Challenging the ‘cold cognitive’ approach to internationalisation decisions: the unexplored role of affect, experience, and ambivalence

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To Alice

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"No man ever steps in the same river twice, for it's not the same river and he's not the same man."

Heraclitus

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ABSTRACT

Extant international business (IB) literature incorporates most of the behavioural assumptions prescribed by Simon (1947, 1957)'s work. However, the emphasis on behavioural and cognitive aspects often coincides with scant attention to emotional and affective aspects (Hodgkinson and Healey, 2011). Strategy and organisation scholars have cautiously started to acknowledge the fact that the human mind is more than mere cognition. Recent developments in contemporary neuroscience have confirmed that decision-making and information processing do not have only cognitive roots but also affective ones. The theoretical omission of the affective side of the brain ('cold cognitive' approach) has led to a limited understanding of the manager's behaviour and a lack of ability to predict firm's internationalisation decisions. It is believed that the time has come for IB research to incorporate affective elements in the decision to internationalise and keep the pace with fellow disciplines. Building on the principles of the Reasoned Action Approach (Fishbein and Ajzen, 2010), the research proposes a 'hot cognitive' approach to internationalisation decisions to demonstrate that affective evaluations have a huge influence in the decision-making process. The research also introduces the concepts of ambivalence (when a manager hold contrasting beliefs) and inconsistency (when cognitive assessments diverge from affective assessments) to a business audience. The aim is to check if the negative affect, generated in situations of ambivalence and inconsistency, interacts with cognitive evaluations. The research hypotheses have been tested in the context of export decisions. A survey has been conducted among small and medium UK manufacturers, which returned a sample of 235 managers. Findings show that the dimension of affect has a strong effect on the intention to export. Also, the research shows that the experiential mode of acquiring information is better captured by affective attitude which mediates the overall effect of experience on the intention to export. Furthermore, the research shows that the negative affect generated by holding an ambivalent or an inconsistent attitude creates confusion in the decision-maker's mind with a consequent inability to make stable choices. This negative affect can even change the cognitive evaluation of export outcomes. Far from being considered as a noisy or a negligible factor, affect has been found to have a huge impact on the decision to internationalise.

Keywords: affect, ambivalence, decision-making, experience, export decisions, hot cognition, inconsistency, internationalisation, microfoundations, reasoned action approach.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

APA	American Psychological Association
AVE	Average Variance Extracted (see also Appendix – Exhibit 5)
CFA	Confirmatory Factor analysis
CFI	Comparative Fit Index (see also Appendix – Exhibit 5)
CMV	Common Method Variance
CR	Composite Reliability (see also Appendix – Exhibit 5)
DF	Degree of Freedom
FDI	Foreign Direct Investment
GCSE	General Certificate of Secondary Education
IB	International Business
IE	International Entrepreneurship
IFI	Incremental Fit Index (see also Appendix – Exhibit 5)
IT	Information technology
LLCI	Lower Level Confidence Interval
LR	Likelihood Ratio
MBA	Master of Business Administration
MIMIC	Multiple Indicators and Multiple causes
MM	Measurement Model
MNE	Multinational Enterprise
OLI	Ownership Location Internalisation
OLS	Ordinary Least Square
RAA	Reasoned Action Approach
RMSEA	Root Mean Square Error of Approximation (see also Appendix – Exhibit 5)
RQ	Research Question
SEW	Socio-Emotional Wealth
SIC	Standard Industrial Classification
SMEs	Small and Medium Enterprises
SRMR	Standardized Root Mean Square Residual (see also Appendix – Exhibit 5)
TMT	Top Management Team
TPB	Theory of Planned Behaviour
UK	United Kingdom
ULCI	Upper Level Confidence Interval
VIF	Variance Inflation Factor

1. INTRODUCTION

1.1 Overview

This first chapter of the thesis aims to provide a general overview of the research subject. Firstly, it provides a historical context of relevant facts related to the research topic. The current debate on microfoundations is presented together with the different approaches taken by different scholars. Secondly, the research gap is discussed explaining how the research builds on existing studies and what it can add to the current debate. The chapter continues by illustrating the research objectives, the research questions and the theoretical framework adopted in the study. Then the expected contributions are discussed. Finally, in the last section, the structure of the thesis is outlined.

1.2 Research background

Internationalisation decisions take place when managers decide to expand the firm's selling, production, or other business activities into international markets (Knight and Liesch, 2002). These decisions require a complex evaluation process in situations characterized by high uncertainty and conflicting organization goals (Aharoni, 1966; Magnani and Zucchella, 2019; Maitland and Sammartino, 2015a, 2015b). Managers have to choose the best options among all the possible alternatives often with insufficient information (Buckley et al., 2007). They have to deal with risk (Buckley et al., 2018), plan and orchestrate strategic ideas that take time and are made up of different and sequential stages (Aharoni, 1966; Johanson and Vahlne, 1977).

In addition to the high level of complexity and uncertainty, internal factors interfere with managerial decisions, making the prediction of these choices even more complicated. Managers do not always follow the prescription of the theory (Buckley et al., 2007). In certain cases, they make erratic and unpredictable decisions following principles that depart from the rule of rationality and go against the objective of profit maximisation.

This research problem will drive the development of the thesis and will lead to investigate into the inner mechanisms of the individual mind and open the black box of the managerial decision-making process.

1.2.1 Decision making in international business: a historical perspective

International Business (IB) as a discipline has been often criticized for its inability to take into account and capture the decision-making aspect of foreign investment (Aharoni et al., 2011). This sounds odd for a discipline whose main *raison d'être* is to highlight the complexity of the decision to internationalise by opening the 'black box' of multinational enterprises (MNE) (Kim and Aguilera, 2016).

The early pioneers of IB criticized traditional economics theory for treating internationalization decisions as merely shifting capitals moving from one country to another country according to interest rate and differential factors across locations. Based on the common goal of overcoming the limitation of traditional economics and promote a new vision of internationalisation decisions, two distinct traditions came to the fore laying the foundation of IB as a discipline. On the one hand, there is an economics tradition rooted in trade theory and industrial organisation (Buckley and Casson, 1976; Dunning, 1981; Hymer, 1976). The pioneer of the IB economic tradition was Stephen Hymer (1976). He was one of the first scholars to focus on the firm as a unit of analysis. Hymer's model is generally associated with other theoretical models that have a similar economic pedigree: internalisation theory (Buckley and Casson, 1976), product life cycle theory (Vernon, 1966) and the OLI (ownership-location-internalisation) framework (Dunning, 1981). They represent the main theoretical branches of the economics tradition in IB. These theories mainly focus on market imperfections, barriers to market entry, and transaction costs. Among them, internalisation theory (Buckley and Casson, 1976) is the most influential. In the framework of internalisation theory, an MNE is a transaction-cost-minimizing entity. This means that the firm sets its boundaries where the marginal benefits of internalizing cross-border imperfections are offset by the marginal cost.

On the other hand, IB has seen the development of a concurrent perspective: the behavioural tradition. This tradition has been inspired by the influential works of Cyert and March (1963) and Penrose (1959). These two masterpieces have informed the works of Johanson and Vahlne (1977) (i.e. the Uppsala model) and Aharoni (1966). The Uppsala model currently represents the dominant behavioural approach in IB. The logic behind the Uppsala model is that firms gradually increase their commitment to international markets as a result of increased experiential knowledge (Penrose, 1959). Knowledge and experience represent the necessary condition that allows firms to

increase the level of commitment and enter more distant markets by reducing the level of perceived psychic distance (Johanson and Vahlne, 1977).

Alongside, the Uppsala model, Aharoni's seminal work *The foreign investment decision process mainly* (Aharoni, 1966) focuses on behavioural aspects of foreign direct investment (FDI). Particularly, Aharoni was interested in the pre-export phase of the decision process and provided a useful description of the stimuli that cause the firm's decision to look abroad (Tan et al., 2018). His main objective was to highlight the complexity of foreign investment decisions constrained by the organisation's strategy, resources, capacity, goals and need of its members (Aharoni, 1966). The model accounts for individual (bounded rationality), organisational (firm's goals) and environmental (risk and uncertainty) factors.

The greater contribution of Aharoni's behavioural model was to bring the decision-maker to the core of the analysis of FDI decisions. He stimulated an interesting debate in IB criticising economics approaches for their lack of focus on the individuals. In IB economics models – he argues – the decision-maker is assumed to be a rational agent that selects the best option to maximise the firm's profit (Aharoni et al., 2011). In this way, firm decisions are abstracted from the decision-makers and modelled as a result of organisational procedures. Criticism was also pointed at the IB dominant behavioural model. In the Uppsala model – he acknowledges – the decision-maker is merely a knowledge-carrier and has no discretion to make voluntary decisions (Aharoni, 2010; Aharoni et al., 2011). Internationalisation activities are simply determined by the level of knowledge accumulated by the firm. This generates a deterministic representation of the firm that leaves the role of decision-maker out of the analysis (Coviello, 2015; Coviello et al., 2017).

For some scholars, Aharoni's work was mostly descriptive and not very convincing in terms of predictive power (Dixon-Fyle, 2008). However, his work has undoubtedly triggered a long-standing debate about the role of the managers in internationalisation decisions and has become the unintentional precursor of today's microfoundations debate (Contractor et al., 2019; Niittymies and Pajunen, 2019).

1.2.2 The microfoundation debate

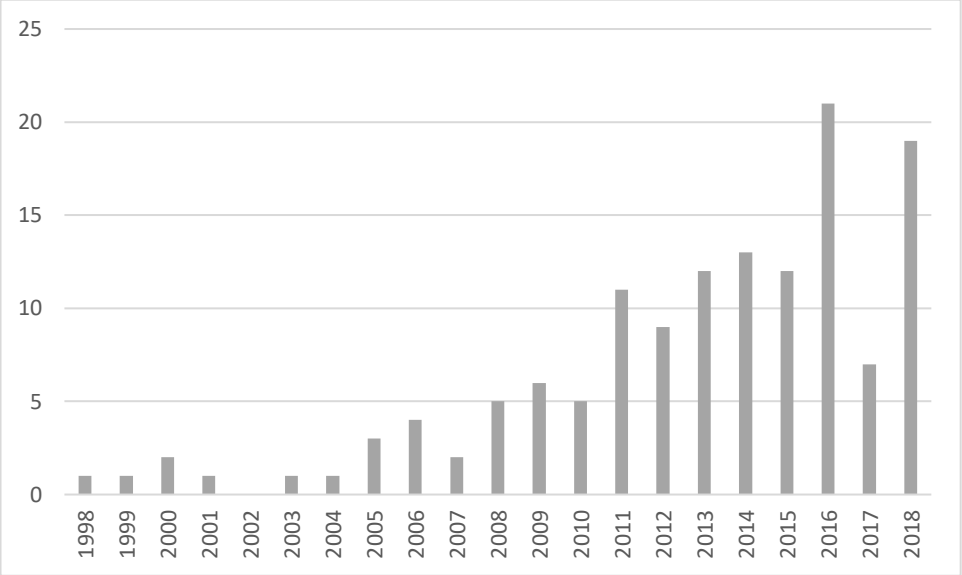
Today, the debate about the role of individuals in IB stems from the supposed inability of traditional theories to explain the empirical phenomenon of early

internationalization. The main criticism comes from international entrepreneurship (IE) scholars who criticise IB traditional theories (both economic and behavioural traditions) on three main points: first, IB theories predict internationalisation when firms reach a certain age; second, they focus on large established firms; and, third, most importantly, IB research pays insufficient attention to the role of individuals (Oviatt and McDougall, 1994). A greater focus on the role of the individual is necessary to increase the predictive power of internalisation theory. The theory is unable to capture how personal characteristics and psychological traits help managers or entrepreneurs to foresee international opportunities (Oviatt and McDougall, 2005). Similar criticism has been also addressed at the Uppsala model. A greater focus on the role of the individual could extend the predictive ability of the model by revealing the transition mechanism from one stage to the next stage of internationalisation (Augier and Teece, 2008; Coviello et al., 2017; Dow et al., 2018; Vahlne and Johanson, 2020).

The reactions to this criticism have been variegated. Internalisation scholars firmly reject the critique of lack of microfoundations. They argue that limits on rationality and reliability (bounded rationality and bounded reliability) are key behavioural assumptions (or microfoundations) in internalisation theory, and are also well documented in many IB economic approaches (Kano and Verbeke, 2019). Instead, Uppsala scholars have shown more resistance to incorporate microfoundation assumptions. Eventually, in a recent paper, Vahlne and Johanson (2020) recognise that their model could still be improved by including the psychological characteristics of the managers. Generally – the authors conclude – "the closer our assumptions are to reality, the better the resulting model" (Vahlne and Johanson, 2020, p.4).

Nonetheless, IB scholars appear today mostly open to microfoundations. This is also confirmed by a growing interest on cognitive foundations of firm's internationalisation (Maitland and Sammartino, 2015b; Niittymies and Pajunen, 2019). As reported by Niittymies and Pajunen (2019) the number of individual-level studies has rapidly increased over the past two decades (see Figure 1.1).

Figure 1.1: *Publication trend of IB studies adopting a cognitive perspective*



Source: *Niittymies and Pajunen (2019)*

1.2.3 Individual-level approaches

While the interest on microfoundations studies is surging, IB scholars have to cope with a lack of theoretical instruments to deal with individual-level research (Aharoni et al., 2011; Maitland and Sammartino, 2015b). Most of the information about the cognitive underpinnings of internationalisation decisions are brought into IB by non-traditional theories. As reported by Aharoni et al. (2011), international decision-making research has been developed along with at least three different theoretical perspectives: a behavioural decision model (Aharoni, 1966; Kogut and Zander, 1992), the upper echelon perspective (Hambrick and Mason, 1984) and the agency theory view (Jensen and Meckling, 1976).

Behavioural research has explored how managers make entry location decisions by using their boundedly rational cognitive abilities (Buckley et al., 2007). Also, it has investigated the different managerial mental models underpinning decision to internationalise (Maitland and Sammartino, 2015a, 2015b). Finally, aspect of risk preference and risk-taking have been examined to understand how the individual risk preferences have an actual impact on the firm decision to internationalise (Buckley et al., 2016, 2018; Giambona et al., 2017).

Similar to the behavioural approach, the upper echelon theory assumes that individuals are both heterogeneous and bounded rational. Scholars using an upper echelon

perspective are interested in finding an association between managerial cognitive characteristics and international decisions (Agnihotri and Bhattacharya, 2015; Laufs et al., 2016; Oesterle et al., 2016). Managerial characteristics are represented by demographic variables (age, education, nationality), which, in turn, are a proxy of the cognitive capabilities of managers.

Finally, using the principle of Agency theory, a few scholars have tried to explain managerial behaviour and internationalisation decision (Amihud and Baruch, 1981; Musteen et al., 2009; Oesterle et al., 2013). Although underdeveloped, this approach provides an interesting angle to understand how managers cognitively assess risk and evaluate opportunities while pursuing their own private interest.

As mentioned, over the past decade, many researchers in IB have worked to incorporate insights from human behaviour (see Niittymies and Pajunen, 2019 for a review). The influence of social and cognitive psychology has moved the research focus towards the decision-maker. Strategy scholars long recognise the importance of merging the principles of psychology with strategic management theory and practice (Powell, 2011; Powell et al., 2011; Sibony et al., 2017). This is pushing IB scholars to make progressively more realistic assumptions about managers' behaviour.

1.3 Research gap

The necessity to outline a realistic model of manager has been recognised pretty much by all scholars adopting an individual-level approach. The main benefits of individual-level approaches are the increased predictability of firm-level phenomena (Coleman, 1990) and the possibility to derive important managerial implications in term of strategy formulation (Foss, 2011). The theoretical approaches mentioned above (section 1.2.3) use an individual-level approach to explain firm-level phenomena and use cognitive attributes to represent managers. They are assumed as boundedly rational individuals whose main limitation is the inabilities to figure out the full set of alternatives available or to specify the causal linkages between possible choices and possible outcomes. They are individuals who deploy their cognitive abilities to assess risk and deal with uncertainty to achieve the most satisfying outcome.

The roots of this cognitive representation of managers can be traced back to the seminal work of Simon (1947, 1957), who developed the behavioural decision theory

and the concept of bounded rationality. The Simonian decision-maker is constrained by cognitive ability and influenced by a wide range of factors, such as personal goals, evaluation criteria, and identity. His objective is satisfying, as opposed to maximising (Aharoni et al., 2011). With his work, Simon started a "cognitive revolution" that represents a turning point in all the fields of social sciences. He challenged the idea of a perfectly rational decision-maker and promoted the belief that human behaviour could be explained and understood mainly by unravelling the mystery of human cognition (Niittymies and Pajunen, 2019).

The extant literature in business and management, including IB, has traditionally incorporated most of the behavioural assumptions prescribed by Simon's work. However, the emphasis on behavioural and cognitive aspects often coincides with scant attention to emotional and affective aspects (Hodgkinson and Healey, 2011). This cognitive representation is generally identified as a "cold cognitive" perspective. The term *cold cognition* is normally used in psychology in direct contrast to the term *hot cognition* introduced by Abelson (1963). As defined by the APA (American Psychological Association) dictionary, cold cognition is a mental process or activity that does not involve feelings or emotions (American Psychological Association, 2020b), while hot cognition includes non-conscious, automatic and affective evaluations in the process of decision-making (Hodgkinson and Healey, 2011).

A "hot cognitive" perspective considers affect and emotions as integral parts of the decision making. They are not treated as a source of disturbance, but as important factors infusing ability to process information, evaluate risk and acquire knowledge (Hodgkinson and Healey, 2011; Loewenstein et al., 2001; Van de Laar and De Neubourg, 2006).

Contemporary neuroscience research (Bechara, 2004; Damasio et al., 1990) has revamped the "hot cognitive" perspective by showing that the process of decision-making depends in many important ways on neural substrates that regulate emotions and feelings (Bechara, 2004). This has sparked a growing interest in emotional and affective aspects of decision making and has had a strong influence in the development of the new fields of neuroeconomics (Loewenstein, 1996) and neurostrategy (Powell, 2011).

Influenced by this new research agenda, strategy and organisation scholars have cautiously started to acknowledge the fact that the human mind is more than mere cognition and have included affect and emotions in their discourse (Hodgkinson and Healey, 2011; Hutzschenreuter et al., 2012; Huy and Zott, 2019; Powell, 2011; Raffaelli et al., 2019). It is believed that the time has come for IB research to incorporate affective elements in the decision to internationalise and keep the pace with fellow disciplines. The growing interest in microfoundations and the openness of IB scholars to interdisciplinary research represent a fertile soil for advancements towards a hot cognitive perspective.

1.4 Aims of the research

The adoption of a hot cognitive perspective in the microfoundations of managers' behaviour has important consequences in predicting and understanding their decisions. A cold cognitive perspective has contributed to achieve significant advancements in the prediction of managers' behaviour. However, this is only half of the story. Cold cognition provides a limited understanding of the factors affecting managerial decisions. This leads to an inadequate portrayal of managers and outlines their decisions as a series of rational and dispassionate activities (Hodgkinson and Healey, 2011).

On the contrary, hot cognition depicts managers as sensible individuals aiming at improving their self-esteem, seeking excitement, avoiding negative feelings and unpleasant effort, removing negative thoughts and uncertainty (Lindenberg and Foss, 2011). Their decision style is assumed to be based on *thinking* (logical and formal modes of reasoning) as well as *feeling* (affective and emotional modes of reasoning) (Jiang et al., 2018). The integration of such assumptions into the decision to internationalise allows making more accurate predictions about the firm's internationalisation behaviour.

1.4.1 Research objectives

In light of this necessity, the main objective of this research is to capture the unexplored dimension of affect in the decision to internationalise. Psychological reasons – especially affective reasons – represent one of the most underdeveloped aspects in IB research and their integration with traditional assumptions "might lead

to exciting outcomes" (Vahlne and Johanson, 2020, p.8). The research aims at understanding if affective evaluations have a direct impact on the decision to internationalise. Studies show that, when making internationalisation decisions, managers are not driven by purely cognitive evaluations (Schotter and Beamish, 2013; Schotter and Beamish, 2014). The extent to which a decision drives managers out of their comfort zone represents a factor that has as much importance as economic factors in determining their choices (Schotter and Beamish, 2013). Therefore, affective factors must be taken into consideration to draw a full picture.

