) which mindset is the most influential, (b) which mindset is hierarchically the most foundational, (c) how do mindsets interact with each other, and (d) when do mindsets generate beneficial outcomes? (cf. Rucker & Galinsky, 2016, p.164).

The current thesis offered new insights into this very fresh research area and attempted to explore mindset hierarchy and interaction. Although construal level and

fixed/growth mindset did not appear to be serially connected, a new behavioural outcome, namely adaptation intentions, was introduced and, thus, new theoretical implications were provided to the consumer and cognitive psychology literatures.

7.2.2 Managerial Implications. The findings of the current thesis provide implications for senior marketing managers, chief executives and organisations.

The results highlight the value of growth mindsets for senior marketing managers who are responsible for strategic decision-making processes in firms with international activity. Growth mindsets are linked to higher levels of adaptation decisions; nevertheless, it has to be stressed that mindsets are not always chronic but can also be situationally activated (Nussbaum & Dweck, 2008) as different environmental information can activate a temporal mindset (Murphy & Dweck, 2016). Therefore, senior managers need to become aware of the significant role that growth mindset plays when adaptation or entry mode decisions are involved. Regardless of whether such decisions are occasional or form part of an ongoing strategy, marketing managers need to cultivate their mindset accordingly. They will be then able to effectively address any potential challenges and be more flexible if any complexities arise, as their mindset is conducive to functioning in a specific environment.

Moreover, the proven mindset effect on international marketing decisions has equally important implications for organisations. Chief stakeholders should not take for granted that their international marketing managers' way of thinking will be aligned to the firm's idiosyncrasy and follow the intended cross-border strategies. For example, one of the studies revealed that Europe-based firms generally select adaptation strategies for their international ventures in remote locations. In similar situations, senior managers with a high construal-level or growth mindset are well suited to the firm's strategic plans. In order to cultivate or acquire the desirable mindsets, relevant internal and

external training sessions, carefully designed by human resources teams, are necessary for senior and international marketing managers.

Furthermore, policy-makers ought to comprehend the managerial mindset which drives international marketing decisions, in order to generate and provide important and pertinent official papers. The decision to implement either a standardised or adapted strategy eventually relies upon senior management individuals and is significantly determined by their mindset, as the current findings suggest. Thus, public bodies should consider such findings when creating and implementing governmental procedures. For example, senior managers that hold a fixed mindset but decide to execute adaptation strategies in a new international venture, may profit greatly from government aid (i.e., tailored training schemes).

In addition, it was revealed that the impact of perceived distance on the manager's decision to adapt the price for export markets is accentuated for low promotion oriented European managers with an analytic thinking style. Such a finding has implications for international marketing management when it comes to recruitment and management of export marketing managers in different geographical markets. Specifically, global chief executives cannot assume in advance that their various export managers will make similar strategic price decisions, even in cases where environmental information is uniformly perceived, such as perceptions of psychic distance. Thus, suitable hiring procedures that target the desired mindset need to be in place, while frequent mentoring or training programmes should operate on a frequent basis.

While there is no favouritism over which type of thinking that characterizes construal level mindset (i.e., concrete vs. abstract) is more effective, in the case of implicit mindset, scholars generally imply that growth mindset is more superior to

fixed. In fact, many consumer behaviour studies impel marketing managers to adopt a growth mindset in order to achieve greater success.

The researcher, though, does not fully comply with this standpoint. First of all, the majority of research on mindset has been realised in educational contexts with great focus on achievement. Hence, growth mindsets, which are characterized by higher levels of effort and need for personal development, are favourably judged over fixed mindsets that are not willing to put in maximum effort in the face of failure.

Nevertheless, within consumer and business contexts such views are not always substantial. As Wheeler and Omair (2016, p.138) state ‘the growth mindsets of companies and individuals may have to be reasonably well-calibrated to reality’. For example, some studies (e.g., Haselhuhn et al., 2010) suggest that growth mindset customers are more beneficial as they are characterized by higher levels of leniency toward a firm’s misdemeanour; however, if firms take that for granted, setting unrealistic goals might become a habit, since the fear of losing loyal customers is dampened (Wheeler & Omair, 2016). It is, therefore, suggested that managers are not biased by the seeming superiority of growth mindset, but evaluate carefully a specific situation before building strategies based on mindset.