A second objective of the research is to understand how affect influences the decision to internationalise. Contemporary studies in the field of neuroscience (Bechara, 2004; Damasio et al., 1990) have confirmed the hypothesis that affect and emotions activate a positive or a negative feeling associated to the decision to make. This positive or negative feeling experienced at the time of the decision process can help managers filling information gaps (Van de Laar and De Neubourg, 2006), assessing risk (Loewenstein et al., 2001), complementing experiential knowledge (Maitland and Sammartino, 2015a) and developing a global (or a domestic) mind-set (Musteen, 2016). The inclusion of affective factors in the context of the decision to internationalise allows to understand how managers combine their cognitive abilities with their *sixth sense* to make sense of opportunities.

A third research objective is to understand how the role of experience, combined with cognitive and affective factors, influences the decision process. It is believed that the role of experience is crucial to understand how managers form affective evaluations in their decision style. Managers with less experience have limited knowledge and information compared to managers with more experience. They will tend to compensate for the lack of knowledge with information derived from alternative sources of information such as heuristic shortcuts (Jiang et al., 2018).

The last research objective is to understand if cognitive evaluations are influenced by affective processes. To this purpose, the research introduces to the business audience the relatively unexplored concepts of ambivalence (Van Harreveld et al., 2015) and inconsistency (Conner et al., 2020; Lavine et al., 1998). These concepts represent a particular situation where a manager experiences both positive and negative beliefs about export (ambivalence) or a situation where cognitive evaluations substantially

differ from affective evaluations (inconsistency). Ambivalence and inconsistency are generally viewed as a source of negative affect (Van Harreveld et al., 2015). Holding and ambivalent or an inconsistent attitude is unpleasant. The negative affect produced in these situations generates confusion in the decision-maker mind. This confusion interferes with the overall cognitive evaluation creating a sort of inability to carry out a proper cognitive assessment of the consequences of the behaviour (Conner and Sparks, 2002). Negative affect makes people feel uncomfortable when making certain decisions. Therefore, it is believed that this can, in turn, influence the way managers cognitively assess the outcome of their behaviour.

1.4.2 Research questions

In the previous section, evidence has been provided from psychology literature that human behaviour has at least two main determinants: cognitive and affective. IB scholars – when interested in managerial microfoundations – have mainly focused on the first at the expenses of the latter. Therefore, the main objective of this research is to explore the affective dimension of the decision making by seeking an answer to the following research question (RQ):

Overarching RQ: Can cognitive factors be complemented with affective factors to provide a better explanation of the decision to internationalise?

This, in turn, leads to a further set of questions related to the role of affective factors in the decision to internationalise:

RQ1: Does affect influence the decision to internationalise?

RQ2: How does affect influence the decision to internationalise?

RQ3: Does experience matter when considering affective factors?

The acknowledgement of affect and cognition as main determinants of behaviour leads to another set of questions related to the effect of the interaction between the two:

RQ4: Can affect influence cognitive evaluations?

RQ5: How does ambivalence influence the decision to internationalise?

RQ6: How does inconsistency influence the decision to internationalise?

1.5 Theoretical framework

To answer the research questions outlined in the previous section, the research adopts the reasoned action approach (RAA) (Fishbein and Ajzen, 2010). The RAA is the refined version of the theory of planned behaviour (TPB) (Ajzen, 1991, 2005). Currently, the RAA is recognised as one of the most prominent of the deliberative models in the field of cognitive psychology (Bleakley and Hennessy, 2012). It has been successfully used to predict a variety of behaviours. Its robustness and adaptability have been recognised in entrepreneurship studies where the theory represents one of the most powerful frameworks to study entrepreneurial behaviour and intention (Kautonen et al., 2015; Tornikoski and Maalaoui, 2019).

The theory explains human behaviour via three antecedents: attitude, subjective norms and perceived behavioural control (Ajzen, 1991; Fishbein and Ajzen, 2010). First, attitude towards the behaviour refers to the degree to which an individual has a favourable or unfavourable evaluation of the behaviour in question. The more positive is the individual's attitude, the more likely the individual will perform the behaviour. Second, subjective norm refers to the perceived social pressure to perform (or not to perform) a specific behaviour. The stronger the social pressure, the more likely the individual will perform the behaviour. Finally, perceived control refers to the perceived feasibility of the behaviour expressed in terms of capacity (perception of ease or difficulty) or autonomy (degree of control over the decision to carry out the behaviour). The stronger the degree of perceived control, the more likely an individual will carry out the behaviour.

In its old formulation, the TPB was often criticised for being too deliberative or too rational and therefore failing to take into account affective, emotional or non-conscious determinant of human behaviour (Conner et al., 2017; Fishbein and Ajzen, 2010). In its most recent revision, the RAA proposes a refined conceptualisation of attitude differentiated in cognitive (or instrumental) and affective (or experiential) attitude (Fishbein and Ajzen, 2010). The two sub-components of attitude (cognitive and affective) originate from two mechanisms that are regulated by two different brain processes. Although most of the times these processes produce a similar response, they are underpinned by a different set of beliefs (Fishbein and Ajzen, 2010). Cognitive attitude is related to the assessment of instrumental outcomes and refers to the expected consequences of performing the intended behaviour. It is underpinned by a set of

beliefs concerning expected outcomes (i.e. gains, losses, implications of carrying out the behaviour). Affective attitude is related to the emotional assessment and the anticipated feelings of performing the intended behaviour. It is regulated by a set of beliefs concerning positive or negative experiences anticipated at the time of the decision, such as pleasantness/unpleasantness or enjoyability/dullness.

This conceptualisation of attitude is what makes the RAA the most suitable approach to study the decision to internationalise in a hot cognitive perspective. The effect of the refinement of the construct of attitude has improved the predictability of many behaviours in the field of cognitive psychology (Williams et al., 2018) and is expected to provide interesting insights in the field of IB too.

1.6 Thesis outline

A hot cognitive perspective poses interesting questions and challenges that will be explored, discussed, and analysed in this study. The structure of the topics of the thesis is organised as follows:

- The second chapter provides an overview of the extant literature on decision-making in international business. The chapter includes a discussion on the benefit and necessities to adopt a microfoundation approach and an overview of the current state of microfoundation research in international business. Particular attention has been devoted to the description of the research gap and the limitations of a cold cognitive approach. Then the role of affect is integrated into the decision-making process outlining a novel hot cognitive approach to internationalisation decisions.
- The third chapter outlines the theoretical framework of the RAA and presents statistical hypotheses about managerial behaviour. The chapter starts with a discussion of the research domain and provides the rationale for the adoption of an individual level of analysis. The chapter continues by outlining the principles and the key concepts of the RAA. Finally, the role of experience, ambivalence and inconsistency are discussed.
- The fourth chapter outlines the method adopted in the research and include a detailed description of how the data has been collected and how the questionnaire has been developed and distributed. It starts with a discussion about the philosophical roots of the methodology adopted. Then, the

framework of the research is outlined to identify the behaviour, the context and the population subject of the study. The chapter also presents a preliminary check for potential biases. The chapter ends with the operationalisation of the study constructs (dependent variable, independent variables, moderators, and finally the control variables.

- In the fifth chapter, findings and discussion are presented with three different but related studies. The first study focuses on the direct role of affect in the decision to internationalise. The second study focuses on the role of experience. The third study analyses the effect of ambivalence and inconsistency. Empirical findings are discussed at the end of each study.
- In the last chapter, the contribution of the research is discussed. Then the implications of the research are outlined differentiating between theoretical, managerial and policy implications. The chapter continues outlining the main limitations and directions for future research and ends with a few concluding remarks.
- At the end of the document (after the references) two sections have been included to provide more information for the reader. First, an appendix section has been included with some tables, memos, and other supporting material that provides additional useful information about the research. Second, a glossary section has been added that contains key-words and concepts regularly used in the text. The aim is to facilitate the reader by providing a clear definition of the non-business terms adopted in the research.

2. IB AND DECISION MAKING STUDIES

2.1 Overview

This chapter provides an overview of the extant literature on decision-making in international business. The first three sections explore the benefit of microfoundation research, its current development in IB research, and discuss existing individual-level research in international business. Then in the following section, the research gap is highlighted together with the limitation of a cold cognitive approach. Finally, the role of affect is integrated into the decision-making process outlining the possible directions of a novel hot cognitive approach to internationalisation decisions.

2.2 Need for a microfoundation approach?

It is a quite widespread opinion in IB that the main theoretical traditions tend to neglect the role played by managers when explaining the internationalisation decision of a firm (Buckley et al., 2016; Coviello et al., 2017; Devinney, 2011; Hutzschenreuter et al., 2007). Yet, IB literature has provided limited analysis about the cognitive mechanisms that allow managers to make complicated decisions, that are characterized by ambiguous information processing, high uncertainty, and conflicting organization goals (Aharoni, 1966; Magnani and Zucchella, 2019; Maitland and Sammartino, 2015a, 2015b).

While the main competing theoretical traditions in IB are succeeding in explaining the existence of MNEs, they struggle to accommodate phenomena and decisions that deviate from the imposed rule of rationality. The relatively recent surge of the so-called *born-global* firms (Knight and Cavusgil, 2004) or international new ventures (Oviatt and McDougall, 1994) has shown several firms starting the process of internationalisation from inception without following the traditional gradual approach prescribed by the Uppsala model (Johanson and Vahlne, 1977). The rule of rationality and profit maximisation predicted by Internalisation theory (Buckley and Casson, 1976) is often broken when managers select a particularly entry-mode (Brouthers, 2002; Elia et al., 2019) or when choosing non-conventional FDI location (Buckley et al., 2007). More evidence of deviation from the expected behaviour also comes from small and medium enterprises (SMEs). The Uppsala model of firm internationalisation

(Johanson and Vahlne, 1977) suggests that SMEs wishing to grow generally use export as a favoured entry mode, at least in the early stages of internationalisation. Exporting should represent an easy strategy for SMEs wanted to grow as it entails very low risk and low commitment (Morgan and Katsikeas, 1997). Also, SMEs receive encouragement and support from government campaigns and export promotion organisations if they decide to internationalise. However, despite these supporting facts, in many countries – including the United Kingdom (UK) – SMEs involvement in export activities is far below the expectations (Tan et al., 2018). The UK Minister of State for Trade and Export Promotion revealed that in 2017 only 9% of British companies were exporting (Department for International Trade, 2017).

Very often firms do not follow the prescription of traditional theories and exhibit a high level of heterogeneity in their behaviour. This fact has heavily challenged traditional IB approaches and has prompted a debate on whether or not IB needs a new theory to explain new phenomena (Coviello, 2015). This study supports the view of a group of distinguished scholars, according whom a new theory is not needed, although a shift towards a new methodological approach is highly recommended to explain deviations from theory predictions (Buckley et al., 2016, 2018; Coviello et al., 2017; Elia et al., 2019; Maitland and Sammartino, 2015b). In line with this group of scholars, it is argued that – ceteris paribus – differences among firms largely reflect different decisions made by individuals within the firm (Nelson, 1991). Firms are different because they are made up of different individuals (Felin and Foss, 2005), with different goals and aspirations (Cyert and March, 1963; Powell, 2017) and pursue internationalisation for many different reasons (Hennart, 2007, 2011). Firms are different because managers exhibit a variety of mental models and deal with risk and uncertainty in many different ways (Buckley et al., 2018; Elia et al., 2019; Maitland and Sammartino, 2015a, 2015b).

Using this kind of arguments scholars locate "the proximate causes of a phenomenon [internationalisation] at a level of analysis lower than that of the phenomenon itself" (Felin et al., 2015, p.586). Therefore, these arguments theoretically represent a *microfoundation* (Barney and Felin, 2013; Felin and Foss, 2005; Felin et al., 2015; Foss and Pedersen, 2016). Traditional theories in IB – but also strategy, management and organisation theories – are not very familiar with a managerial level of analysis (Devinney, 2011). Traditional approaches in IB are grounded on the implicit

assumption of individual homogeneity and methodological collectivism (Felin and Foss, 2005; Felin et al., 2015). Proponents of methodological collectivism – such as population ecology (Hannan and Freeman, 1977) or institution scholars (DiMaggio and Powell, 1983) – are philosophically influenced by the social ontology of early sociologists. They argue that collective facts must be studied as things because they exist separately from their components (Durkheim, 1982). Institutions, rules, regulations and organisation's structures have a major impact on collective entities such that individual-level factors are negligible.

Other scholars from a concurrent perspective argue that there are no plausible causal mechanisms in the social world that operate exclusively at the macro-level (Barney and Felin, 2013; Felin and Foss, 2005; Felin et al., 2015; Foss, 2011; Minbaeva, 2016). These scholars embrace a reductionist view of science searching for a "deep structure" underneath the aggregate phenomenon (Foss, 2011). Within this approach, the individual is placed at the centre of the analysis. Beliefs, preferences and cognitive characteristics provide the starting point to build any collective theory. This approach has been influenced by sociologists such as Max Weber and Georg Simmel. The underlying philosophic assumption is that collectives are made up of individuals. If one wants to understand the whole, one needs to understand the constituent parts that make it up (Molina-Azorín, 2014).

The main advantages offered by an individual-level approach concerns the explanation of the mechanism of causality. A phenomenon with macro-level explanation may have multiple lower-level explanations that cannot be rejected by the macro analysis alone. Even when relying on a large sample size the problem of alternative explanations may persist. A micro-level analysis can provide the necessary causal explanation to explain the phenomenon of interest at a higher level (Foss, 2011). Second, understanding microfoundations enables scholars to derive important managerial implications in term of strategy formulation, such as how to intervene to cause a change. Examples of possible interventions range from enabling managers to gain and sustain competitive advantage or creating favourable conditions to the accumulation of certain kinds of human capital (Foss, 2011). Third, micro-level explanations are usually more stable and general than explanations that lay at a higher level of analysis (Coleman, 1990). Fourth, knowing how the actions of the single parts are combined to produce a

systematic behaviour can lead to "greater predictability than [...] statistical relations of surface characteristics of the system" (Coleman, 1990, p.3).

In this framework, studying managers and their cognitive processes becomes essential to understand firm-level behaviour, provided that the investigator is conscious about the most common misconceptions of this method. One of the biggest misunderstandings is that microfoundations do not necessarily mean the study of individual behaviour. Scholars who criticise microfoundations tend to associate this method with the broad notion of methodological individualism (Foss, 2011) when in fact microfoundation means dealing with a generic *n-1* level of investigation (Minbaeva, 2016). Second, microfoundations are not just about borrowing concepts from other disciplines but integrating concepts under a *meta-theory* of how these concepts evolve (Barney and Felin, 2013). Third, microfoundations are not about infinite regress. Any discipline should find a natural stopping point beyond which the explanation does not provide any useful information (Barney and Felin, 2013). Fourth, microfoundations do not deny the role of structures and institutions, simply they decompose those aggregates by exploring their origins (Barney and Felin, 2013).

In conclusion, this research adopts a microfounded approach because of the need to explain the firm decision in terms of different individual behaviours. Microfoundations are not only welcome but rather necessary when the explanation of a higher-level relation (firm-level) require a behavioural response of individuals (Felin and Foss, 2005; Minbaeva, 2016). The common pitfalls of borrowing from neighbour disciplines – such as psychology theories – have been carefully examined. Applying an existent theory in a new empirical setting can improve the level of knowledge if boundaries, scope and conditions are carefully delineated (Whetten et al., 2009). Finally, by lowering down the level of analysis, the research aims at capturing new aspects of managerial behaviour without losing the holistic view of the phenomenon.

2.3 IB: a field in search of its microfoundations

New phenomena in IB have posed a great challenge to IB theory in terms of predictive power and performance effects (Helfat and Martin, 2015). Many researchers resort to the microfoundations argument to tackle this issue. As noticed by Contractor et al. (2019, p.5) microfoundations is not a theory, but "a set of heuristics concerning theory building and [...] theory-based empiricism". IB scholars show different reactions

towards the adoption of microfoundations: some of them welcome an individual approach and try to accommodate it into old theories, others show more resistance.

2.3.1 Internalisation theory and its microfoundations

Internalisation theory scholars (Kano and Verbeke, 2015; Narula and Verbeke, 2015; Verbeke and Ciravegna, 2018; Verbeke and Kano, 2015) argue that individual characteristics have always had a central position within internalisation theory although they have been misrepresented (Verbeke and Ciravegna, 2018). They firmly reject the critique that the role of the manager has been traditionally neglected in IB arguing that for years microfoundations have been embedded in the theory without an explicit theorisation (Kano and Verbeke, 2019). Kano and Verbeke (2015, 2019) argue that any analysis of the firm should build on two microfoundations assumptions: the assumptions of bounded rationality – meaning that individuals are rational, but only limitedly so (Simon, 1957) – and bounded reliability – meaning that individuals are reliable, but only boundedly so. Bounded rationality reflects the limited cognitive capacity of managers to make optimal choices. As clarified by Kano and Verbeke (2019), these limitations arise from two sources: the impossibility to access all possible information and the limited capacity to process and interpret all information in terms of relevance and implications. Whereas bounded reliability is built on an extended notion of Williamson's opportunism (1985) and includes the "situations where parties may fail to deliver on commitments while not intentionally engaging in self-interest with guile" (Kano and Verbeke, 2019, p.4). While bounded rationality reflects managers scarcity of mind (limited capacity to access and process information), bounded reliability reflects scarcity of effort.

From a microfoundation perspective, the main thesis of internalisation theory has been restated as follows:

> MNEs will choose governance mechanisms that are comparatively more conducive to economizing on bounded rationality and bounded reliability [...]. Internalization will occur if bringing economic activities under common ownership is more conducive to satisfying the above conditions than alternative governance modes. [...] (Kano and Verbeke, 2019, p.11).

Bounded rationality and bounded reliability represent an appropriate microfoundation to explain managerial behaviour within the framework of the internalisation theory. Individual characteristics are modelled by recognising that bounded rationality and

bounded reliability managers represent a sort of behavioural transaction cost for the firm internationalisation.

However, the merger of internalisation principles with principles of behavioural theories has to be done carefully, because different disciplines are based on different assumptions. When it comes to the application of behavioural microfoundations within internalisation theory there are at least two critical points to consider. The first critical point concerns a shift in the definition of rationality. In economic terms, rationality entails that each individual "possesses a coherent set of preferences that allow them to place alternative courses of action in a consistent order according to the desirability of the expected outcome" (Casson, 2016, p.2). Instead, rationality has been defined as the lack of complete information or a limited ability to process a big amount of information (see Kano and Verbeke, 2019). While rationality may be bounded when using the latter definition, rationality cannot be bounded when the economic definition is applied. Even in a condition of incomplete information and limited ability to process data, managers cannot be assumed as non-capable of ranking their preferences according to the profit maximisation rule (Buckley and Casson, 2009). Weakening this assumption would lead to an invalidation of the entire theoretical body of internalisation theory.

The second critical point concerns the temporal dimension. Internalisation theory assumes that in the short- and medium-run boundedly rational managers can make sub-optimal choices (i.e. timing of market entry, location choice, entry mode choice), thus leading the firm to a temporary deviation from optimal performance, whereas in the long run more efficient forms of firm governance are supposed to achieve better alignment between optimal and actual choices (Verbeke and Ciravegna, 2018). This assumption does not align with the real practice. What the real practice does show is that managers do not exactly follow rational rules when making investment decisions or location choices (Buckley et al., 2007). Very often, other factors interplay with rational-based decisions so that in some cases they override economic reasons (Musteen, 2016). This drives many managers to accept levels of sub-optimal performance both in the short- and in the long-run (Powell, 2017). If a firm deviates from rational decisions, but the aspirations of managers are still met, decision-makers will not perceive it as a problem (Cyert and March, 1963). Therefore, a long-run re-alignment to optimal performance will not operate.

2.3.2 Uppsala model and its microfoundations

Scholars of the main behavioural approach in IB (i.e. Uppsala model: Johanson and Vahlne, 1977) have shown more resistance in including microfoundation perspectives in their model. Although Johanson and Vahlne recognise the gap in the formulation of the theory, they continue to rely on the 1977's formulation that does not take into account any managerial or behavioural influence. As the Uppsala authors recently argued:

> The Uppsala model operates at the level of the individual firm, that is, the micro-level. When we record changes at the micro-level, they are to a large extent the aggregate outcomes of processes at the mille-micro level, i.e., the level of individuals or of subgroups within the organization. We have mostly treated the mille-micro level as a black box, although we have occasionally looked into the mille-micro foundations of the model (Vahlne and Johanson, 2017, p.1089).

The model built by Johanson and Vahlne has been inspired by the behavioural theory of the firm (Cyert and March, 1963), evolutionary theory (Nelson and Winter, 1982) and the theory of growth of the firm (Penrose, 1959). Despite its behavioural pedigree, when outlining the process of internationalisation, the Uppsala model relies on a firm-level explanation leaving the human decision-maker out of the analysis.

Uppsala scholars see the accumulation of knowledge through experience as the necessary condition that allows the firm to increase the level of commitment and entering more distant markets. This characterises the model with a process ontology which is one of its most valuable aspects. Although knowledge and experience occur at the individual level, in their model they consider knowledge to be vested in the decision-making process. "We do not deal explicitly with the individual decision-maker", emphasise Uppsala scholars (Johanson and Vahlne, 1977, p.26). The process of internationalisation is therefore determined by the level of knowledge possessed by the firm, while the decision-maker is simply modelled as a knowledge-carrier. This aspect represents one of the most controversial issues of the model and reveals an underlying deterministic view (Aharoni, 2010; Reid, 1983; Tan et al., 2018).

A meaningful extension of the Uppsala model would open the black box of individual decision-making and investigate the factors responsible for knowledge accumulation providing individual antecedents of the commitment to internationalisation (Dow et al., 2018). Coviello et al. (2017) argue that integrating an individual dimension to the Uppsala model would enhance the understanding of the dynamic aspect of the model. Following the same line of criticism, Dow et al. (2018) propose the concept of

managerial intentionality as an alternative releasing mechanism that triggers the managerial commitment to internationalisation. Intentionality offers a more solid explanation of the reason why firms follow different internationalisation paths beyond the impact of path dependency (Hutzschenreuter et al., 2007). Intentionality will also extend the model to explain phenomena such as de-commitment decisions (Coviello et al., 2017), non-linear patterns of internationalisation (Bernini et al., 2016; Vissak and Francioni, 2013) and pre-export decisions (Tan et al., 2018). With a redefinition of the releasing mechanism, the process ontology of the model will be then complemented with intentionality factors and cognitive limitations of the decision-maker. This will leave room for both evolutionary processes as well as intentional design (Augier and Teece, 2008). As a result, the deterministic component of the traditional mechanism would be limited, and the model improved.

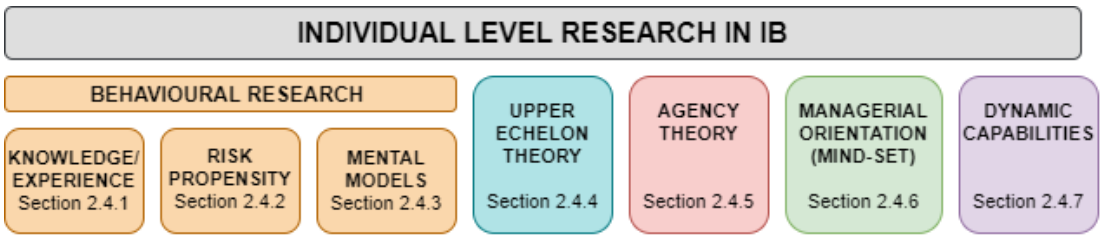
2.4 What we know about managers and internationalisation decisions

The lack of instruments of traditional theoretical approaches in IB to deal with the individual level has left the model of the decision-maker underspecified (Maitland and Sammartino, 2015b). Most of what it is known about managers, their behaviour, their decision-style, and their capabilities is brought into IB by non-traditional theories. As reported by Aharoni et al. (2011), international decision-making research has been developed along with at least three different theoretical developments. None of them come from an IB tradition. The first stream of research adopts a behavioural perspective aiming at shedding light on the variables that influence the decision-making process. Behavioural research can be further split into three main sub-fields dealing respectively with knowledge and experience, risk propensity and managerial cognitive models (Powell et al., 2011). The second stream of research focuses on top management teams (TMTs) and acknowledges the limitation of managerial cognitive capacity (Hambrick and Mason, 1984). Although TMT models do not focus on decision-making, they are certainly relevant to individual-level research because they consider the influence of managers in outlining international strategies (Aharoni et al., 2011). The last stream of research is represented by Agency Theory (Jensen and Meckling, 1976). According to the agency theory, owners and managers pursue different goals and have a different risk perception. Agency theory provides an

alternative perspective with respect to other individual-level approaches. Managers' motivations are explicated and assumed to be conflicting with the firm's goals.

The review of the above-mentioned streams of research will be complemented with two more streams usually employed in IB studies and adopting a managerial level: the managerial orientation stream (global mindset and related approaches, see Nummela et al., 2004) and the dynamic capabilities view (Teece et al., 1997). These two streams of literature lay at the intersection between the fields of IB and IE. IE scholars have been long criticising IB for the lack of attention to the individual. They emphasise the fact that internationalisation is mostly an entrepreneurial act and tend to build their arguments by moving into a lower level of analysis (Jones and Coviello, 2005; Madsen and Servais, 1997; Oviatt and McDougall, 2005). The inclusion of these two literature streams in this review is a natural consequence of their behavioural approach. Figure 2.1 shows the map of the individual level approaches that will be covered by the review.

Figure 2.1: *Individual level research in IB (review map)*



2.4.1 Knowledge and experience matter to internationalisation

Behavioural research is differentiated in three main domains dealing with different aspects of decision-making. The first domain deals with aspects of knowledge, experience and learning. Knowledge refers to the amount of information and know-how possessed by the firm which is stored and reasonably retrievable in the mind of individuals, computer memories or written reports (Johanson and Vahlne, 1977; Kogut and Zander, 1992). Knowledge accumulation represents the key basic tenet of *process* and *stage theories* of internationalisation such as the innovation-related internationalisation models (developed by Bilkey and Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981) and behavioural approaches such as the *Uppsala* model (developed by Johanson and Vahlne, 1977). Generally, these models – particularly used in small-business and export-based literature – show a linear progression of firm's

internationalisation from no international involvement to full involvement in foreign operations as a result of knowledge accumulation (Cavusgil, 1980; Johanson and Vahlne, 1977). Uppsala model particularly focuses on the role of knowledge as a factor that reduces psychic distance (factors preventing the normal flow of information from and to foreign markets) and contributes to increasing the level of commitment to international markets (Johanson and Vahlne, 1977). The mechanism presupposes the dynamic interplay of market knowledge and market commitment. First, a firm gains market knowledge through its current business activities, then – with enhanced knowledge – the firm upgrades its market commitment. Knowledge represents the initiating force that enables a firm to start or continue its process of internationalisation from a domestic stage to a more committed stage (Cavusgil, 1980). Knowledge is the converse of uncertainty (Buckley and Carter, 2004). As uncertainty inhibits the ability to create value, by acquiring knowledge, managers cope with the unfavourable effects of uncertainty and risk (Liesch et al., 2011; Magnani and Zucchella, 2019).

Knowledge, decision-making, and psychic distance represent the core of the Uppsala model and despite their intrinsic behavioural origin, these constructs are considered at the firm level, not the individual level. Some authors criticised this point by arguing that knowledge cannot exist without a knowing subject: "while social relations pass through the heads of people, it is such heads, not immaterial social minds or disembodied practices, that do the feeling, perceiving, thinking, and the like" (Bunge, 1996, p.303).

Knowledge is available to the firm through the manager's exposure to external sources such as media and other information agencies. Also, knowledge is available from a reverse transfer of knowledge of returning entrepreneurs (Filatotchev et al., 2009). Knowledge can be generated within the firm's network (He and Wei, 2013; Hilmersson and Jansson, 2012; Johanson and Vahlne, 2009; Sinkovics et al., 2018). Finally, knowledge can be brought to the firm by key individuals such as advisers and consultants (Stoian et al., 2018). Knowledge comes to the firm in many different ways but always filtered by managers' mind.

The mechanism through which knowledge is generated has been outlined by Gavetti and Levinthal (2000) who identify experience as the main precursor. Individuals perform actions, their outcome is evaluated, then a revision will be implemented

according to the information acquired. Finally, actions are performed again in a new iteration. Experience creates knowledge as a result of positive and negative feedback on prior iterated choices (Gavetti and Levinthal, 2000). This process will vary according to different individual experiences, their interactions with other actors, their embeddedness in socio-temporal, industry, and local conditions (Stoian et al., 2018). Experience allows managers to acquire knowledge and skills about their task such that they can direct activities more proactively and strategically (Fisher and Reuber, 2003). Besides, experience acts as information *funnel* that activates and filters managerial attention. Different experiential contexts generate different types of dominant logics which therefore generate different behaviours (Fisher and Reuber, 2003).

Experiential knowledge represents a form of tacit knowledge that cannot be easily transferred between firms or business units. Accumulating experiential knowledge is costly, because information collection, transmission and interpretation are all based on real-life situations (Eriksson et al., 1997). As noticed by Polanyi (1966), experientially acknowledged managers appear to know more than they can explain. They perceive "concrete" opportunities by having a "feeling" about how these opportunities can fit into the present and future activities (Johanson and Vahlne, 1977). The tacit notion of knowledge appears to be richer than mere knowledge because it brings in a psychological dimension that goes beyond the deliberative or conscious mechanism of processing information (Spender, 1996). Experiential knowledge scholars assume that beyond cognition other factors (Spender, 1996) may influence knowledge accumulation and managerial decisions. However, these factors have not been sufficiently articulated. Rather they have been classified as unconscious or pre-conscious and treated in opposition to elements of rational decision-making (Spender, 1996).

2.4.2 Managers have different risk propensities

The second domain of behavioural research deals with aspects of risk-taking and risk preferences. IB research located in this domain recognises that risk-taking is an outcome of managerial cognition, rather than a firm's response (Buckley et al., 2016, 2018). The firm's propensity to take risk is not attributed to the firm's international experience or firm's competences, but rather to the managers' cognitive capabilities. Traditional expected utility theory suggests that decision-makers are risk-averse and risk preferences are exogenously determined. As such, managers – when facing two

strategies with a similar expected outcome – will choose the strategy with more certainty. Behavioural decision-making has challenged this assumption by showing that individuals in a situation of gain tend to underweight potential additional gains and overweight the risk of potential losses (Kahneman and Tversky, 1979). As a result, in a domain of gain, they would rather take conservative actions and reduce risk tolerance (George et al., 2006). On the other hand, when individuals move in the domain of loss, they tend to underweight the risk of additional potential loss and overweight potential gains (Kahneman and Tversky, 1979). As a result, they are more prone to risk-seeking decisions (George et al., 2006). In line with behavioural prescriptions, when facing losses, managers have a higher propensity to include in the range of possible options actions that are not as well learned or socially accepted (George et al., 2006) or risky decisions inherent to drastic organizational change (Greve, 2008).

These findings show that risk preferences are individually assessed and depend on how the context is framed by individual cognition. Very few authors in IB show interest in bringing out such contradiction and explain why firms exhibit such heterogeneous responses to risk. Buckley et al. (2018) find that the source of this heterogeneity depends on managers' personal experience of satisfaction/dissatisfaction with domestic operations that increase/decrease their risk propensity towards new international operation. Similarly, Schubert et al. (2018) find that managers tend to internationalise innovation in situations of technological uncertainty when firms have low capabilities. This is perceived by managers as a loss-domain. On the contrary, in a gain-domain, managers are more risk-averse: firms who have high capabilities show a preference for home-based innovation.

A behavioural approach offers a counterintuitive explanation of the phenomenon of internationalisation showing that high-capable individuals in uncertain conditions tend to avoid risky decisions when in a domain of gain. Schubert et al. (2018) complement findings of behavioural decision-making by highlighting that organisational measures fostering absorptive capacity can attenuate the tendency of high-capable firms to focus on home-base innovation. These measures contribute to boosting managers' propensity to internationalise by increasing their sense of mastery and control and therefore mitigating their perception of risk and uncertainty (Liesch et al., 2011).

Findings from this approach show that risk can be explained by moving at an individual level of analysis.

Behavioural decision-making scholars have heavily challenged the expected utility assumptions by showing the psychological processes underlying decision-making. Among these processes, there is also an emergent interest in the role of affect (Finucane et al., 2000; Slovic et al., 2007) which could represent a future direction of risk-related studies in IB.

2.4.3 Managers have different mental models

The third domain of behavioural research deals with cognitive schemas, meaning, representations, actions and rationality (Powell et al., 2011). IB research located in this domain assumes that far from being rational calculators, managers are prone to several heuristics in their decision-making process. To deal with complexity, uncertainty and novelty of situations managers use cognitive tools to simplify the reality. These tools are called mental models (or mental schemas) (Maitland and Sammartino, 2015b). Mental models are knowledge structures created from experience that allow individuals to store knowledge and filter information (Gavetti and Levinthal, 2000). Each individual possesses a unique life experience that corresponds to a unique composition of his/her mental models. Managers use mental models to make sense of international opportunities. These mental models vary from one individual to another in terms of richness and connectedness such that more experienced managers have richer and more connected mental structures (Maitland and Sammartino, 2015b). Mental models are based on different managerial careers and a lifetime of learning experiences.

Mental models can be either the result of objective information or built by using heuristic mechanisms (Maitland and Sammartino, 2015a). Heuristic occurs when managers, rather than engage themselves in time-consuming decisions, use a different form of intuition as a shortcut. The aim is to reduce the time of making decisions or to minimise the complexity that generates a large number of alternatives. Heuristic-based decisions have been usually associated with a less efficient and less desirable outcome than a decision based on systematic reasoning. In contrast with this view, Maitland and Sammartino (2015a) find that – when dealing with internationalisation decisions – managers applied a diversity of heuristics to build *small world representations* of

their uncertain environment. These representations are necessary tools that allow managers to assess different scenarios, risk and political hazard. Far from being irrational, heuristics is a powerful tool that helps to discover and analyse information, it focuses on individual attention and helps to ignore non-relevant information (Maitland and Sammartino, 2015a).

Acknowledging that the boundedly rational decision-maker is underspecified in IB, Maitland and Sammartino (2015a, 2015b) initiated a new research avenue by bringing new behavioural findings into IB and providing further insights about how managers make sense of opportunities. This approach offers a major contribution. It unpacks the concept of bounded rationality by putting upfront the decision-making process and by showing how mental mechanisms unfold. In doing so the authors acknowledge Simon's (1990) idea that "human rational behaviour is shaped by scissors whose two blades are the structure of task environments and the computational capabilities of the actor" (Simon, 1990, p.7). The first blade represents the decisions rules that make use of information found, while the second blade represents the so-called ecological rationality (Gigerenzer and Goldstein, 1996), which is the ability to make good decisions exploiting the informational structures available in the environment. Following this logic, Maitland and Sammartino (2015a) do not just focus on the deliberative aspect of the decision-making, but also on heuristic and intuitive processes of reasoning. They argue that heuristics is a decision enhancing factor rather than a limiting factor because it enables individuals to build accurate mental models despite significant information constraints (Maitland and Sammartino, 2015a). These mental models represent proof of the human abilities of environmental adaptation and learning from experience (Gigerenzer and Goldstein, 1996).

However, what Maitland and Sammartino (2015a, 2015b) may have missed in their analysis is that a mental model (or small world representation or schema) does not only contain cognitive information about the task, it also contains affective information about what is stored in the memory (Fiske and Taylor, 1991; George et al., 1998). Affective information underpins heuristics mechanisms that help managers to build mental models through which they interpret the external environment. Heuristics decision models are often driven by affect (Finucane et al., 2000; Slovic et al., 2007). Frequently the very first reaction of an individual is of affective nature because it occurs automatically and spontaneously with no need for inference (Zajonc, 1980).

The construction of mental models is largely influenced by affective information that complements experience and cognitive information triggering a managerial response that varies according to the individual.

2.4.4 Top executives matter to internationalisation performance

After behavioural research, the second stream of literature that takes into account the role of the individual in making internationalisation decisions is the Upper echelon theory (Hambrick and Mason, 1984) whose main focus is to show how different individual characteristics lead to differences in firm performance. This is generally considered as one of the typical examples of a microfoundations approaches that could provide interesting contributions to IB (Aharoni et al., 2011; Foss and Pedersen, 2016; Verbeke and Ciravegna, 2018).

Upper Echelon scholars argue that the leadership effect in organizations accounts from an average of 12.7 per cent of the variance of firm performance during the years 1950–1969, to an average of 25 per cent of the variance during the years 1990–2009 (Quigley and Hambrick, 2015). The theory has built a clear theoretical causal link between managers characteristics and firm performance seeking to explain the same construct (firm performance) by invoking different levels of analysis (Foss and Linder, 2019).

The upper echelon empirical research has employed demographic variables of the firm's top managers such as gender, age, experience, or personality traits, as a proxy for managerial cognition. These characteristics are then associated to the firm performance. In IB context findings are variegated. Demographic variables (managerial tenure, age, education, nationality) have been used to explain entry mode decision (Nielsen and Nielsen, 2011), export intensity (Agnihotri and Bhattacharya, 2015; Reuber and Fischer, 1997) and internationalisation decisions (Oesterle et al., 2016). Findings reveal that more experienced and more educated managers are more likely to export (Agnihotri and Bhattacharya, 2015; Reuber and Fischer, 1997) or choose full-control entry modes over shared control entry mode (Nielsen and Nielsen, 2011). Instead, heterogeneous or nationally diverse top management teams are more inclined to opt for shared control over full control entry modes (Nielsen and Nielsen, 2011). In addition, it has been found that narcissistic CEOs tend to intensify business activities abroad without following the Uppsala model's prescription about the psychic distant dimension (Oesterle et al., 2016).

A few points need to be considered when adopting this approach. First, examining the correlation between demographic variables and performance does not allow us to understand the mechanism through which the former influences the latter (Kilduff et al., 2000). Therefore, researchers should incorporate constructs that are more complex than simple demographic variables and integrate different methods to draw more informed conclusions (Priem et al., 1999). Second, besides conventional demographic variables, other important factors are likely to influence managerial decision-making. Managers are also driven by aspects of intentionality which are not represented by cognitive mechanisms. According to Hutzschenreuter et al. (2012) intentionality entails a conative perspective that contrasts with the conventional cognitive representation of managers. Whether or not a decision is made depends on manager's intention that in turn depends on both their desire, beliefs (Hutzschenreuter et al., 2010; Hutzschenreuter et al., 2007), feeling and emotions (Hutzschenreuter et al., 2012).

2.4.5 Firms internationalise while managers pursue private interest

The third stream of literature, identified by Aharoni et al. (2011), that takes into account the role of the individual in making internationalisation decisions is the agency theory. According to a principal-agent view, managers (i.e. the agent) and shareholders (i.e. the principal) have different interests about the firm and its performance because of asymmetric information and a different propensity to take risk. Agency scholars see the managers as a source of discrepancy between the optimal and actual firm development (Walsh, 1995). Managers' interest mainly concerns the safeguard and maximisation of their current and future income as well as career rewards and prestige, while the ownership group is more interested in long-term performance (Aggarwal and Samwick, 2003; Amihud and Baruch, 1981; Jensen and Meckling, 1976; Oesterle et al., 2013).