Fixed and growth mindset is a powerful tool with extensive applicability to a wide range of marketing-related decisions. Comprehending the way mindset shapes adaptation and entry mode decisions should enable brand managers target their desirable audience and should also guide firms when entering new markets or designing international marketing strategies.

7.3 Limitations and future research directions

The findings of the current thesis must be interpreted within the frame of its limitations. First, study 1 was limited by the sampled countries. Although Greece and Taiwan are good representations of comparable, yet different markets, future studies could investigate the impact and mechanisms of psychic distance in countries with relatively larger domestic markets to see if the results still hold, or whether the unexpected patterns found in the Taiwanese sample are valid for more non-Western markets. Such findings would enhance the field in interesting directions and contribute to a cross-cultural perspective by providing cultural insights into the applicability of mindset.

Second, only a limited number of unobservable characteristics (i.e., mindset, thinking style, promotion orientation and perceived distance) on international marketing decisions were studied. Future research should encompass new managerial characteristics in order to obtain more comprehensive results of the way strategic decisions are formed. For example, it is suggested that *power* and *intergroup* mindset constitute a fertile ground for exploring further international marketing decision making processes. Intergroup mindset, namely managerial beliefs about growth or fixed characteristics of other groups, may affect a firm's adaption strategy when entering a new market (Murphy & Dweck, 2016). For instance, a fast food chain with pork products that holds fixed views of a middle-east market would reject this market, believing that its people would have identified the chain with Western values. In contrast, approaching the same market with growth views would lead the company to adapt its menu and offer halal food products (Daszkowski, 2013). It is evident that apart from the individual mindset, the intergroup mindset can very possibly influence managerial decisions.

Third, the current study suggests that construal level mindset cannot explain the process that underlines the effect of mindset on intended adaptation and involvement. Although the great importance and robustness of mindset is not questioned, the researcher suggests that future research should examine whether other mindsets (i.e., power mindset, cf. Galinsky, Rucker & Magee, 2015) are responsible for the effects of growth and fixed mindsets.

Finally, the current research dwelt on the effect of mindset on intended behavioural outcomes and provided perceptive insights into the managerial decision-making process within the international marketing field. Apparently, the impact of adaptation and entry mode decisions on the subsidiary, or parent firm, performance was not the scope of the current research and, thus, not accessed. Nevertheless, given the heightened importance of performance, future studies should employ structural equation modelling techniques and develop further this model by incorporating performance outcomes and evaluating whether mindset could eventually influence firm performance.

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APPENDIX A

Part 1

Study 1 questionnaire

International marketing strategy adaptation of export venture

Dear participant,

My name is Christina Papadopoulou and I am a PhD student of Marketing at Leeds University Business School. As part of my studies, I am currently conducting research on the export strategies of firms. I kindly ask you to complete my survey which will take approximately 5 minutes. All information you provide will be treated as confidential. Your contribution to my survey is greatly appreciated. Thank you!

If you have any queries you can contact me at: bn14cp@leeds.ac.uk

Information on the export venture

An export venture can be defined as the marketing of a specific product to a specific export market (for instance a Greek firm exporting computer parts to the Swedish market). I would now appreciate it if you could provide information about a particular export venture that you will focus on in this survey. As some questions are quite detailed, I recommend that you select an export venture about which you have substantial knowledge.

Q.1 Please indicate a product that you export

Q.2 The main end-user of your product in the export market is:

Companies

Consumers

Please now imagine that your company plans to export the above product to a new Eastern European (South East Asian) country, where you have never performed any exporting activity in the past. Please answer the following questions with the aforementioned scenario in mind.