Looking at internationalisation decisions from this perspective provides an interesting alternative story. Aggarwal and Samwick (2003) identified two main individual reasons why managers decide to internationalise: the first is to reduce idiosyncratic risk, and the second is to derive benefits in terms of prestige or better career prospects. Incentives – generally in the form of equity ownership – should be set to find the optimal contract that aligns goals between managers' and shareholders' needs. Oesterle et al. (2013) found that the ownership incentives have a U-shaped relationship with the degree of internationalisation meaning that up to a certain point shareholder

can limit or control international diversification. Beyond that point, managers are more likely to follow their own goals when making internationalisation decisions. Incentives have also an influence on the entry mode decision. Musteen et al. (2009) found that greater equity ownership and pay tied to long-term performance can alter managers' risk-taking making them prefer full-control entry modes.

The agency perspective is not a dominant approach in IB and has provided a limited number of studies which are currently not very well established. Potentially, agency theory can offer interesting insights as it assumes a different angle to explain managerial risk preferences about internationalisation. It brings upfront the conflict between owners and managers and highlights managerial intrinsic motivations, normally overlooked by traditional economic theory.

A widespread recommendation is to use agency assumptions to complement other theories: this will offer new insight about managerial behaviour while helping to capture greater complexity (Eisenhardt, 1989). Despite its potential, this approach offers a model of economic man which is often too simplistic (Pepper and Gore, 2012). Managers are described as rational, rent-seeking, driven only by pecuniary motivation or individual reward. Also, managers are unrealistically assumed to calculate time preferences mathematically and exhibit a homogeneous risk behaviour. Interesting attempts have been made to smooth the strong assumptions of the agency perspective grounding the concept of managerial motivation and risk on a common psychological state in which cognitive, affective, and conative variables are all considered (see for example Gómez-Mejía et al., 2007; Pepper and Gore, 2012). The new theoretical perspective, i.e. the socioemotional wealth perspective (Berrone et al., 2012; Gómez-Mejía et al., 2007), is grounded on this necessity to incorporate behavioural assumptions in the framework of agency theory.

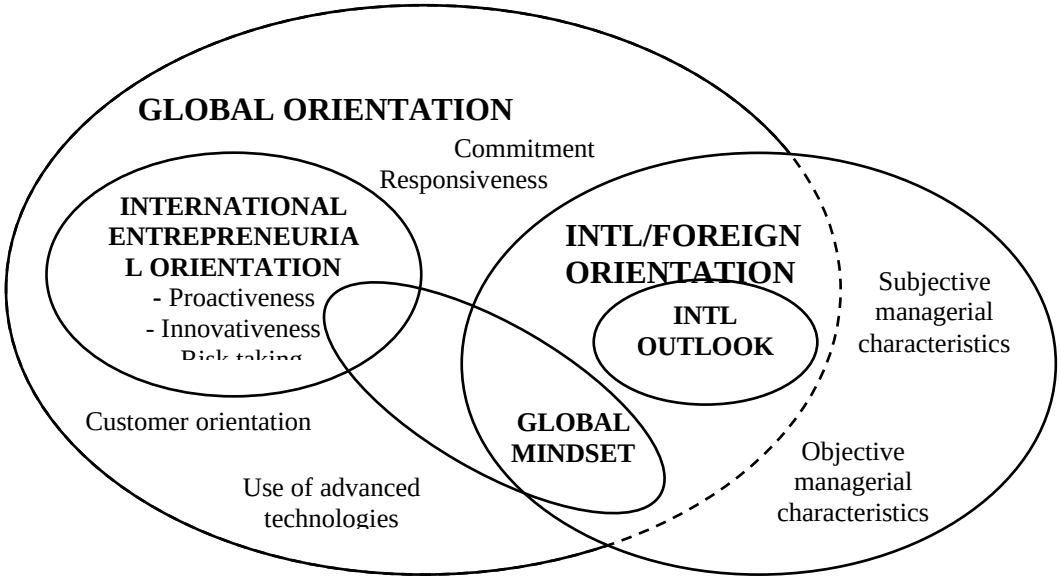
2.4.6 Manager's orientation matters to internationalisation

The approaches outlined from sections 2.4.1 to section 2.4.5 are connected by a common methodological approach which locates the explanation of the firm's internationalisation to an individual level of analysis. Following the same considerations, the inclusion of the managerial orientation (or mindset) stream of literature in this review appears as a coherent choice due to the similarities of their methodological approach with the aforementioned studies.

The origins of the study of managerial orientation (or mindsets) date back to the late 1960s. The pioneer of this approach is Howard Perlmutter (1969) with his work on the manager's state of mind. He outlined three different manager's profiles: ethnocentric, polycentric, and geocentric. He found that performance and type of firm internationalisation are directly correlated to the manager's profile.

Following this approach contributors from different disciplines have proposed different archetypes of managerial mindsets to explain international decisions and/or international performance of firms. In describing the managerial global mindset, some authors particularly focus on the cultural aspects. They draw attention to factors as openness (i.e. willingness to explore and learn from alternative systems) and outside orientation (i.e. attempt to reconcile global with local and mediate between familiar and foreign issues) (Perlmutter, 1969). Other authors emphasize strategic aspects (Bartlett and Ghoshal, 2002) of the managerial mindset pointing out the cognitive complexity that underlies the construct. Levy et al. (2007), acknowledged the existence of a third stream of research that combines the attitudinal and the cognitive approach into a multidimensional perspective of global mindset (see also Rhinesmith, 1992).

Figure 2.2: *Global mindset and related approaches*



Source*: Nummela et al. (2004)*

Within this view global mindset is a multidimensional concept characterised by cosmopolitanism and cognitive complexity, emerging from individual-level cognitive structures. Nummela et al. (2004) identified at least five different and often

overlapping versions of global mindset related concepts (see Figure 2.2 for a recap). Global orientation, the broadest concept embracing most of the other related concepts, refers to (1) a manager's positive attitude towards international affairs and (2) the ability to adjust to a different environment and cultures (Nummela et al., 2004).

Empirical research in entrepreneurship and IB have employed global mindset and related managerial profiles to explain differences in internationalisation performance such as degree of internationalization, export performance, the breadth, scope and speed of internationalization (Dimitratos et al., 2004; Felício et al., 2015; Felício et al., 2016; Jantunen et al., 2005; Knight, 2001; Mostafa et al., 2005). The more a manager is internationally oriented the more likely the firm is internationalised.

The pioneering work of Perlmutter has been developed in a period dominated by a cognitivist paradigm. Scholars did not put much emphasis on other aspects of human behaviour as they were considered as deviating from the rule of rationality. This view has had a great influence on the subsequent studies inspired by Perlmutter. Later in the 1980s and the 1990s, the role of affect in the decision-making has become rather well established in psychology. However, such advances have not been integrated into the operationalisation of the global mindset construct. Today it is well known that attitude – a behavioural disposition constructs similar to global mindset (Muzychenko and Liesch, 2015) – is influenced by the combination of both cognitive and affective evaluations (Fishbein and Ajzen, 2010). Global mindset and related literature have simply not kept pace with advances in psychology literature, failing to provide a realistic representation of managers' behaviour (Powell et al., 2011).

2.4.7 Managerial capabilities matter to internationalisation performance

Differently from managerial orientation, managerial capabilities have become a hot topic in IB and strategic management literature a lot more recently. In the 1990s, Teece et al. (1997) put forward the concept of dynamic capabilities conceptualised as "the firm's ability to integrate, build and reconfigure internal and external resources to address and shape rapidly changing business environments" (Teece, 2018, p.471).

Dynamic capabilities differ from ordinary capabilities. While the latter permit sufficiency (and occasionally excellence) in performance, dynamic capabilities "enable the firm to have a better chance of establishing and maintaining competitive advantage" (Teece, 2014, p.23). The necessity to offer guidance to managers has

pushed dynamic capabilities scholars to dig into the cognitive underpinning of dynamic capabilities. Drawing on social and behavioural sciences, dynamic capabilities have been disaggregated into the individual abilities of sensing (managerial ability to recognise and interpret data from the external environment), seizing (abilities of problem-solving and reasoning), and reconfiguring (ability to implement strategic change when external conditions change) (Helfat and Peteraf, 2015; Teece, 2007).

In IB context, the dynamic capabilities framework has been employed to demonstrate that particular managers' abilities have a direct influence on firm internationalisation. For example, the role of dynamic capabilities is crucial to determine the speed of internationalisation (Knight and Cavusgil, 2004). According to the influential study of Knight and Cavusgil (2004), the possession of a bundle of specific capabilities allows newly established firms (the so-called born-globals) to internationalise more rapidly while skipping the gradual steps of internationalisation predicted by Uppsala model. Nadkarni and Perez (2007) attribute the decision to internationalise early to the knowledge acquired by managers in domestic market operations. However, this knowledge does not have a direct effect on the speed of internationalisation but is mediated by the individual or team capabilities. Similarly, Prashantham and Floyd (2012) ascribe to improvisational learning and new capability development the decision to internationalize actively from inception. Conclusions about the superior performance of highly capable firms are also valid for traditional firms operating in a mature and global non-high-tech industry. Villar et al. (2014) found that in traditional SMEs knowledge management practices and knowledge management dynamic capabilities are positively correlated with the decision to export.

The dynamic capabilities approach has become considerably popular by addressing the issue of how firms can cope with changing environment and achieve sustained competitive advantage. However, the approach deals with a main limitation concerning the nature of the microfoundation assumptions. In terms of rational behaviour, there is no agreement about the choice to follow a bounded rationality-oriented approach in line with evolutionary economics or a fuller rationality-oriented approach, as suggested by the resource-based view (Barreto, 2010). Even when assuming a boundedly rational view, dynamic capabilities fail to portray adequately the role of the manager as decision-maker because the microfoundations framework

rests on an "outmoded conception of the strategist as a cognitive miser" (Hodgkinson and Healey, 2011, p.1501). Simon's (1957) seminal notion of bounded rationality is grounded on the idea that the human mind operates in two different modes of information processing, the effortful and deliberative mode (cognitive mode) versus the fast and frugal mode (intuitive mode) (Gigerenzer and Goldstein, 1996). Although decision-making is shaped by the combination of the two modes, dynamic capabilities have exclusively focused on the cognitive side.

2.5 Managers' cognition: only half of the story

Virtually all the studies about managers described in the previous section are stories of how managers deploy their cognitive abilities to deal with risk and uncertainty to achieve the best possible outcome. Individual-level heterogeneity has been expressed in terms of arguments for a different distribution of demographic characteristics or managerial capabilities among firms, different mental models, different decision-making styles, or different levels of individual knowledge, experience and risk-taking. Heterogeneity has been expressed mainly by using cold cognitive arguments and assuming that managerial action is mainly driven by deliberate and instrumental motivations.

The so-called cold cognitive perspective traces back to the 1960s cognitive revolution, influenced by Herbert Simon's (1957) seminal work. Simon's influence has fostered the belief that human behaviour could (and should) be explained mainly in terms of instrumental knowledge accumulation. The word cognitive comes from the Latin word *cognitio*, that means knowledge. According to the Dictionary of Psychology, cognition is an item of knowledge or belief that includes all mental activities involved in acquiring and processing information (Colman, 2015). The term "cognition" encompasses at least two meanings: first, it refers to mental activities also termed mental processes or mental operations; second, it refers to individuals' mental structures or representations or schema (Helfat and Peteraf, 2015). The cognition's sensemaking task includes the ability to decipher information from the external environment and the ability to build representations (as accurate as possible) of the world based on experience and practice (Maitland and Sammartino, 2015a).

Scholars using a cognitive perspective are engaged with the study of explicit mental processes through which individuals acquire, store, transform, and use information

(Baron, 2004). Other processes of acquiring information – such as affective, non-conscious or automatic processes – were not seriously taken into account until the early 1980s (Zajonc, 1980). They were largely seen as a source of noise and disruption instead of inseparable, integral, and often crucial aspects of the decision-making.

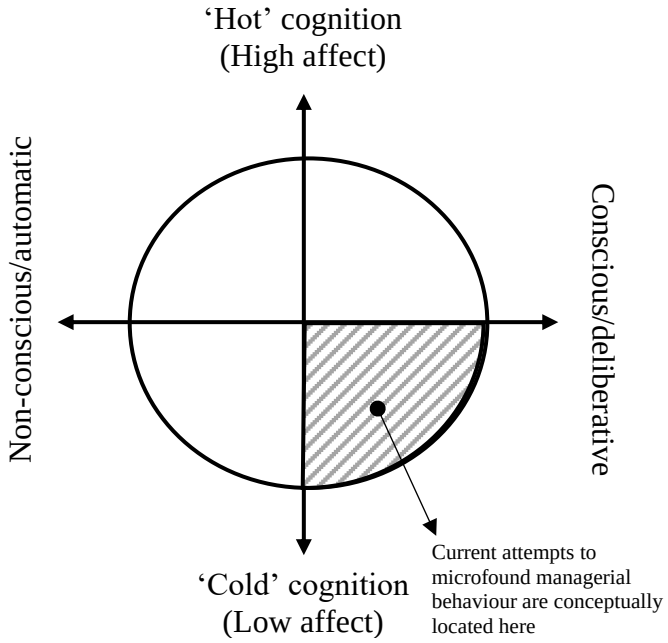
Recent developments in contemporary neuroscience have confirmed that decision-making and information processing have cognitive roots as well as affective ones (Bechara, 2004; Damasio et al., 1990; Foxall, 2014). The new findings challenged the idea that affect and emotion necessarily have a biasing effect on the decision-making process. In a popular neuroscience experiment, Damasio et al. (1990) investigate the decision-making process of a group of patients with brain damage that made them incapable of experience any emotion. One could simply predict that the absence of any emotional interference should lead the decision-maker to make optimal choices. Instead, the experiment showed that the inability of feeling emotions induces a form of sociopathy that destroys any rationality. The neuroscientists conclude that what pushes individuals to make better decisions is a lifetime experience of positive and negative feelings that are recorded in the human brain and connected to a specific somatic state (Damasio et al., 1990). If a positive somatic marker is activated making a certain decision sounds like an incentive, whereas if a negative somatic marker is activated, making the same decision sounds as an alarm.

The discovery of the role of affect in the field of psychology has initiated a new stream of research that has been identified as the hot cognitive perspective (which opposes the cold cognitive perspective). The basic assumption of hot cognition is that the process of judgement or reasoning is influenced by two main factors. The first is more conscious, deliberative, and led by cognition. The second is more automatic, unconscious, and led by affect and emotions (Ajzen, 2001; Fishbein and Ajzen, 2010; Kahneman, 2003, 2012; Stanovich and West, 2000).

Building on the extant literature, Hodgkinson and Healey (2011) have mapped the conceptual space of decision-making along two different dimensions (see Figure 2.3). The first dimension ranges from a low affect end to a high affect end. Decisions made in the lower part of the circumplex are characterised by more instrumental evaluations (cold cognitive approach), whereas decisions made in the upper part are characterised by affective and experiential evaluations (hot cognitive approach). The second

dimension goes from a non-conscious or automatic mode to a more conscious or deliberative mode. Decisions made in the right part of the circumplex are more thoughtful, conscious, and deliberate, whereas decisions made in the left part are more instinctive, non-conscious and automatic. Although a piece of strong evidence has been provided that intuition and emotional factors have a significant effect on decision-making, most of the attempts to microfound managerial behaviour are conceptually located in the lower right-hand quadrant of the circumplex, as highlighted by the dashed area in Figure 2.3 (Hodgkinson and Healey, 2011; Hutzschenreuter et al., 2012).

Figure 2.3: *The core dimensions of strategic cognition*



Source: *Hodgkinson and Healey (2011)*

The omission of the affective and intuitive dimension leads to a non-realistic representation of the manager's behaviour with at least two main consequences. First, a cold cognitive perspective conceptualises managers as individuals with no will and therefore executing predefined programs (Hutzschenreuter et al., 2012). This clashes with the well-established idea that managers act intentionally and are driven by personal *beliefs* and *desire* (Augier and Teece, 2008; Hutzschenreuter et al., 2007; Lewin and Volberda, 1999). Second, this omission can lead to a limited understanding of managers' and firms' decisions. As pointed out by Loewenstein (1996), in some cases, affect has a disproportionate effect on behaviour and tends to displace all goals

other than those that mitigate the visceral factor. Therefore, most of the choices made by managers cannot be fully understood when using cold cognitive explanations.

2.6 Affect and decision-making in IB: from a 'cold' to a 'hot cognitive' approach

Although the interest in the study of affect and emotions has seen a surge in psychology in the last 20 years, in IB the research on emotion and decision-making is still scarce (Hassett et al., 2018). Studies focusing on the role of affect are not so well integrated and – with very few exceptions – do not focus on the decision making aspect of the firm's internationalisation. Study on affect and emotions cover the area of cross-cultural negotiations (George et al., 1998; Hinds et al., 2014; Lee et al., 2006), cultural implications of merger and acquisition (Ahammad et al., 2016; Durand, 2016; Gunkel et al., 2015; Hassett et al., 2018), consumer behaviour (Antonetti et al., 2019; Bahaee and Pisani, 2009; Gineikiene and Diamantopoulos, 2017; Harmeling et al., 2015; Khan et al., 2019), and cultural or language issues (Aichhorn and Puck, 2017; Hadjichristidis et al., 2017; Hinds et al., 2014; Tenzer et al., 2014; Volk et al., 2014). Studies on the impact of affect on the decision to internationalise are very limited so far in IB.

But before going into detail, a proper definition and an explanation of what is meant by affect becomes here necessary. According to the APA's dictionary, affect is "any experience of feeling or emotion, ranging from suffering to elation, from the simplest to the most complex sensations of feeling" (American Psychological Association, 2020a). Affective reactions include actions like liking, disliking, preference, evaluation, or the experience of pleasure or displeasure. According to Zajonc (1980), affective reactions are:

- *Primary*: meaning that the first reaction to the external environment has an affective nature;
- *Basic*: affect is the first link in the evolution of complex adaptive functions and is universal among animal species;
- *Inescapable*: these reactions cannot always be voluntarily controlled;
- *Irrevocable*: affective judgement is less subject to persuasion;
- *Implicate subjective evaluation*: deal with stimuli that come from the individual;

- *Difficult to verbalize*: feelings are not always precise and often are experienced unconsciously;
- *Separated from the content*: affective impressions remain readily accessible in individuals' memory and can easily be recalled and applied to new a situation;
- *Independent from cognition*: judgement of pleasantness (unpleasantness) can be independent from the objective qualities of a particular object/behaviour.

When affect is integrated into the decision-making process it has a variety of influences. First, affect has a strong link with experience. It contributes to form a schema in managers' mind by selecting the attention of the individual on certain events while neglecting other events. Second, affect plays a significant role in shaping managerial orientation making managers more or less oriented towards foreign markets. Third, affect help managers to process a larger set of information when making a decision. Finally, affective reactions can also alter managerial risk perception. All these effects will be discussed more in-depth in the rest of the section.

2.6.1 Affect and experience

The fact that IB studies fail to take into account the dimension of affect when dealing with internationalisation decisions does not mean that affect has been totally ignored. Some studies deal with affective reactions without explicitly mentioning it. For instance, in a recent study, Schotter and Beamish (2013) analyse foreign location decisions of different multinational enterprises (MNEs). During the investigation, managers interviewed emphasised repeatedly that – despite the economic potential – they tend to avoid places where there are difficulties in obtaining visas, poor quality of hotels, unpleasant climate, bad food, the unpleasantness of the environment, personal safety issues, and so on. The study aims to bring forward the fact that, in addition to economic considerations, foreign location decisions are influenced by the so-called hassle factor (i.e. how troublesome is for managers to travel to or live in certain countries) (Schotter and Beamish, 2013). The authors noticed that managers' decisions were not driven by pure instrumental considerations. Other factors appear to affect their final location decision. These experiential factors appear to have as much importance as economic factors in determining the location decision. Although the authors do not refer to any affective dimension in location decisions, they refuse the idea that managers have only efficiency goals in their mind and emphasise the importance of including experiential evaluations when dealing with a location choice.

Other studies in IB – limitedly to the context of international negotiations – have dealt more explicitly with the role of emotions and their relationship with experience. For example, George et al. (1998) clarify the mechanism through which affective and cognitive components interact to influence managerial decisions. Findings of this study could be easily transposed to the broader context of internationalisation decisions. Following Fiske and Taylor (1991), George et al. (1998) developed an affect-triggered explanation of managerial behaviour. As managers acquire experience, they develop a mental schema (see also Maitland and Sammartino, 2015a) about their tasks. Differently from a purely cognitive perspective hypothesised by Maitland and Sammartino (2015a,b), the conceptualisation of schema in George's (1998) work includes both cognitive and affective information about the task. When a schema is activated, the affective response stored in the individual memory immediately triggers a positive or a negative evaluation that allows managers making decisions with no (or limited) access to pieces of information contained in their memory (George et al., 1998). The greater availability of affective impressions makes far easier to access information rather than evaluating all the pros and cons, especially when uncertainty and lack of information make the decision complex (Finucane et al., 2000; Slovic et al., 2007). As an example, suppose a manager has had a negative experience with past exporting projects. Before the manager undertakes a new exporting project the schema will guide her/him during new information processing. As the schema has activated a bad experience and a non-pleasant feeling, the manager will be more likely to (a) interpret ambiguous information negatively, (b) experience negative affect during the process, (c) avoid situations or (d) delay decisions about new exporting projects (George et al., 1998). Similar considerations – with an opposite sign – can be made for managers who have had positive experiences.

Affective reactions allow individuals to acquire and interpret information from their surrounding world through their past experiences. This combination of knowledge, affect and experience contributes to developing a unique mental schema that is available to the individual only and therefore not easily transferable. Affective reactions could be considered as the tacit aspect of experiential knowledge which is the aspect that is not easily replicable because it needs to be individually processed (see section 2.4.1). This kind of experience – also called experiential knowledge (Penrose, 1959) – includes affective reactions together with other beliefs, perspectives,

commitments, and values (Kogut and Zander, 1992). As intuitively noticed by Penrose (1959), experiential knowledge is the result of learning in the form of personal experience: it produces a subtle change in individuals' mind such that cannot be separated from them.

2.6.2 Affect and managerial orientation

In a more recent paper, Musteen (2016) finds that the emotional attachment to one's country generates negative affect towards internationalisation leading the manager to make non-optimal choices. More specifically, Musteen (2016) (among other findings) shows that the emotional implication of patriotism can either directly affect the choice of offshoring activities or make the decision-making process more conflicted. Despite acknowledging the benefit of international diversification, patriotic managers interpret ambiguous information in a negative way (home-biased) and prefer to invest in their home country to avoid the discomfort of experiencing negative emotions.

Research on patriotic managers has demonstrated that affect plays a significant role in shaping managerial orientation towards the acquisition of foreign equities (Morse and Shive, 2011; Wolf, 2000). Patriotic managers have limited international orientation, they do not show openness to cultural diversity, cosmopolitanism, or passion for cross-cultural encounters. Rather they prefer domestic investment solutions and show a negative behavioural disposition toward everything which has an international flavour.

The 'cold cognitive' perspective, usually employed to describe managerial orientation, has mostly focused on cultural and cognitive dimensions (Levy et al., 2007). The new findings suggest that affect should be considered as a foundation element of managerial orientation (Kedia and Mukherji, 1999; Musteen, 2016). A positive affect towards internationalisation can complement a positive behavioural disposition making managerial international orientation stronger (and vice-versa). A very recent paper – acknowledging that this literature gap has become quite evident – introduces the emotional aspect of the entrepreneurial mindset and derive some important implication from it (Kuratko et al., 2020). The authors recognise that affect can have a positive impact on entrepreneurs' behaviour as well as a potential destructive effect. Similar studies could revitalise the global mindset literature where the role of affect has been largely underplayed. Certainly, the topic needs to be developed further, as it is at its early stage, but Kuratko et al. (2020)'s work seems to provide the direction to

realign global mindset literature with the most recent advances in psychology literature.

2.6.3 Affect and information

Although affect is largely absent in IB models, a few sparse contributions provide some basic insights about the topic. For example, Van de Laar and De Neubourg (2006) – going against the tide of the majority of IB studies – have found that the presence of positive emotions increases the chance for a manager engage in FDI, while the presence of negative emotions decreases the chances to make the same decision. Such findings may seem rather obvious. However, the way affect influences the decision-making progress is a bit more complex.

From the psychology literature, it has been found that affect complements the decision making process in two ways. First, under the effect of a particular emotion managers change their system of preferences (Loewenstein, 1996). Their attention system is activated in such a way that they tend to overestimate the necessity to respond to an immediate need and underestimate other medium- or long-term economic effects (Van de Laar and De Neubourg, 2006). This means that under the influence of affective factors the attention of the individual is narrowed down toward the present and the self (Loewenstein, 1996). Affect is therefore conceived as a device that alters the preference of the individual in a unique manner making the managerial choice unstable and unpredictable. If rationality is defined as the possession of a coherent set of preferences stable over time (see the discussion about rationality in section 2.3.1), then – when affect is integrated into the decision-making process – the assumption of rationality is significantly challenged.

Second, affect influence the decision making in another way. It helps managers filling gaps when gathering information (Schwarz, 2000). Managers are not "cold calculating machines" who assess future probabilities, they can only imagine what may happen. To assess the outcome of a decision, individuals could essentially ask themselves "How do I feel about this?". The individual response to this question requires the managers to picture an image of the event and its consequences. Affect plays a prominent role in this imagination by enriching the picture with information that comes from previous experience. This information is often not fully mediated by cognition (Van de Laar and De Neubourg, 2006).

Instead of considering emotions as a factor that limit the amount of information processed, emotions can be considered as a tool to detect certain clues that otherwise would be neglected (Hodgkinson and Healey, 2011). Just as memory, imagination and degree of similarity, a readily available affective impression can help the decision-maker to make quick decisions especially when the situation is complex and mental resources are limited. This mental shortcut has been also labelled affect heuristic (Slovic et al., 2007). Hodgkinson and Healey (2011) noticed that the ability to recognise and use affect heuristic as information could be an essential but yet neglected component of dynamic capabilities (Teece, 2007).

As an example, consider the popular and unsuccessful Taurus project undertaken by the London Stock Exchange in the 1990s. As reported by Drummond (2002), the decision-makers experienced a deep unease before starting the project. They were not able to verbalise rationally the motives of their ill feelings. Therefore, they chose to go ahead with the investment grounding their decisions on more reasoned motivations. Eventually, when they abandoned the £75 million project making a huge loss, the decision-makers expressed considerable regret in having ignored their initial visceral feelings. This case demonstrates that operating in a "cold cognitive" mode does not shield managers from cognitive blind spots and strategic inertia. Instead, these complications could be avoided if affective reactions would be effectively incorporated into the managerial abilities of sensing, seizing and reconfiguration (Hodgkinson and Healey, 2011).

2.6.4 Affect and risk

It has been said that affective reactions provide a set of information that can change the managerial system of preferences. Findings from the work of Gómez-Mejía et al. (2007) and Berrone et al. (2012) show that affective reactions can also alter managerial risk perception. Merging findings of agency theory (Jensen and Meckling, 1976) with behavioural decision-making (Kahneman and Tversky, 1979) the socio-emotional wealth (SEW) perspective (Gómez-Mejía et al., 2007) provides new insights about the managers' risky behaviour.

SEW scholars have simply brought emotional factors into the decision-making process arguing that – in some case – the primary reference point for managers is not the loss of pecuniary reward, but the loss of their socioemotional wealth (i.e. a stock of affect-

related values connected with a controlling position in a particular firm) (Gómez-Mejía et al., 2007). Therefore, these managers are willing to accept a significant risk to their performance to preserve the affective endowment (Gómez-Mejía et al., 2007). Generally, firms with the highest level of socioemotional wealth to preserve are family firms. Predicting international decisions of such firms can be rather complicated. The literature has advanced arguments for and against the positive impact of family management on firm's internationalisation (Hennart et al., 2017). If an economic reference point is considered, these firms may be both risk willing and risk-averse at the same time (Gómez-Mejía et al., 2007). Without the inclusion of a 'higher-order' reference point – which is of affective nature – risk management and international behaviour of these firms would remain difficult to interpret.

Another important contribution regarding the interdependence of affect and risk preferences has been given by Loewenstein et al. (2001). The authors introduce the so-called risk-as-feeling hypothesis challenging the traditional conceptualisation of risk perceptions in two ways. First, the authors question the centrality of the cognitive role in risk preferences and, second, they challenge the consequentialist view of risk in the decision-making process.

A consequentialist perspective assumes that the decision-maker makes a choice after an evaluation of all the possible different alternatives. This evaluation is driven by the trade-off between the amount of expected outcome one is willing to give up avoiding additional risk (Buckley et al., 2016, 2018). Such an approach is essentially based on a deliberate decision underpinned by cognitive assessments. In other words, people are supposed to evaluate all the consequences of possible choice alternatives and make decisions based on the probability and desirability of associated consequences.

In the risk-as-feeling hypothesis, Loewenstein et al. (2001) emphasise the impact of emotions experienced during the decision-making. The authors differentiate between anticipatory and anticipated feelings. Anticipatory feelings are immediate reactions contextually experienced in the decision moment, whereas anticipated emotions are typically experienced in the future. Anticipated emotions can and have been easily integrated into the decision-making process (see Kahneman et al., 1998) without provoking any substantial change because they can be considered as a part of the expected outcomes of the decision.

Instead, anticipatory feelings – which are the main focus in the risk-as-feeling hypothesis – shape the individual response to a risky situation in the decision-making moment. According to this perspective, individuals react to risk to a risky situation with a direct and immediate emotional reaction that includes feelings such as strong discomfort or pleasure during the decision time without being able to verbalize it. At the same time, people also evaluate risk at a cognitive level basing their judgement on probability and desirability of the expected outcome. While the cognitive evaluation depends more on objective features, the affective evaluation of risk depends more on implicit information and intuition derived by personal experience, the exposure to similar situations, history, and conditioning. The *risk-as-feeling* hypothesis assumes that cognitive and affective evaluations have a mutual influence in the final decision and, in many cases, affective states exert strong pressure on cognitive evaluations (Loewenstein et al., 2001).

To summarise, there are at least three main consequences in adopting anticipatory feelings as a key variable. First, the authors minimise the importance of a consequentialist view of decision-making arguing that risk reactions are driven by an immediate vivid representation of the experience of decision outcomes (Loewenstein et al., 2001). Second, emotions are assumed to have a direct impact on behaviour without being cognitively mediated. Third, this conceptualisation opens up the possibility that affective reactions could diverge from cognitive reactions creating the conditions for the possible rise of ambivalence and inconsistency (Conner et al., 2013; Conner et al., 2003; Conner and Sparks, 2002; Van Harreveld et al., 2015). This consequence will be explored more in-depth in the next chapter when the role of ambivalence and inconsistency are discussed in the context of the decision to internationalise.

This section aims at showing the consequences of including affect into the managerial decision-making. The integration of affective and cognitive dimensions adjusts the traditional imbalance towards a ‘cold cognitive’ approach, providing evidence of how a ‘hot cognitive approach’ better describes the manager’s mind. Table 2.1 summarises the content of section 2.6 showing the effect of including affective elements into existent cold cognitive approaches.

***Table 2.1**: From a ‘ cold’ to a ‘ hot’ cognitive approach*

‘ COLD COGNITIVE’ APPROACHES		‘ HOT COGNITIVE’ APPROACHES	
Psychological microfoundation	**Supporting literature**	**Integrated view**	**Supporting literature**
Managers use mental models to make sense of international opportunities.	(Mental model or schema Gavetti et al., 2005) (Empirical research: Maitland and Sammartino, 2015a; Maitland and Sammartino, 2015b)	Mental models include cognitive and affective information about the task. Schema-triggered affect	(Finucane et al., 2000; Fiske and Taylor, 1991; George et al., 1998; Slovic et al., 2007)
The process of internationalisation is the result of knowledge accumulation. Knowledge reduces psychic distance and contributes to increasing the level of commitment to international markets.	Uppsala model (Johanson and Vahlne, 1977) Knowledge-based view (Kogut and Zander, 1992) (Empirical research: He and Wei, 2013; Hilmersson and Jansson, 2012; Sinkovics et al., 2018)	Affect can be considered as the tacit aspect of experiential knowledge	(Kogut and Zander, 1992; Penrose, 1959; Spender, 1996)
Performance and type of firm internationalisation are directly correlated to managerial orientation. Managerial orientation has been expressed in terms of cultural and cognitive factors.	Pioneer approach (Perlmutter, 1969) (Empirical research: Dimitratos et al., 2004; Felício et al., 2015; Felício et al., 2016; Jantunen et al., 2005; Knight, 2001; Mostafa et al., 2005).	Affect plays a significant role in shaping managerial orientation towards internationalisation	(Kuratko et al., 2020; Musteen, 2016)
More educated and more experienced managers are more likely to internationalise or choose full-control entry modes over shared control entry mode	Upper Echelon theory (Hambrick and Mason, 1984) (Empirical research: Agnihotri and Bhattacharya, 2015; Nielsen and Nielsen, 2011; Oesterle et al., 2016; Reuber and Fischer, 1997)	Need to incorporate constructs that are more complex than simple demographic variables. Emotional variables help going beyond the static nature of cognition.	(Barsade et al., 2000; Raffaelli et al., 2019)
Managers play a key role in transaction cost economising, but decisions can be sub-optimal (in the short-run) because of bounded rationality and bounded reliability	Bounded rationality and bounded reliability (Kano and Verbeke, 2019; Simon, 1957; Williamson, 1985)	Under the effect of emotions, managers change their preferences system. They overestimate the necessity to respond to their immediate need and underestimate other medium- or long-term effects.	(Van de Laar and De Neubourg, 2006)
Managerial capabilities have a deep impact on the firm’ s internationalisation. They create a set of resources difficult to imitate and have an impact on the breadth and speed of internationalisation.	Dynamic capability (Teece, 2007) (Empirical research: Knight and Cavusgil, 2004; Nadkarni and Perez, 2007; Prashantham and Floyd, 2012; Villar et al., 2014)	The ability to recognise and use affect heuristic as information could be an essential but yet neglected component of dynamic capabilities. Affective reactions may help to avoid cognitive blind-spots and strategic inertia	(Hodgkinson and Healey, 2011)
Managers have different risk propensities: managers with personal experiences of satisfaction have a higher propensity to internationalise. This propensity is also higher when managers have a perception of being in a loss domain	Prospect theory (Kahneman and Tversky, 1979) (Empirical research: Buckley et al., 2018; Schubert et al., 2018)	Risk-as-feeling hypothesis include the role of anticipatory feelings in assessing risk	(Loewenstein et al., 2001)
Managers internationalise while following private interest: Internationalisation decisions are conceived as the result of bargained goals between the firm’ s conflicting parties	Agency theory (Jensen and Meckling, 1976) (Empirical research: Aggarwal and Samwick, 2003; Amihud and Baruch, 1981; Oesterle et al., 2013)	The merge of agency perspective with a behavioural perspective creates a broader concept of private interest that includes socio-emotional wealth.	(Berrone et al., 2012; Gómez-Mejía et al., 2007)

3. THE RAA AND THE ROLE OF AFFECT IN INTERNATIONALISATION DECISIONS

3.1 Overview

In this chapter, the theoretical framework is presented along with hypotheses about managers' behaviour. The chapter starts by describing the reasoned action approach and explaining the reasons why it is considered the most appropriate theoretical tool to conduct this research. All the constructs of the theory are outlined. The chapter ends by including ambivalence and inconsistency in the theoretical framework showing how their effect complements the main theoretical framework.

3.2 The Reasoned Action Approach and the rediscovered role of affect

In the previous chapter, the importance of including the role of affect in the decision to internationalise has been discussed. In this chapter a theoretical tool is presented that allows to detect the presence of the affective component in the decision making and understand its consequences. The Reasoned Action Approach (RAA) has been chosen as a theoretical tool to microfound the decision to internationalise because of its unique characteristics of robustness and adaptability. The RAA is a new revised version to the old TPB (Ajzen, 1991). The RAA has been advanced by Fishbein and Ajzen (2010) to address the criticism of an overreliance on cognitive aspects and bring more detailed conceptualisation of a variety of factors predicting human behaviour. With the RAA, the proponents acknowledged the long-standing finding that the decision process is influenced by both cognitive and affective factors (Fishbein and Ajzen, 2010). This is only one of the strengths of employing RAA in this study. RAA also:

- provides a detailed causal specification of the factors that build individual intentionality and predict behaviour (Ajzen, 1991; Bleakley and Hennessy, 2012; Fishbein and Ajzen, 2010; Hutzschenreuter et al., 2010; Hutzschenreuter et al., 2007);

- is parsimonious. It assumes that the effect of any precursor variable is completely mediated by attitude (Fishbein and Ajzen, 2010);
- employs theoretical principles that are sufficiently general to make the approach applicable to a variety of behaviours (Bleakley and Hennessy, 2012), including internationalisation decisions.

3.2.1 Intention

Under the lens of RAA, the *intention* is the best predictor of behaviour. The stronger the intention of an individual to perform a behaviour, the more likely the behaviour will be performed. The intention is assumed to capture the conative part of behaviour. It is an indication of the individual commitment: how much of an effort an individual is planning to exert to obtain the desired outcome (Ajzen, 1991). The basic assumption underpinning the research is that manager's intention to internationalise represents the most important driver of the firm internationalisation (Acedo and Galán, 2011; Moen et al., 2016; Morgan and Katsikeas, 1997; Muzychenko and Liesch, 2015). Therefore, by isolating the main drivers of intention (lower level of analysis) one can understand and predict the internationalisation behaviour of a firm (upper level of analysis) (Coviello et al., 2017; Dow et al., 2018).

The main characterising aspect of intention (or intentionality) is the purposeful or voluntaristic orientation towards outcomes defined as goals (Hutzschenreuter et al., 2007; Lewin and Volberda, 1999). Intentionality is the quality of all actions, thoughts and beliefs that are consciously directed toward something defined as a goal (Malle et al., 2001). Intentionality represents the foundation of social cognition and summarises mental categories of awareness, desire, and belief (Malle et al., 2001). The awareness dimension is grounded in dimensions of knowledge and cognition. The desire dimension is not simply an expectation or a prediction about the future, instead, it is grounded in the managerial ability to represent a future course of action with a proactive commitment to the goal achievement (Bandura, 2001). The strength of beliefs that a certain behaviour will lead to the desired consequence will activate and/or maintain the commitment towards the predetermined goal (Bird, 1988).

To understand people's behaviour, one requires to understand the antecedents of intention. The intention is a reasonable and spontaneous consequence of beliefs. Specifically, three kinds of beliefs are crucial to determine people's intention. First

behavioural beliefs, responsible for the creation of attitude; second, normative beliefs, accountable for the formation of social norms; and third, control beliefs responsible for the formation of perceived control (Ajzen, 1991; Fishbein and Ajzen, 2010).

3.2.2 Affective and cognitive attitude

Attitude has been studied in social psychology since the 1930s (Allport, 1935) and is the key construct of this research. The ability to predict behavioural intentions and manifest behaviour is the reason why attitude continues nowadays to be a core concept among psychologists (Bohner and Dickel, 2011).

Attitude has been defined as a "latent disposition or tendency to respond with some degree of favorableness or unfavorableness to a psychological object" (Fishbein and Ajzen, 2010, p.76). Latent means that attitude is not accessible by direct observation. Theorists have recently converged that evaluative responses can be considered a good measure to infer attitude (Fishbein and Ajzen, 2010). The degree of favorableness or unfavorableness arises spontaneously and inevitably as a consequence of beliefs. Beliefs emerge when people associate an object (or behaviour) with various outcomes, characteristics, qualities, or attributes. In their life's experience, people form many different beliefs. These beliefs originate through direct observation, by someone else's experience, the influence of media and other external sources. Some beliefs may also be self-generated through an inference process.

More recently, there is quite a general agreement among cognitive psychologists that an attitude towards a behaviour can be driven not only by cognitive evaluations but also by affective evaluations (Ajzen, 2001; Crano and Prislin, 2006; Slovic et al., 2007; Zajonc, 1980). Following this logic, Fishbein and Ajzen (2010) propose a new model in which attitude is differentiated into two sub-components: cognitive and affective. Cognitive attitude refers to the expected consequences or outcomes of an object provide information about how valuable or beneficial is performing the behaviour. While affective attitude refers to the anticipatory feelings associated with the object and provides information generated by the elaboration of past experience.