Q.3 [PRICE ADAPTATION INTENTIONS] Please indicate to what extent you would select a standardized or adapted pricing strategy, relative to your home market

[Fully standardized pricing strategy]_1_2_3_4_5_6_7_[Fully adapted pricing strategy]

Q.4 [CONSTRUAL LEVEL] Now, having in mind the above scenario regarding your company's plan, please choose for each action listed below, the description that expresses the action better:

1. *Making a list:*

Getting organised

Writing things down

2. *Greeting someone:*

Showing friendliness

Saying 'hello'

3. *Resisting temptation:*

Showing moral courage

Saying 'no'

4. *Driving by car:*

Traveling to a destination

Steering and changing gears

5. *Paying the rent:*

Maintaining a place to live

Paying the bill

6. *Taking a test:*

Showing one's knowledge

Answering questions

Q.5 [PROMOTION ORIENTATION] Please indicate how frequently the specific events below actually occur or have occurred in your life:

Q5a [PROMO1] Compared to most people, you are typically unable to get what you want out of life (reversed)

[Certainly false]_1_2_3_4_5_[Certainly true]

Q5b [PROMO2] How often have you accomplished things that got you 'psyched' to work even harder?

[Never]_1_2_3_4_5_[Always]

Q5c [PROMO3] Do you often do well at different things you try?

[Never]_1_2_3_4_5_[Always]

Q5d [PROMO4] When it comes to achieving things that are important to me, I find that I don't perform as well as I ideally would like to do (reversed)

[Certainly false]_1_2_3_4_5_[Certainly true]

Q5e [PROMO5] I have found very few hobbies or activities that capture my interest or motivate me to

[Certainly false]_1_2_3_4_5_[Certainly true]

put effort into them
(reversed)

Q5f [PROMO6] I feel like I have made progress toward being successful in my life [Certainly false]_1_2_3_4_5_[Certainly true]

Q.6 Are you currently exporting to the scenario market in question? Yes
No

Q.7 [PSYCHIC DISTANCE] Please indicate the degree to which you perceive your country to be different from or similar to the Eastern European (South East Asian) country in the following aspects:

Q7a Level of economic and industrial development [Very similar]__1__2__3__4__5__6__7__[Very different]

Q7b Political and legal system [Very similar]__1__2__3__4__5__6__7__[Very different]

Q7c Level of literacy and education [Very similar]__1__2__3__4__5__6__7__[Very different]

Q7d Cultural values, beliefs, attitudes and traditions [Very similar]__1__2__3__4__5__6__7__[Very different]

Q7e Language [Very similar]__1__2__3__4__5__6__7__[Very different]

Company information

Q.8 In which country is your company located?

Q.9 [CONTROL1] Number of current full-time employees

Q.10 [CONTROL2] Number of years your firm has been exporting

Q.11 [CONTROL3] Number of markets your company has been exporting to

Q.12 [CONTROL4] Number of years working in an international capacity

Q.13 [CONTROL5] What is the extent of control your company, or the importer, has over the pricing marketing strategy? [Our firm has full control]_1_2_3_4_5_6_7_[Importer has full control]

Q.14 My confidence about answering the questions in a correct manner [Very low]_1_2_3_4_5_6_7_[Very high]