It is worth noting that the term affect is a wide concept and does not include experiential evaluations only, but also refers to a response system with a somatic component characterized by some degree of arousal (Fishbein and Ajzen, 2010). Fishbein and Ajzen (2010) recognised the fact that the term "affective" might be

slightly misleading. Therefore, the authors adopted the more neutral terms of experiential attitude to refer to the affective component, while they use the term instrumental to refer to the cognitive component. Contrarily, for other scholars, the adjective "affective" is rather well established to define experiential evaluations (Conner et al., 2013; Conner et al., 2015). Provided that Fishbein and Ajzen's (2010) concern appears legitimate, in this research the term affective is employed following the usual practice of psychology studies and the definition previously outlined.

Attitude has an evaluative nature. This means that individuals are assumed to have a position that ranges from negative to positive – passing through a neutral point – with respect to the object in question. Cognitive and affective assessments have a direct effect on the formation of intention. The reliance on affective or cognitive attitude to formulate intention changes according to individuals and type of behaviours (Ajzen, 2001). Some individuals tend to have a stronger reliance on cognitive evaluations others on affective evaluations. Similarly, some behaviours are better predicted by cognitive attitude, other by affective attitude. In the context of internationalisation behaviour – export behaviour particularly – a piece of strong evidence has been provided that a positive attitude to export is directly related to the intention to export and to the actual decision to export (Acedo and Galán, 2011; Morgan and Katsikeas, 1997; Muzychenko and Liesch, 2015). Although the effect of affective attitude has never been tested (to the best of the investigator's knowledge), it is expected that both affective and cognitive evaluations have a direct effect on the decision to internationalise (Fishbein and Ajzen, 2010). Therefore, it is hypothesised that:

Hypothesis 1: Managers who have a positive cognitive attitude towards internationalisation are more likely to express the intention to internationalise.

Hypothesis 2: Managers who have a positive affective attitude towards internationalisation are more likely to express the intention to internationalise.

3.2.3 Social norms

Although the construct of social norms is not directly related to the affective or cognitive attitude, RAA considers it as an important covariate influencing intention. Also, social norms represent a form of heuristic shortcut that allows managers to make quicker decisions. In this respect, social norms may provide further insights within a 'hot cognitive' approach.

Social norms are considered as the second antecedent of intention which is activated by normative beliefs. These beliefs concern the perceived social pressure to either perform or not to perform the behaviour. Generally speaking, people tend to perform a behaviour if they perceive that the reference group with whom they are motivated to comply would approve and/or encourage the behaviour (Ajzen, 1991, 2005). As opposed, people will refrain to perform a behaviour if their reference group would disapprove it. The way social norms exert influence on people's behaviour is rather subjective (Göckeritz et al., 2009). Consciously or unconsciously, people compare themselves with referent others and create target-behaviours through social comparison processes (Ajzen, 1991; Festinger, 1954; Greve, 1998a, 1998b). Group of peers are generally chosen for self-assessment comparison, while top performers are chosen for self-enhancement comparison (Greve, 1998b). Together with direct experience, social imitation (or others' experience) is considered as an important source of organisational learning (Levitt and March, 1988).

Social norms have been traditionally considered effective only if they are associated with any sort of sanction (i.e. reward, coercion, legitimation, and so on) (Bandura, 1997). More recently, Fishbein and Ajzen (2010) have recognised that social pressure can influence behaviour even if there is no rewards or punishments for non-conforming behaviour. For this reason, in the RAA, the concept of subjective norms has been split into *injunctive* and *descriptive norms*. Injunctive norms "refer to perceptions concerning what should or ought to be done with respect to performing a given behaviour", whereas descriptive norms "refer to perceptions that others are or are not performing the behaviour in question" (Fishbein and Ajzen, 2010, p.131).

The wide scope covered by the two concepts allows incorporating into the definition of social norms many forms of social influence, including mimetic or bandwagon behaviour. The distinction between injunctive and descriptive can be very subtle when dealing with managerial decisions. For example, when the majority of competitors – who are considered important referents – are performing a specific behaviour, the manager will assume that, under the same circumstances, it is the right thing to do. Some managers may follow the referent's behaviour driven by some forms of an individual reward of legitimation. Other managers may follow the referent's behaviour because it represents a form of cognitive shortcut especially when time and knowledge are limited (Nikolaeva, 2014; Oehme and Bort, 2015).

In IB and related studies, social norms assume a *descriptive* character rather than an *injunctive* character. Davis et al. (2000, p.239) hypothesised that firms "adopt similar organizational forms, structures, policies, and practices, thus becoming isomorphic, based on felt pressures to conform to behavioural norms within the environments". In IB descriptive norms has been studied using a firm-level of analysis to explain the adoption of particular entry-modes and innovation (Frost, 1997; Guillen, 2003; Oehme and Bort, 2015). Oehme and Bort (2015) find that firms imitate the entry-modes of their peers in a precise manner: imitation serves as a convenient low-risk shortcut to the process of internationalization. Therefore, it is hypothesised that at an individual level of analysis:

> **Hypothesis 3:** Managers who perceive stronger social pressure are more likely to express the intention to internationalise.

3.2.4 Perceived behavioural control

Similarly to social norms, perceived behavioural control is not directly related to the affective or cognitive attitude. However, the RAA considers it as an important covariate influencing intention. Having a positive attitude and perceiving strong social pressure may not be sufficient to form an intention to perform a behaviour. Even though it is believed that behaviour will produce a positive outcome, people are motivated to perform a behaviour only if they believe that they can perform it successfully. Therefore, in addition to attitude and social norms, the intention is also influenced by the level of perceived control. Perceived control takes into account internal and external resources (availability of information, skills, and opportunities) and possible barriers or obstacles that have to be overcome.

The RAA assumes that perceived control reflects both autonomy and capacity beliefs (Fishbein and Ajzen, 2010). Autonomy refers to the degree to which one believes that has control over the behaviour (Ajzen, 2006), whereas capacity denotes the degree to which one believes to possess the capability to perform the behaviour (Yzer, 2012). Capacity is conceptually similar to self-efficacy which is the "judgement of one's ability to organize and execute given types of performance" (Bandura, 1977, p.21).

A greater level of autonomy and capacity are related to an increased risk propensity of an individual (Cassar and Friedman, 2009; Krueger and Dickson, 1994). The intention to engage in behaviour considered as risky is stronger when people believe that they

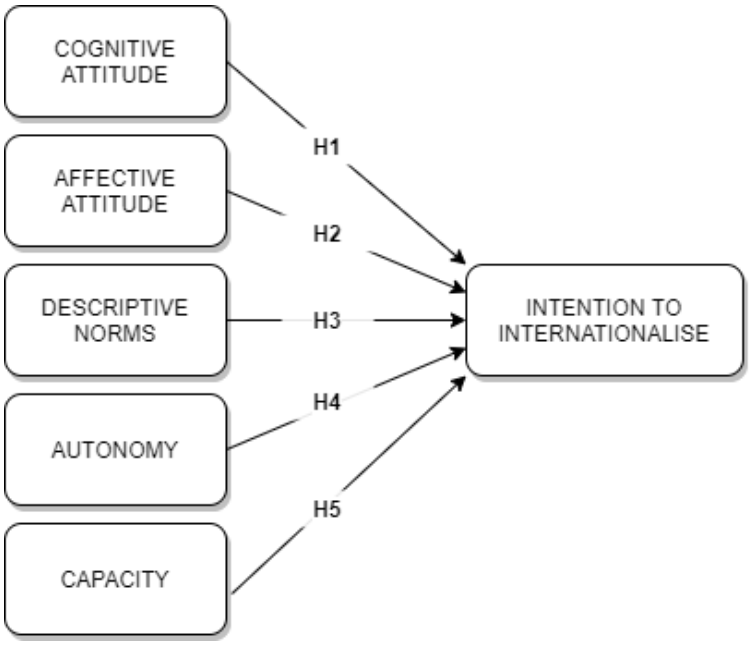
have resources and opportunities to perform the behaviour and when they believe that they can freely and easily access available resources (Fishbein and Ajzen, 2010; Yzer, 2012). Therefore, it is hypothesised that:

Hypothesis 4: Managers who experience a greater level of autonomy are more likely to express the intention to internationalise.

Hypothesis 5: Managers who perceive a greater level of capacity (self-efficacy) are more likely to express the intention to internationalise.

Figure 3.1 shows the conceptual model of the RAA as hypothesised in section 3.2.

Figure 3.1: *Conceptual model (baseline)*



3.3 The role of experience

In IB literature, many studies have analysed the key role played by experience in internationalisation decisions (Child et al., 2017; Choquette, 2018; Majocchi et al., 2018; Piaskowska and Trojanowski, 2014; Sandberg et al., 2019; Wood et al., 2010). Experience affects risk perception and opportunity recognition with a positive impact on performance (Child et al., 2017; Choquette, 2018; Majocchi et al., 2018; Piaskowska and Trojanowski, 2014; Sandberg et al., 2019; Wood et al., 2010). Experienced managers exhibit a stronger orientation towards international markets, therefore they choose higher-level entry-mode (Jiang et al., 2018) an tend to enter

international markets at early stages (Knight and Cavusgil, 2004; McDougall et al., 1994).

Fewer studies have explained the deeper mechanism through which experience operates at the individual level. As observed by Gavetti and Levinthal (2000), experience accumulates as a result of positive and negative feedback of prior choices, with a great propensity to engage in actions that have a positive outcome. First, actions are tried, their outcome is experienced, and then a revision will be implemented according to the information acquired. Finally, actions are tried again in a new iteration that generates further feedback and opportunity to gain knowledge (Gavetti and Levinthal, 2000).

Two elements appear to be fundamental to generate meaningful experience. On the one hand, there is an exposure element which highlights the time dimension (i.e. the time spent working overseas, or the number of times an action has been repeated). On the other hand, there is a learning element which highlights the amount and the quality of information stored through the process of exposure (D'Angelo et al., 2020; Ganotakis and Love, 2012; Love and Ganotakis, 2013; Love et al., 2016).

The learning process occurs at the individual level and allows to generate individual cognitive representations (also called mental maps or schema or small-world representations) that help managers to frame the world and simplify the complexity of the external environment (Gavetti and Levinthal, 2000; Wood et al., 2010). To build these mental representations, managers use a set of distinct cognitive information (Gavetti and Levinthal, 2000; Maitland and Sammartino, 2015a; Wood et al., 2010). Managers with more experience build richer representations of the surrounding world which drive them in the decision-making process (Maitland and Sammartino, 2015a). Through the process of repetition, decision-makers learn to recognize patterns and structural relationships and therefore build heuristic representations of their world (Maitland and Sammartino, 2015a).

This means that experience *per se* does not necessarily have a direct effect on managers decisions but requires a combination with internal cognitive structures that translate the single pieces of information into meaningful knowledge. Experience, in terms of exposure, has a direct influence on the cognitive process that allows managers to assess

the external environment. In turn, cognitive processes have a direct influence on the formation of intentions and behaviour.

This is also postulated by the RAA where attitude is considered as the best predictors of intention and experience is considered as a background factor totally mediated by attitude (Ajzen, 1991, 2001; Fishbein and Ajzen, 2010). Following this reasoning, it is hypothesised that:

> **Hypothesis 6:** Cognitive attitude mediates the relationship between experience and the intention to internationalise.

According to the Cambridge Dictionary, experience is "the process of getting knowledge or skill from doing, seeing, or feeling things" (Cambridge Dictionary, 2020). Most often IB literature focuses on the cognitive aspect of skills acquisition, while in this research particular emphasis has been given to the "feeling" aspect of experience. In a hot cognitive perspective, the process of knowledge acquisition through experience has been described by stressing on the role of affect as a mechanism that regulates attention and selection of preferences (see section 2.6.1).

As maintained by Fiske and Taylor (1991) mental representations (i.e. mental maps or schema or small-world representations) also include an affective component that is stored with the schema in the manager's memory. This phenomenon is also called schema-triggered affect. It means that affective responses are stored with the schema, rather than a standalone piece of information (Fiske and Taylor, 1991). And when the schema is activated an affective reaction is also immediately activated. This reaction originates from positive or negative affective feedbacks of prior experience. This is confirmed by recent developments in contemporary neuroscience (Bechara, 2004; Damasio et al., 1990). According to the aforementioned neuroscientists, previous experience helps people building symbolic representations of their world by marking each event with a positive or a negative feeling. When a person responds to an affectively significant event the experiential system automatically searches in the memory bank any related event and, if the activated feeling is pleasant, the final action is motivated, if the feeling is unpleasant any action to avoid the negative feeling is motivated (Finucane et al., 2000).

Affective reactions originate by individual experience (Fiske and Taylor, 1991). They can increase the efficiency and the accuracy of the decision process (Damasio et al.,

1990). They run in parallel to a cognitive evaluation because they are governed by a different brain system (Loewenstein et al., 2001; Zajonc, 1980). Following these considerations, it is hypothesised that:

Hypothesis 7: Affective attitude mediates the relationship between experience and the intention to internationalise.

As hypothesised above, experience has an effect on the intention to internationalise although its effect is mediated by cognitive and affective attitude. However, when the direct experience is limited, the experience of others (indirect experience) may become a useful source of information (Nikolaeva, 2014; Oehme and Bort, 2015). In situations of lack of knowledge and information, the observation of someone else's behaviour may represent a form of heuristic to make quick and sound decisions. It is argued that descriptive norms, as a factor that influences the formation of intention, includes some non-deliberative and unconscious evaluations (Göckeritz et al., 2009) compatible with a hot-cognitive perspective.

Managers may not explicitly admit that they are following someone else's behaviour. However, it is known that they build their aspirations and set their goals by an implicit process of comparison (Cyert and March, 1963; Greve, 2008). Imitation responses or isomorphic responses are heuristic mechanisms put in place by individuals or organisations in responses to an environmental stimulus that are consistent with other individuals or organisation in the same context (George et al., 2006). Generally, it is perceived as safer for an organisation to make a decision that is approved or welcome by important referents, that is generally made by other successful actors, or that is backed by other practitioners (George et al., 2006).

At a firm level, Oehme and Bort (2015) find that isomorphic behaviour is less relevant for a firm with greater international experience. Meaning that firms with more experience have a dominant role in their network with legitimacy and status that allows them to operate as a leader rather than a follower (Oehme and Bort, 2015).

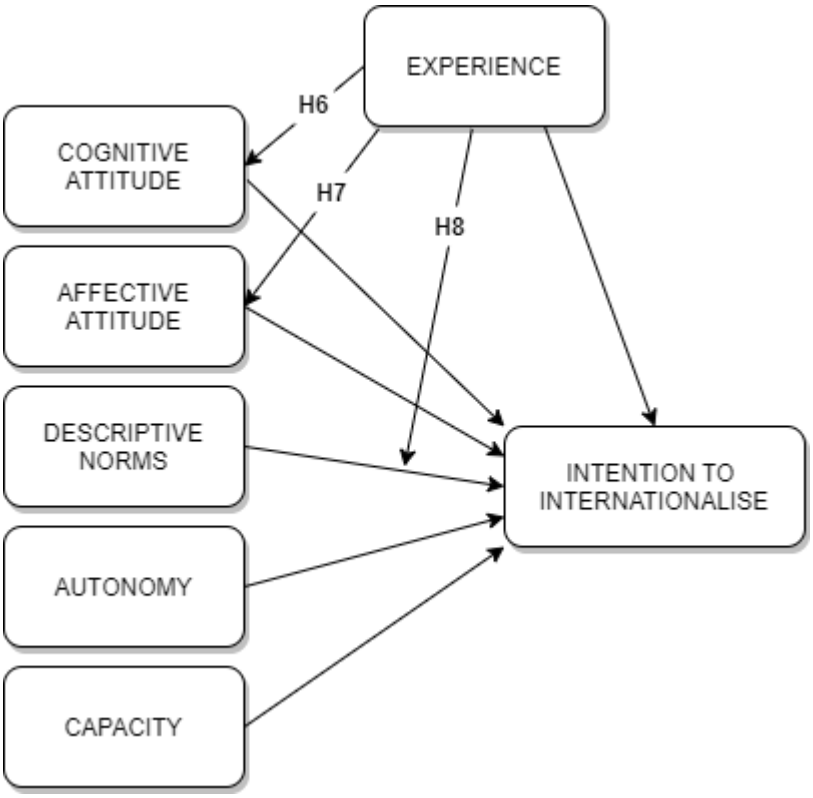
At individual level, following the same reasoning, it is argued that the strength of descriptive norms varies with the experience of the managers. Managers with less experience are more likely to be influenced by social norms. When experience is low descriptive norms induce a sort of conformity by implicitly communicating what

managers should believe and how managers should behave (Nolan et al., 2008). Therefore, after these considerations, it is hypothesised that:

> **Hypothesis 8:** Experience negatively moderates the relationship between descriptive norms and intention to internationalise such that for a lower level of experience the relationship descriptive norms-intention is stronger.

Figure 3.2 represents the RAA model with the effect of experience and summarise the hypothesis H6, H7 and H8.

***Figure 3.2**: Conceptual model with experience*



3.4 The rise of ambivalence and cognitive-affective inconsistency

As has previously discussed, the role of affect is directly generated by anticipatory feelings. However, affect can also be induced by the presence of simultaneous positive and negative evaluations about an object (Van Harreveld et al., 2015). For example, a manager may be willing to start a new export project because he/she believes that export makes a huge contribution to the company's long-term profit. However, he/she is also aware that export may have a negative impact because of the products' adaption

required to target international markets. Manager's decision in this particular situation is both influenced by positive and negative evaluations occurring at the same time. This situation is called ambivalence (Ajzen, 2001; Conner et al., 2013; Conner et al., 2003; Conner and Sparks, 2002; Thompson et al., 1995; Van Harreveld et al., 2015).

As shown by social and health psychologists, ambivalence has a strong impact on human behaviour (Conner et al., 2003), therefore a similarly strong impact is expected on managerial behaviour too. The presence of positive and negative beliefs about any decision is unpleasant and in the majority of cases generates negative affect (Van Harreveld et al., 2015). Ambivalence is characterised by a high level of internal conflict that requires individuals to engage in an extra cognitive effort to resolve the opposition (Van Harreveld et al., 2015). Eventually, one needs to commit to one of the two sides of the conflicting beliefs. This will potentially generate anticipation of regret about the decision (Van Harreveld et al., 2015). Ambivalence is also expected to delay the decisions concerning the ambivalent matter. As a result of ambivalence, people can either increase the systematic cognitive process or adopting heuristics and biased decision shortcuts to get over the impasse (Van Harreveld et al., 2015).

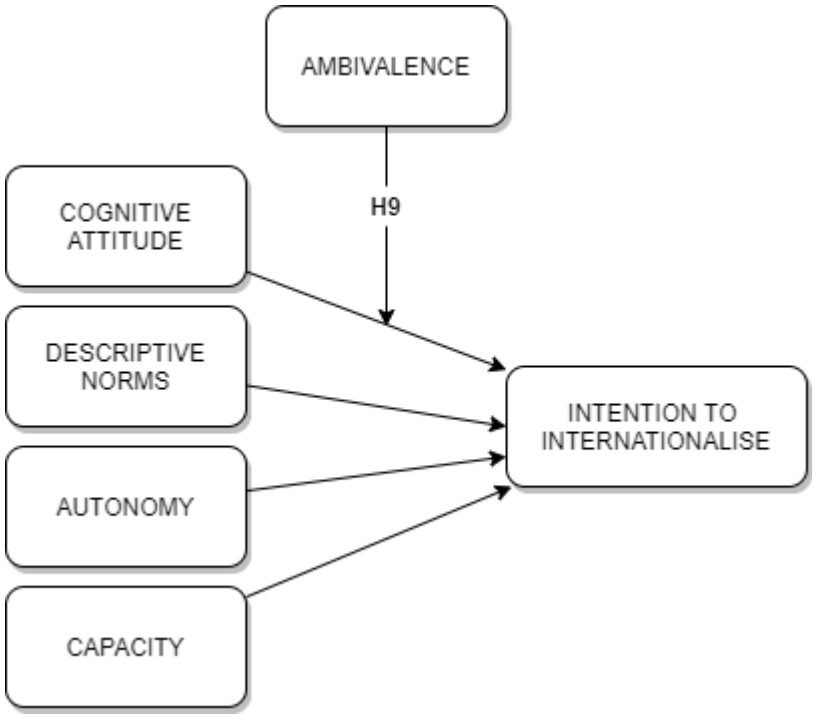
In psychology studies, ambivalence has been found to weak cognitive attitude because it contributes to altering the individual perception of the factors that facilitate or inhibit the performance of behaviour (Conner et al., 2003; Petty and Krosnick, 1995). On the contrary, a low level of ambivalence makes attitude stronger. A strong attitude has a strong biasing effect with a considerable effect of on intention. For some behaviours, attitudinal ambivalence has been found to moderate significantly the effect of cognitive attitude on intention (Conner et al., 2013). The sign (positive or negative) of the effect of ambivalence depends largely on the nature of the behaviour object of the study (Conner et al., 2013). In consumer behaviour literature, the degree of conflict generated by ambivalence leads to feelings of discomfort, guilt and anxiety that undermines the purchase intention of consumers (Gineikiene and Diamantopoulos, 2017). Using similar arguments organisation scholars, find that the higher the level of ambivalence the higher the risk perceived by the manager (Plambeck and Weber, 2009). This is because the response to this situation is perceived to be novel as no previous experience can be used to evaluate contrasting expected outcomes. Similarly, entrepreneurship studies, find that the effect of ambivalence leads entrepreneurs to

have a higher perception of risk and therefore behaving in a more conservative way (Podoynitsyna et al., 2012).

To summarise, ambivalence produces in the decision-maker a sort of inability to make a stable choice between two alternatives despite the familiarity with the consequences of the behaviour (Conner and Sparks, 2002). One of the reasons for this inability may be related to the fact that ambivalence induces a negative affect in the decision-maker (Van Harreveld et al., 2015). Holding an ambivalent attitude is unpleasant and makes the decision-maker experience a form of discomfort. As a consequence, the decision-maker will experience a sort of negative affect during the decision process. Therefore, he/she will tend to interpret ambiguous information negatively, avoiding or delaying the decision (George et al., 1998). In the context of internationalisation decisions, the study of ambivalence has never been examined. Therefore, in line with psychology studies and by analogy to consumer behaviour studies, it is hypothesised that:

Hypothesis 9: Ambivalence negatively moderates the relationship between cognitive attitude and the intention to internationalise such that for higher levels of ambivalence the relation cognitive attitude-intention becomes weaker.

***Figure 3.3**: Conceptual model with ambivalence*



Ambivalence does not only concern the simultaneous presence of positive and negative beliefs but can be also considered as a discrepancy between cognitive and

affective beliefs. In many studies, the two concepts are interchangeably identified as ambivalence. In this research, the particular form of ambivalence generated by the distance between cognitive and affective beliefs has been denominated inconsistency (Conner et al., 2020).

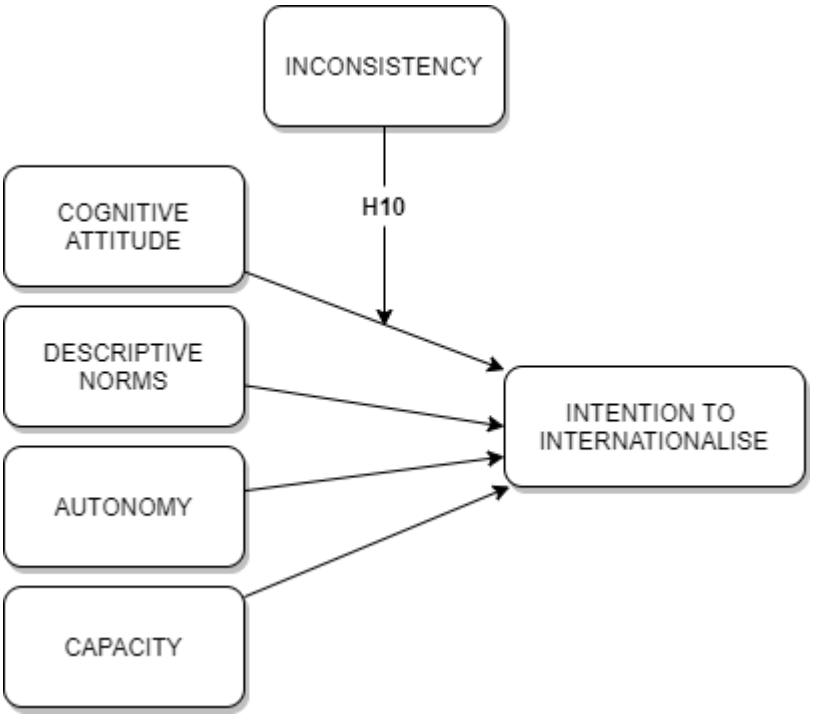
As the dimension of affect has been identified as a distinct and independent reaction (Loewenstein et al., 2001; Zajonc, 1980), the possibility that affective responses could simply diverge from or oppose cognitive responses should be considered as a possible fact. The majority of attitude studies before the introduction of the RAA (Fishbein and Ajzen, 2010) have considered attitude as a unique construct in which cognitive and affective beliefs have the same valence and are positively correlated. The fact that affect and cognition depend on two different mental processes implies that affective responses can – in some cases – depart from cognitive responses (Loewenstein et al., 2001). When they do, a cognitive-affective inconsistency arises (Lavine et al., 1998). For example, inconsistency arises when a manager positively assesses an export project in cognitive terms (positive economic returns, possibility to acquire knowledge, etc) but, at the same time, the manager experiences negative affect with respect to the project by not feeling comfortable to travel abroad or working with people with different language or culture. In this particular case, the cognitive evaluation of export contrasts the affective evaluation. It has been said that intention is driven by both evaluations, therefore what happens when these evaluations are conflicting or inconsistent?

The effect of cognitive-affective inconsistency has been seldom studied in the psychology literature (Conner et al., 2020). More interest has been devoted to the study of ambivalence. Affect and cognition are under the control of separate and partially independent brain systems that may influence each other's but are in principle independent (Zajonc, 1980). Although in the majority of situations individuals show consistency between the two dimensions, it could be rather interesting understanding what happens when a decision is made under the effect of cognitive-affective inconsistency. In a recent unpublished work Conner et al. (2020)al. tests the hypothesis that inconsistency produces similar effects to those described for ambivalence (negative affect, conflict, regret, decision delay, increased systematic processing or heuristic). Findings support the hypothesis that cognitive-affective inconsistency has a negative impact on the relationship between attitude and behaviour. Similarly, Van

Harreveld et al. (2015) recognises that cognitive-affective inconsistency is a particular form of ambivalence and therefore exerts a similar effect on individual behaviour. In terms of consequences on behaviour, Van Harreveld et al. (2015) acknowledge that inconsistency makes the relation attitude-intention weaker. Therefore, it is hypothesised that:

Hypothesis 10: Inconsistency negatively moderates the relationship between cognitive attitude and intention to internationalise such that for higher levels of inconsistency the relation cognitive attitude-intention becomes weaker.

Figure 3.4: *Model with cognitive-affective inconsistency*



Given the moderating effect of inconsistency, if managers were classified according to the strength of their cognitive and affective beliefs (as shown in Table 3.1), quadrant 1 and quadrant 4 represent the situations in which managers show consistency in their beliefs. Conversely, quadrant 2 and quadrant 3 represent the situations in which managers show inconsistency.

In particular, individuals belonging to quadrant 1 have both strong affective beliefs and strong cognitive beliefs about the outcomes of internationalisation. Their attitude is expected to be strong, stable, and resistant to persuasion (Fishbein and Ajzen, 2010). Individuals located in quadrant 1 are less likely to change the attitude toward the target

behaviour (Fishbein and Ajzen, 2010; Van Harreveld et al., 2015). Also, for quadrant 1, the relationship cognitive attitude-intention is expected to be strong.

Table 3.1: *Cognitive-affective inconsistency*

COGNITIVE BELIEFS	AFFECTIVE BELIEFS: HIGH	AFFECTIVE BELIEFS: LOW
HIGH	***Quadrant 1*** – Consistency – Attitude is positive, stable and strong – Resistant to persuasion – Attitude-Intention relation is strong	***Quadrant 2*** – Inconsistency – Attitude is weaker than quadrant 1 – Search for relevant information – Tendency towards a state of consistency – Open to persuasion – Attitude-Intention relation is fairly strong but weaker than quadrant 1
LOW	***Quadrant 3*** – Inconsistency – Attitude is weaker than quadrant 1 – Search for relevant information – Tendency towards a state of consistency – Open to persuasion – Attitude-Intention relation is fairly strong but weaker than quadrant 1	***Quadrant 4*** – Consistency – Weakest attitude – Resistant to persuasion – Attitude-Intention relation is stronger than quadrant 1

Individuals belonging to quadrant 2 experience a situation of weak affective beliefs and strong cognitive beliefs about internationalisation. For some reasons, these individuals may perceive a behaviour as beneficial or favourable in cognitive terms, but negative and unpleasant in affective terms. Their attitude is expected to be weaker and unstable (Fishbein and Ajzen, 2010). This is because inconsistency is psychologically uncomfortable and pushes people to design strategies that bring back a balanced state of affairs (Ajzen, 2005). Therefore, they activate a cognitive process of information searching that reduces the discomfort generated by inconsistency. This would re-establish consistency and pertinent behavioural intentions (Ajzen, 2005; Jonas et al., 1997; Rees et al., 2013). The information searching mode allows individuals to become more open to persuasion arguments (Fishbein and Ajzen, 2010). Eventually, they should bring back attitude in a high consistency mode moving from quadrant 2 either to the steady-state of quadrant 1 or quadrant 4. Despite the effort of an individual to bring affective and cognitive evaluations at a balanced state, inconsistency can temporarily arise and influence the overall evaluative judgement. Therefore, cognitive attitude in quadrant 2 is predicted to be weaker compared to individuals belonging to quadrant 1 (Ajzen, 2005). Also, the relation cognitive

attitude-intention is expected to be weaker if compared with individuals belonging to quadrant 1. This leads to hypothesise that:

Hypothesis 11: For managers belonging to quadrant 2 the average strength of cognitive attitude is significantly lower than managers belonging to quadrant 1.

Hypothesis 12: The relation cognitive attitude-intention is weaker for managers belonging to quadrant 2 compared to managers belonging to quadrant 1

Individuals belonging to quadrant 3 experience a different type of inconsistency characterised by a weak cognitive attitude and a strong affective about internationalisation. For some reason, these individuals may perceive a behaviour as not too beneficial or favourable in cognitive terms, but positive and pleasant in affective terms. The same considerations made for quadrant 2 can be symmetrically applied to quadrant 3. Similarly, to quadrant 2, the attitude of individuals belonging to quadrant 3 is expected to be weaker than quadrant 1. Also, the relationship cognitive attitude-intention for quadrant 3 is expected to be weaker than quadrant 1. There is no theoretical support to expect a difference in terms of attitude strength between managers located in quadrant 2 and quadrant 3. Similarly, no differences in terms of magnitude are expected in the relation cognitive attitude-intention between managers located in quadrant 2 and quadrant 3. Therefore, it is hypothesised that:

Hypothesis 13: For managers belonging to quadrant 3 the average strength of cognitive attitude is significantly lower than managers belonging to quadrant 1.

Hypothesis 14: The relationship cognitive attitude-intention is weaker for managers belonging to quadrant 3 compared to managers belonging to quadrant 1.

Individuals belonging to quadrant 4 have both weak affective beliefs and weak cognitive beliefs. Similarly to quadrant 1, this combination of beliefs shows consistency therefore it is expected to be stable and resistant to persuasion (Fishbein and Ajzen, 2010). Individuals – whose attitude is located in quadrant 4 are less likely to change the attitude toward the target behaviour (Fishbein and Ajzen, 2010). However, the effect of positive and negative attitude towards an object is not symmetrical. A negative attitude has a stronger correlation with intention compared to a positive attitude. Research shows that individuals tend to show greater cognitive

activity and better memory for negative events (Ajzen, 2001). This is also called *negativity bias* (Ajzen, 2001).

In line with psychology literature, Li et al. (2019) confirm that affect influences FDI decisions, but they found that negative sentiments (i.e. animosity) have a greater influence than positive sentiments (i.e. affinity). Therefore, it is expected that – for quadrant 4 – the relationship cognitive attitude-intention is stronger than quadrant 1.

Hypothesis 15: For managers belonging to quadrant 4 the average strength of cognitive attitude is significantly lower than managers belonging to quadrant 1, quadrant 2 and quadrant 3.

Hypothesis 16: For managers belonging to quadrant 4 the strength of the relation cognitive attitude-intention to internationalise is significantly higher than managers belonging to quadrant 1.

Hypotheses from 1 to 16 are tested by using different statistical techniques. Findings and discussions are presented in chapter 5. In chapter 4, the method of data collection is presented along with the operationalisation of study constructs.

4. METHOD

4.1 Overview

The current chapter presents a detailed description of the method employed to collect the data and operationalise the variables. The chapter is made of five parts. In the first part (Section 4.2), a discussion is presented about the philosophical underpinnings of the methodology adopted. In the second part (Section 4.3), the research context is introduced. In section 4.4, a description is provided of how the questionnaire has been developed, reviewed, tested, and distributed. In section 4.5, the informant identification is discussed and a preliminary check for informant quality, sample bias and common method bias have been carried out. Finally, section 4.6 provides information about the procedure adopted to operationalise the variables as well as the descriptive statistics.

4.2 Research approach

As mentioned in the second chapter, the research adopts a microfoundation perspective aiming at understanding how the psychological characteristics of managers influence the intention and therefore the decision to export. The integration of the disciplines of psychology and the field of economics has given rise to a behavioural perspective (Cyert and March, 1963; Simon, 1957). The term "behavioural" has recently twisted its meaning towards the individual psychological underpinnings of a given phenomenon. In this view, "behavioural" means "being about mental processes", rather than "being about organisational behaviour" (Gavetti, 2012, p.267). This perspective – also called reductionist perspective – is gaining momentum and will surely play a major role in the future of decision-making studies (Powell et al., 2006; Powell et al., 2011).

The reductionist approach is influenced by the seminal works of Kahneman and Tversky (1979) and Nisbett and Ross (1980). The main contribution of reductionist studies concerns the definitions of the concepts of bounded rationality, heuristic, and biases (Powell et al., 2011). The main assumption of reductionist research is that the decisions of a collective body (the firm) are made by individuals (managers) and those decisions may not be perfect because individuals are subject to cognitive biases

(Hambrick and Mason, 1984). A reductionist research approach relies on a positivist view of science. It favours quantitative hypothesis testing and uses methods such as mathematical models, simulations, and experiments. Philosophical influences of this approach trace back to the contributions of Karl Popper and the Vienna circle (Powell et al., 2011). Typically, reductionism is an explanatory position assumed to understand a complex collective-level phenomenon. It entails a progressive "digging" into the explanation of a phenomenon descending the hierarchy of levels of analysis from macro-level to a micro-level. Reductive operations in some cases may increase the complexity of the explanation (Foss and Linder, 2019). In some cases, the complexity arises involving historical processes and coevolutionary explanations between micro- and macro-levels (Volberda and Lewin, 2003).

A microfoundation perspective might be cautiously seen as part of a reductionist view of science (Barney and Felin, 2013; Molina-Azorín, 2014). This view embraces the idea that the understanding of a collective phenomenon can be achieved by decomposing every single part of it and isolating the lower-level mechanisms that eventually produce that phenomenon (Foss and Linder, 2019). Differently from a pure reductionist perspective, the microfoundations project is more committed to a layered ontology of social reality: economy at the top, then industries, firm, business units, teams and individuals (Foss and Linder, 2019). Factors operating at a lower level of analysis can explain surface phenomena. At the same time, macro factors (e.g., social norms, formal or informal institutions) have a downward causal effect on the behaviours of individuals (Coleman, 1990).

This view is compatible with the social ontology of the main cognitive theories in which the agent is both a producer and a product of the social system (Bandura, 2001). Among these cognitive theories, the RAA (Fishbein and Ajzen, 2010) and the TPB (Ajzen, 1991, 2005) share a similar philosophical perspective with the microfoundation movement. Although the RAA and the TPB remain reductionist in nature, they take into account the role of subjective norms demonstrating that individual behaviour is not only dependent on attitude (individual-level), but also on socially prescribed norms (macro-factors) (Lewis, 2008).

Yet, the necessity to investigate the affective dimension of human behaviour, which is the main objective of this research, could take the individual perspective towards an

even lower level of analysis. For example, within the field of neuroeconomics, scholars propose to measure the individual's brain activity during the process of decision making, opening a window into the inner human nature (Powell, 2011). This approach aims at capturing visceral feelings – normally overlooked by cold cognitive approaches – and building a relation between inner individual states and firm performance (Loewenstein, 1996). However, this would raise a more serious concern on the role of reductionism and on the possibility to predict and explain collective behaviour.

The adoption of the reasoned action approach – which takes into account a multifaceted view of the brain (cognitive, affective, and conative aspects) – represents a middle-ground research approach. It provides both a reasonable insight into the inner human nature and a sufficiently deep level of analysis. However, this adaptability comes with a few concerns about the methodological nature of RAA (and the TPB). Differently from neuroeconomics studies that adopt sophisticated techniques of data collection such as neuroimaging or brain scanning to detect emotional responses, the RAA employs self-reported data to build the main constructs. Many issues have been raised about this type of methodology. For example, methods based on self-reported data like questionnaires and surveys can lead participants to consider certain factors as relevant when otherwise would not have been accessed. Also, this method can lead to a consistency bias encouraging respondents to select certain kind of responses (Fishbein and Ajzen, 2010). In the next sections, several potential pitfalls about the survey methodology are outlined together with the strategy put in place to limit the detrimental effects of survey disadvantages. Every data collection method is potentially prone to bias and errors. However, when rigour is established in survey procedures the researcher can minimise the risk of incurring into biases (Chidlow et al., 2015).

The systematic adoption of the RAA and the TPB questionnaires across a large number of study contexts demonstrates that the method is both reliable and versatile. The validity, reliability and efficacy of the theory constructs have been demonstrated by many review studies (Armitage and Conner, 2001; Arnold et al., 2006; Kautonen et al., 2015). In addition, the relevance of TPB and RAA to the field of entrepreneurship studies and small business research has been recently recognised by Tornikoski and Maalaoui (2019). With a long interview of Icek Ajzen, the authors aim at promoting

the principles of the reasoned action approach to explain entrepreneurial decision-making bearing in mind both the limits and the potentials of this theoretical tool.

4.3 The research context

In the empirical part of the research, the research hypotheses formulated in Chapter 3 are tested in the context of export decisions made by small and medium business managers in the UK manufacturing sector. The context of export decisions has been chosen for the strong managerial component that these decisions present. Studying export decisions in SMEs are of particular relevance because managers are naturally granted with large discretion. Finally, the UK context represents an interesting environment to study export decision due to the contingent political and economic situation. These reasons are discussed more in-depth in the rest of this section.

4.3.1 Export decision: a reasoned choice

Starting from the very first international steps, internationalisation theories still have difficulties to explain or predict the behaviour of small and medium enterprises (Tan et al., 2018). These difficulties are related to the identification of the factors that favour or inhibit the decision to export.

When explaining export decisions, IB and IE researchers move along three main directions. A first stream focuses on structural factors such as firm's size, age, management system, organisation, R&D and technology (i.e. Bonaccorsi, 1992). A second stream focuses on the role of obstacles and incentives such as tariffs, exchange rate volatility, limited finance or unsolicited orders, availability of information and so on (see Paul et al., 2017 for a review). A third stream of research focuses around managerial factors such as entrepreneurial and managerial characteristics (Acedo and Galán, 2011; Agnihotri and Bhattacharya, 2015; Moen et al., 2016; Tan et al., 2018; Wood et al., 2015).