Part 2

List of manufacturing goods

Pork Meat	woven	Knotted carpets	chemicals	motorcycle parts
Product "Gyros"	textiles	polyester	Vegetable oils	petrochemicals
olive oil	Tea	(thermoplastic)	Sports equipment	batteries
Metal spare parts	dairy	wires	Knit t-shirts	iron containers
cotton- raw	machinery	buttons	valves	knit gloves
feta cheese	rice	Barley	Fish oil	Video Displays
Pork Meat	Ink	machinery parts	Animal food	Blankets
relish	Baby	Dairy machinery	Packaged	Baked goods
Greek yogurt	garments	Silicone	medicaments	Audio alarms
peaches- fruits	footwear	Analog circuits	Batteries	Mirrors
fertilizers	relish	Vehicle partd	Dairy products	Active wear
car parts	wool	Copper	Refined petroleum	spare metal parts
car parts	eyewear	Linen	olives	toys
yogurt	uncoated	Microcontrollers	Vehicle parts	Electric motor parts
lift parts	paper	textiles	Hair products	seats
sanitary pads	plastic bags	Fruits	wine	knit active wear
organic fruits	corn	Locomotive parts	fruits	Labels
bio nuts	silicone	panels	(apples/peaches)	Rice
plastic pipes	mens shirts	car parts	Cheese	crisps
marble	pickled food	toys	seeds	pitta bread
steel	frozen fruits	Raw cotton	scented mixtures	raw tobacco
powder pigments	prepared	Blankets	Raw sugar	Plastic lids
organic fruits	meals	Writing Implements	Soap	spare lift parts
crisps	Cheese	rubber tires	organic fruit	Cretan rusk
pre-fried	tropical	Integrated circuits	Cleaning products	olive oil
potatoes	fruits	ferrous metals	Integrated circuits	Electrical power
tomato sauce	Linens	synthetic textiles	Inorganic salts	accessories
pasta	Scarves	mobile accessories	Processed fruits	dried fruits
olives	woven	Lurex	Baguette bread	motor parts
clay	cotton	Mattresses	Margarine	wood crates
fruits	nickel pipes	air pumps	Fresh non-fillet	sound equipment
cheese sauce	spices	Melamine	fish	sheep meat
pasta	palm oil	Towels	Processed fish	Honey
pasta	Steam	olive oil	Marble	saucers (mayo)
spinach -frozen-	Turbines	wine	Cement	plastic basins
feta cheese	Toilet paper	olive oil	Cheese	silver chains
dairy products	processed	seeds	Prepared cereals	jam
fertilizers	nuts	olives	poultry meat	Air pumps
chios mastiha	lenses	fruits	Thermostats	Goat meat
crisps	Vegetables	biological nuts	frozen spinach	mushrooms
chocolate bars	Inedible oils	fresh fish	interior glassware	Cutlery
hummus	cutting	Vegetable products	Bottled water	seasoning
powdered milk	blades	milk products -	Pasta	seeds
diapers	Textiles	cheese-	Pure olive oil	
machine parts	Milk	pre-fried potatoes	Beer	
ham	crayons	cement	Ethylene	
chemicals -	Frozen fish	Electric Heaters	Polymers	
polyethylene	fillet	Bathroom ceramics	jams	

machinery parts - dynamo salted fish grapes steel baguette bread	Ground Nuts Leather footwear Dental products Buttons	Processed fish non-woven textiles Fruit juice Processed	Processed fruit Palm oil pickled food Dairy products Frozen vegetables Wheat	
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APPENDIX B

Part 1

Study 2 questionnaire

Dear Participant, please complete the following survey which will take approximately 7 minutes. All information you provide will be treated as confidential.

Fixed mindset condition

Please read the following text carefully:

According to scientists, people's attitudes, beliefs and opinions are considerably static. Thus, your personality and your mindset are not dynamic, as they shape before adulthood and remain solid and robust throughout adulthood. Moreover, research has shown that in general people do not change much during their life, as human nature is stable and each one of us owns a limited set of fairly fixed traits.

In his talk at the American Psychological Association's annual convention held at Washington D.C. in August, Dr. George Medin argued that "in most of us, by the age of ten, our character has set like plaster and will never soften again." He reported numerous large longitudinal studies showing that people "age and develop, but they do so on the foundation of enduring dispositions.

Please summarize in 1-2 lines the essence of the text above:

Growth mindset condition

Please read the following text carefully:

According to scientists, people's attitudes, beliefs and opinions are considerably dynamic. Thus, your personality and your mindset are not static, as they constantly evolve before adulthood and are highly malleable throughout adulthood. Moreover, research has shown that in general people change a lot during their life, as human nature is volatile and each one of us owns a dynamic set of developing traits.

In his talk at the American Psychological Association's annual convention held at Washington D.C. in August, Dr. George Medin argued that "no one's character is as 'hard as a rock' so that it cannot be changed. Only for some, greater effort and determination are needed to effect changes." He reported numerous large longitudinal studies showing that people can mature and change their character. He also reported research findings showing that people's personality characteristics can change, even in their late sixties.

❖ Imagine now that you are going to relocate to Canada (France) for work or studies for 1 (5) year(s). Please answer the following questions:

Q.1 How likely are you to adapt the following aspects of your lifestyle (activities, interests and opinions) on the lifestyle of the country you will go?

	Extremely unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Extremely likely
Recreational activities (e.g. Dining out)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchasing activities (e.g. local stores vs shopping centers)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leisure time activities (e.g. indoor vs outdoor activities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Culinary interests (e.g. cuisine) (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fashion interests (e.g. fashion trends and style)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Media preference (e.g. TV, internet etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cultural opinions (e.g. tradition and values perceptions)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political opinions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social issues opinions (e.g. Public health and education systems)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q.2 Please read the statements carefully and give the answer that is true for you in general or most of the time.

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
I feel that life is very rewarding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I don't feel particularly pleased with the way I am	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am well satisfied about everything in my life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can find time for everything I want to	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q.3 How satisfied are you currently with your life as a whole?

- Extremely satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Extremely dissatisfied

Q.4 Please indicate the extent to which you agree or disagree with the following statements regarding your style of coping with negative events

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
The kind of person someone is, is something very basic about them and it can't be changed very much	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People can do things differently, but the important parts of who they are, can't really be changed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Everyone is a certain kind of person and there is not much that can be done to really change that	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q.5 In which country, according to the scenario, are you supposed to relocate to?

- France
- Canada

Q.6 According to the scenario, what was the duration of your relocation to the foreign country?

- 1 year
- 5 year

APPENDIX C

Study 3 questionnaire



Dear participant,

The following survey is conducted by Leeds University Business School and investigates internationalization strategies of firms. Please complete the questionnaire below that will approximately take 10 minutes. All information you provide will be treated as confidential.

Please now read the following text carefully:

Fixed mindset scenario:

“According to scientists, people's attitudes, beliefs and opinions, are considerably static. Thus, your personality and mindset are not dynamic as they shape before adulthood, and remain solid and robust throughout adulthood. Moreover, research has shown that in general, people do not change much during their life, as human nature is stable and each one of us owns a limited set of fairly fixed traits.

In his talk at the American Psychological Association's annual convention held at Washington D.C. in August, Dr. George Medin argued that “in most of us, by the age of ten, our character has set like plaster and will never soften again.” He reported numerous large longitudinal studies showing that people “age and develop, but they do so on the foundation of enduring dispositions.”

Growth mindset scenario:

“According to scientists, people's attitudes, beliefs and opinions, are considerably dynamic. Thus, your personality and mindset are not static as they constantly evolve before adulthood, and are highly malleable throughout adulthood. Moreover, research has shown that in general, people change a lot during their life, as human nature is volatile and each one of us owns a dynamic set of developing traits.

In his talk at the American Psychological Association's annual convention held at Washington D.C. in August, Dr. George Medin argued that “no one's character is as ‘hard as a rock’ so that it cannot be changed. Only for some, greater effort and determination are needed to effect changes.” He reported numerous large longitudinal studies showing that people can mature and change their character. He also reported research findings showing that people's personality characteristics can change, even in their late sixties.”

Please summarize in a few words the essence of the text above:

Now imagine that your company plans to enter a new Southern European (South East Asian) country where you have never performed any activity in the past. Please answer the following questions with the aforementioned scenario in mind. Please answer the following questions having in mind Dr. Medin's talk and your company's plan to enter a new Southern European (South East Asian) country.

1) From your perspective, which is the overall best type of business arrangement to have in the scenario market?

Entry modes include exporting, strategic alliances (a mutually beneficial arrangement between two companies that maintain their autonomy) joint ventures (a business arrangement between two or more parties that creates a separate business entity) and wholly owned subsidiaries (subsidiary companies whose common stock is 100% owned by the parent company)

Indirect exporting	Direct exporting	Strategic alliance	Minority joint venture	50-50 joint venture	Majority joint venture	Wholly owned subsidiary
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

2) Please indicate to what extent you would select a standardized or adapted strategy for the marketing mix elements, relative to your home market.

(1-Fully standardized strategy ... 7-Fully adapted strategy)

Price	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Promotion	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Product	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Distribution	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>

3) Having in mind the above scenario, please choose, for each action listed below, the description that expresses the action better than the other.

Making a list	Getting organized <input type="checkbox"/>	Writing things down <input type="checkbox"/>
Reading	Following the lines of print <input type="checkbox"/>	Gaining knowledge <input type="checkbox"/>
Locking a door	Putting key in the lock <input type="checkbox"/>	Securing the house <input type="checkbox"/>
Eating	Getting nutrition <input type="checkbox"/>	Chewing and swallowing <input type="checkbox"/>
Painting a room	Applying brush strokes <input type="checkbox"/>	Making the room look fresh <input type="checkbox"/>
Tooth brushing	Preventing tooth decay <input type="checkbox"/>	Moving the brush around one's mouth <input type="checkbox"/>
Taking a test	Showing one's knowledge <input type="checkbox"/>	Answering questions <input type="checkbox"/>
Washing clothes	Putting clothes into the machine <input type="checkbox"/>	Removing odors from clothes <input type="checkbox"/>

With regards to your company entering a new Southern European (South East Asian) market and Dr. Medin's talk, please answer the following questions:

4) Please indicate the extent to which the aforementioned scenario country is similar to or different from the country your company is located in, with regard to the following aspects.

	Very similar	Slightly similar	Neither similar nor different	Slightly different	Very different
Level of economic and industrial development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Political and legal system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of literacy and education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cultural values. Beliefs, attitudes and traditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5) Please indicate the extent to which you agree or disagree with the following statements, regarding your style of coping with negative events.

	Strongly disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Strongly agree
The kind of person someone is, is something very basic about them and it can't be changed very much	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People can do things differently, but the important parts of who they are, can't really be changed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Everyone is a certain kind of person and there is not much that can be done to really change that	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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6) Where, according to the scenario, is the market you are going to enter located?

7) The country where your company is located

8) Number of current full-time employees

10) Number of years your company has existed

11) Number of years your firm has been involved in international activity

12) Number of markets your company has entered

13) My confidence in answering the questions with regards to my company's international activities

(1-very low ... 7-very high)

1 2 3 4 5 6 7



14)Please provide your corporate email address in order to get the results of the current survey:

APPENDIX D

Ethical Approval

Research and Innovation Service
Level 11, Worsley Building
University of Leeds
Leeds, LS2 9NL
Tel: 0113 343 4873
Email: ResearchEthics@leeds.ac.uk



UNIVERSITY OF LEEDS

Christina Papadopoulou
Leeds University Business School
University of Leeds
Leeds, LS2 9JT

ESSL, Environment and LUBS (AREA) Faculty Research Ethics Committee

University of Leeds

06 April 2017

Dear Christina

Title of study: **The power of mindset: Managerial mindset effects on international marketing decisions**

Ethics reference: **LTLUBS-167**

I am pleased to inform you that the above research application has been reviewed by the ESSL, Environment and LUBS (AREA) Faculty Research Ethics Committee and I can confirm a favourable ethical opinion as of the date of this letter. The following documentation was considered:

Document	Version	Date
LTLUBS-167 LightTouchEthicsForm.docx	1	28/03/2017

Please notify the committee if you intend to make any amendments to the information in your ethics application as submitted at date of this approval as all changes must receive ethical approval prior to implementation. The amendment form is available at <http://ris.leeds.ac.uk/EthicsAmendment>.

Please note: You are expected to keep a record of all your approved documentation and other documents relating to the study, including any risk assessments. This should be kept in your study file, which should be readily available for audit purposes. You will be given a two week notice period if your project is to be audited. There is a checklist listing examples of documents to be kept which is available at <http://ris.leeds.ac.uk/EthicsAudits>.

We welcome feedback on your experience of the ethical review process and suggestions for improvement. Please email any comments to ResearchEthics@leeds.ac.uk.

Yours sincerely

Victoria Butterworth

Research Ethics Administrator, Research & Innovation Service

On behalf of Dr Kahryn Hughes, Chair, [AREA Faculty Research Ethics Committee](#)

CC: Student's supervisor(s)