Contributions from the latter approach have established that individual attributes are as important as economic factors to explain the export behaviour of a firm (Acedo and Galán, 2011; Muzychenko and Liesch, 2015). Nassimbeni (2001) argues that entrepreneurial attitude is one of the most important determinant of export behaviour. Acedo and Galán (2011) find that perceptual variables and the decision-maker's proactiveness are the main determinants of export behaviour. Firms with managers and

owners having a strong motivation for growth tend also to display high international orientation and superior export performance (Moen et al., 2016). Wood et al. (2015) consider expectation as the main driver of the manager's motivation to export. Agnihotri and Bhattacharya (2015) find that educational level, functional heterogeneity, international exposure, age, and length of tenure also have a positive impact on export intensity.

Evidence has been provided that the decision to export – more than any other decision in IB context – is the result of reasoned managerial action, rather than the result of the firm's adaptation to external forces. Export decisions have a strong entrepreneurial component and can be better understood through the analysis of managers' behavioural decision process (Muzychenko and Liesch, 2015; Tan et al., 2018).

4.3.2 Population: SMEs' managers

Choosing SMEs' managers is of particular relevance in decision-making studies as these individuals are naturally granted with a great leeway within the firm. They are not fully constrained by the firm's culture and routines and often they are solely accountable. The impact of their decisions is greater compared to managers of bigger companies because of the greater discretion allowed by the loose context of small business companies (Fernández and Nieto, 2006; Laufs et al., 2016).

The definition of SMEs adopted in this research is the one proposed by the European Commission. It includes:

- a staff headcount limit (less than 250 employees);
- either a turnover (less than € 50 million) or balance sheet limit (less than € 43 million);

An enterprise is also defined as SME if it is:

- totally independent (no participation in other enterprises);
- no enterprise has a participation in it

or

- it has a holding of less than 25% of the capital or voting rights (whichever is higher) in one or more other enterprises; and/or
- any external parties have a stake of no more than 25% of the capital or voting rights (whichever is higher) in the enterprise;

or

- it is not linked to another enterprise through a natural person in the sense of Article 3.3 (European Commission, 2016).

To define "managers" a functional criterion is applied because SMEs do not necessarily have a formal organisation chart. Therefore, the definition does not only include managers, but also firm's executives, founders, partners, key-decision-makers, or board members. It refers to any key executive in a hierarchical position that has the power to influence the actions and the outcomes of their firms by providing the direction for making internationalisation decisions (Sahaym et al., 2012).

4.3.3 The UK manufacturing sector

The UK manufacturing sector has been selected as a research context because of the strategic importance that the development of this sector has for the UK economy. It is well known that the UK economy is traditionally unbalanced towards a service economy. In 2011, a document issued by the UK Department for Business Innovation and Skills stressed the importance to rebalance the British economy.

> Sustainable growth requires a rebalancing of the UK economy away from a reliance on a narrow range of sectors and regions, to one built on investment and exports, with strong growth more fairly shared across the UK. [...] The Government recognises the importance of new capital investment in improving productivity and growth, particularly in the manufacturing sector (HM Treasury, 2011, p.28 and p.86).

As a result of the commitment made by government bodies to rebalance the UK economy, the UK has become the 9th largest manufacturing country in the world (The Manufacturer, 2018). Almost 3 million people work in this sector and deliver almost half of the UK export (Make UK, 2020). Manufacturing companies represent 69% of UK research and development investment (Make UK, 2020).

Data from the Office for National Statistics suggests that the UK manufacturing sector is slowly but continuously growing over the last decade. By the end of 2018, UK manufacturing was thriving: if the growth trend had continued, the UK could have broken into the top five world manufacturing countries by 2021 (The Manufacturer, 2018). However, the manufacturing production in the UK has dropped at the end of 2018 and the beginning of 2019 due to a sequence of adverse events (including the effect of uncertainty generated by Brexit) and it is now struggling to meet the expectations above declared. Experts are now more cautions reporting that the growth trend of the manufacturing sector has been slowed down by a weak global economic

growth, political uncertainty, and the unwinding of earlier Brexit stockpiling activity (McCormick and Staton, 2019).

The problem of boosting the manufacturing sector remains today one of the main issues in the British political agenda. Supporting firms to export is one of the way chosen by the UK government to promote the growth of the manufacture (The Manufacturer, 2018). An example is the ambitious Government campaign launched in 2015: EXPORT IS GREAT. The initiative aims at making the UK "the world's greatest exporting nation with a target to inspire and support 100,000 new British exporters to sell their goods and services overseas" (Government Communication Service, 2015). The campaign has been sustained and further developed by the former Secretary of State for International Trade Dr Liam Fox who set out in 2018 a large-scale new plan to increase total exports (Department for International Trade, 2018b). The commitment of the UK government to boost export and manufacturing has been also extended across all of the UK. *Global North,* for example, is a related government campaign that aims at internationalising Northern firms by favour exporting and attracting investment from abroad. Export has helped and will help the rise of the North, with over £54.5 billion of goods from 25,000 companies exported in 2016 (Northern Powerhouse, 2018).

Data seems to confirm the government's expectation of export and manufacturing. The UK export in goods is growing although very slowly. Two factors – weak pound and strong government support – have certainly created a positive attitude among manufacturers. However, this positive attitude may run up against the negative consequences of Brexit. According to the Annual Manufacturing Report, 67% of manufacturers said Brexit is making planning difficult and damaging business prospects and 54% said Brexit will cause chaos for manufacturers (The Manufacturer, 2018).

The mixture of feelings and beliefs among manufacturers makes the UK an interesting context for the research. They have both a strong incentive and a strong obstacle to export. They have to cope with contrasting feelings and beliefs and finally make decisions in an extraordinary period of uncertainty. Given the circumstances, it is believed that only with a better understanding of the mechanism that allows managers to make decisions, it will be possible to create effective policies to boost the

manufacturing sector and rebalance the UK economy. The Annual Manufacturing Report concludes by noting that "manufacturers undeniably have a can-do attitude to the future which, if properly channelled [by an appropriate policy intervention], could mitigate whatever ill winds come our way" (The Manufacturer, 2018, p.31).

4.4 Questionnaire development

In this section, a description of each step involved in the construction of the questionnaire is provided to ensure transparency and the possibility of replicating the study. The main steps of the questionnaire development include preparation, reviewing, piloting (or pre-testing), and choice of the distribution channel.

4.4.1 Preparing the questionnaire

The questionnaire has been developed following the guidelines of the RAA (Fishbein and Ajzen, 2010). A few manuals with instructions are freely available to build a questionnaire respecting the RAA criteria (Ajzen, 2006; Francis et al., 2004). Also, Fishbein and Ajzen (2010) have provided – along with a set of instructions – an example of a standard questionnaire built on the reasoned action approach.

A standardised (or semi-standardised) procedure helps to increase the validity and the reliability of the constructs. However, a concern about the effect of a possible insufficient effort in responding to the questions remains (Huang et al., 2015). Insufficient effort in responding is generally considered a source of random measurement error that may either attenuate the relations between substantive variables or inflate the relations with type I error (Huang et al., 2015).

To minimise unwillingness and/or inability of the respondent to answer properly a few strategies have been put in place:

1) The questionnaire has been submitted to the respondents with clear instructions at the beginning of each block of questions;
2) The number of questions has been kept as low as possible;
3) Open-ended questions have been limited to minimise the effort for the respondent. Instead, the vast majority of questions have been formulated as a pre-set answer;
4) Sensitive questions have been kept at a minimum and placed at the end of the questionnaire;

5) Information that requires greater effort (for example accounting data) has been sourced from a public database to improve accuracy and speed answering;
6) An ordinary language has been adopted avoiding either business jargon or academic language to facilitate the respondent's comprehension;
7) The survey has been extensively reviewed and tested on a small number of managers that have similar characteristics to the final sample.

Format, space, and positioning have been also considered when crafting the survey because of the importance that these factors have on the final result (Krosnick, 1999). Questions have been randomised to avoid either a primacy or a recency effect (Krosnick, 1999). Also, the questionnaire was designed to look professional and appealing. The ethic reference and the University logo have been showcased in each section of the survey so that the respondent could perceive the official nature of the research. The University of Leeds has ethically approved the research project – Ethics reference: LTLUBS-223. The ethical approval has been included in the appendix as Exhibit 1.

4.4.2 Reviewing

The final draft of the questionnaire has been reviewed by Prof. Mark Conner, an experienced scholar who has received more than 50,000 Google Scholar citations in 30 years' experience of attitude-behaviour research. His work also includes psychological models of behaviour's determinants, cognitive versus affective influences on behaviour, and attitudinal ambivalence.

In addition, the questionnaire has been also revised by two survey's experts and three so-called *pracademics* who are very familiar with the research topic. A pracademic – according to the definition of Posner (2009) – is a key individual occupying a significant position as both academic and practitioner. These are "adaptable and cross-pressured actors" with the indispensable roles of "translating, coordinating, and aligning perspectives across multiple constituencies" (Posner, 2009, p.16). The aim was to ensure the language and the questions' style was clear and suitable for businesspersons.

Finally, the questionnaire has been proofread by a professional editor with experience in the field of website design and creation of digital contents specific for small and medium-sized businesses. In each phase of reviewing, the helpful feedback of each

expert has been incorporated contributing to improve the quality and efficacy of the questionnaire.

4.4.3 Piloting or pre-testing

Before the official distribution, the questionnaire has been pre-tested to avoid any potential comprehension issues and IT related problems. A pilot study was conducted using a sample of 100 managers of SMEs. Background characteristics, familiarity with the topic, attitudes, and behaviours of interest of the respondents for the pilot test were the same to those of the final sample. 18 usable responses have been obtained (the pilot test's responses have not been included in the final sample). No particular issues have been identified neither with the clarity, type, and format of the questions nor with the length of the questionnaire. Therefore, it has been decided to proceed with the official data collection.

4.4.4 Choice of the distribution channel

The questionnaire has been built and distributed via email by using the software Qualtrics. The software subscription has been made available by the University of Leeds. There are several reasons for choosing a web-based survey. In terms of efficacy, as generally reported by survey scholars, web-based questionnaires are considered as good as paper-based questionnaires (Brace, 2008; Vannette and Krosnick, 2018). In addition, they have a few indubitable advantages in terms of resource-saving and misuse checking. The survey has been designed in a way that each respondent could participate in the study only by direct invitation. The software allows the investigator to provide each manager with a unique link through which complete the questionnaire. This can prevent non-qualified people from taking the survey and check against the possibility to take the survey more than once. In addition, a web-based survey gives the respondents the time to complete the questions at their own pace with no pressure. Also, web surveys can capture more information with open-ended responses that can be richer and more revealing (Brace, 2008). Most importantly, web surveys can capture more effectively sensitive issues and overcome desirability bias (Sue and Ritter, 2007). Generally, people reply more honestly when facing a computer screen rather than when facing an interviewer (Tourangeau, 2018a). Finally, as many studies show, web-based questionnaires are completed more quickly than telephone or paper-based questionnaires (Tourangeau, 2018a). Cutting the response time can help to make

the experience more pleasurable for the respondent with a positive impact on the response rate (Brace, 2008).

The main disadvantage of email surveys is that the interviewer is not present to clarify questions or to help the respondent in case of misunderstanding (Brace, 2008). To prevent this problem each respondent has been provided with a link to an information sheet (see Exhibit 2 in the appendix) together with email and LinkedIn contacts to reach the investigator if necessary. In a few cases, the respondents have emailed the investigator after the submission of the questionnaire to ask general information about the survey. Another concern about email surveys has been advanced by Tourangeau (2018b) and is related to the effect of the screen size. Nowadays more and more surveys are completed by the respondents by using mobile phones or tablet screens which have smaller dimensions compared to laptops or PCs. To overcome such an issue the software Qualtrics automatically adapt the content visualisation to the screen resolution of the respondent's device making sure the survey questions are appropriately displayed.

After careful consideration of advantages and disadvantages, the link to the final version of the questionnaire has been distributed to the target population via email between October 2018 and February 2019. A copy of the questionnaire is available in the appendix as exhibit 3.

4.5 Data collection: informant identification and potential biases

The process of data collection involves a few stages such as the identification of the sample, identification of the company's respondent, analysis of survey responses, qualitative information about the sample and, finally, a few preliminary statistical tests to ensure the sample is unbiased.

4.5.1 Sample identification

FAME database (compiled by Bureau Van Dijk) has been used to obtain a list of small and medium manufacturers in the UK. FAME is a financial database of public and private British companies. It covers over 4 million companies in the UK. The sample frame was determined by the combination of 4 search steps (see Table 4.1).

In the first step, SMEs have been selected from the overall population of UK companies provided by FAME. SMEs have been selected according to the definition provided in section 4.2.3.

The second search step allows selecting a subsample of manufacturing companies from the total number of UK SMEs. Manufacturing companies have been selected by using the UK standard industrial classification (SIC) code. It is a five-digit code used by the Office of National Statistic to identify and categorise business activities. Manufacturing companies included in the sample have a primary SIC code included in section C of the SIC industry category from 10xxx to 32xxx.

The third search step aims at including in the sample frame only companies with available accounting data. The reason for targeting companies with publicly available accounting data is due to the necessity to match managers' responses with companies' financial data. Matching personal data with known data from other sources has at least two advantages. First, it allows accessing more information about the firm, including historical data and technical data. Also, it allows cross-checking manager's responses against real facts highlighting some differences due for example to social desirability bias or self-reported bias (Brace, 2008; Podsakoff et al., 2012).

With the fourth search step, only companies with email contacts have been included in the sample frame. In today's UK business environment companies have virtually universal access to email. Therefore, using email availability as a criterion to select the sample cannot be seen as discriminant (Fowler, 2002). The sample frame can still be representative of the population as each company has potentially had the same chance of being selected.

***Table 4.1**: Search criteria*

Steps	Description	N. companies
	All active companies (not in receivership nor dormant) and companies with an unknown situation	4,245,403
1	SME companies	2,670,893
2	UK SIC (2007): Primary code only: Manufacturing industries	112,806
3	SMEs with available accounting data	10,775
4	SMEs with email contact	7,375
Sample frame		**7,375**

4.5.2 Survey responses

As mentioned earlier data has been collected through an online questionnaire sent to the target population between October 2018 and February 2019. The invitation to

participate in the survey has been accompanied by a cover letter individually addressed to each manager selected (the cover letter is included in the appendix as Exhibit 4). The cover letter includes a few information about the research project, the instruction about how to complete the questionnaire, an assurance of complete anonymity and confidentiality. Each respondent has been then invited to participate in the survey by including a link in the invitation letter.

In recognition of the great help that each respondent has provided – an individual report or a copy of the research findings has been sent. The use of incentives or thank you letters have not been proven to be an effective technique to increase the response rate (Chidlow et al., 2015). However, a little form of reward has been considered necessary to recognise the great contribution given by the generous respondents.

Table 4.2: *Invitation and responses process*

Region	**Companies targeted**	**Invitation**	**Reminder 1**	**Reminder 2**	**Reminder 3**	**Reminder 4**	**Reminder 5**	**Total Responses**	**Not valid response**	**Valid responses**
East Midlands	587	6	1	0	1	1	2	**11**	1	**10**
Eastern	586	8	6	1	5	2	0	**22**	3	**19**
London Inner	539	2	5	2	3	1	1	**14**	1	**13**
London Outer	300	4	2	1	2	1	0	**10**	4	**6**
North West	791	13	9	3	3	5	6	**39**	7	**32**
Northern	312	3	3	2	1	2	2	**13**	0	**13**
Northern Ireland	180	2	2	0	0	0	0	**4**	0	**4**
Scotland	444	3	1	0	1	0	1	**6**	1	**5**
South Eastern	342	3	2	3	2	2	0	**12**	1	**11**
South Western	470	6	4	2	1	2	1	**16**	3	**13**
Southern	849	11	6	6	5	3	4	**35**	7	**28**
Wales	295	2	3	3	2	1	0	**11**	2	**9**
West Midlands	830	8	6	2	5	5	0	**26**	3	**23**
Yorkshire & Humberside	850	18	15	10	5	7	6	**61**	12	**49**
	7,375	**89**	**65**	**35**	**36**	**32**	**23**	**280**	**45**	**235**

The initial invitation to participate in the survey has been followed by five reminders aiming at encouraging more respondents to participate in the study. In each round of reminders both the emails of managers who participated in the survey and those who

opted out from the research project have been excluded. To manage the huge amount of emails the list of potential participants has been conveniently split into 14 different parts representing 14 UK regions. Table 4.2 shows the response process across different regions.

The invitations were sent to 7,375 companies, 280 responses have been collected of which 235 are usable. Although the response rate seems low, a few facts have to be considered. First, only a subset of those who have received the survey held the decision-making authority for export decisions (as an example see Giambona et al., 2017). Second, the database contained many errors and old information about the companies. A percentage between 10% and 20% (unfortunately it is not possible to quantify with more precision) of emails have not been addressed and have been returned to sender for fatal errors or server rejection. This leads to a third issue which is related to a problem of digital security. In many cases, the survey did not reach the respondent because the company's email server has rejected the survey email classifying it as an advertising message.

Although these issues have contributed to reducing the survey participation, the response rate is in line with other "cold call" survey (Tan et al., 2018). More importantly, the sample size is well above the recommended size of 100 for factor analysis (Hair et al., 2010) and above the rule of thumb of 200 recommended by Gorsuch (2015). Therefore, it can be confidently asserted that the sample size is sufficiently large for a robust and reliable analysis.

4.5.3 Response bias

The response rate has been long used as a proxy of the representativeness of a sample, however – as noticed by Keeter (2018) – non-response itself does not necessarily predict non-response bias. Research has shown that surveys with low response rate can be more accurate than surveys with a higher response rate (Krosnick, 1999). In the face of a gradual decline of the response rate, the researcher has to design the survey and adopt particular measures to minimise the likelihood of being affected by non-response bias (Keeter, 2018). When a precise definition of the population is provided and sample units are selected by chance with an equal probability of selection, non-response bias is less likely to occur (Krosnick, 1999).

Table 4.3: *Characteristics of the sample vs. sample frame*

	Sample (n=235)		Sample frame (n=7140)		p-value (2 tailed-test)
	Mean	**S.D.**	**Mean**	**S.D.**	
Number of employees	73.17	54.48	68.67	59.74	0.255
Turnover	10,997,650	8,573,893.94	10,968,326	9,505,824.72	0.962

The study has been designed to minimise the problem of a non-representative sample. To check for any sampling-bias a t-test has been performed comparing the characteristics of the sample (235) with those of the sample frame (7,140 = 7,375 – 235). The results, shown in Table 4.3, suggest that the characteristics of the sample are similar to those of the sample frame in terms of average turnover and average number of employees. The p-value is higher than 0.05 in both tests, therefore it is possible to conclude that the sample of the respondents belongs to firms that have similar characteristics to the sample frame.

A second approach to test for non-response bias is the method recommended by Armstrong and Overton (1977). Approximately 25% of the respondents who have taken the survey earlier have been compared with a similar group of later respondents. Using a t-test, the two independent samples have been compared. As shown in Table 4.4, no significant differences have been found between the groups of early respondents and later respondents. Therefore, it is possible to conclude that it is very unlikely that the non-response bias affects the sample of responses collected.

Table 4.4: *Comparison between early and later respondents*

Variables	Early respondents	Later respondents	df	Significance (p-value 2 tailed-test)
Number of employees	67.41	80.16	116	0.175
Turnover	10,261,641	12,444,750	116	0.144
Age	55.12	56.81	116	0.359
Education	9.51	9.54	116	0.936
Cognitive Attitude	5.84	5.71	116	0.602
Affective Attitude	5.41	5.34	116	0.764
Ambivalence	60.49	61.66	116	0.816
Inconsistency	22.07	24.03	116	0.561
Experience	14.10	13.81	116	0.716

4.5.4 Informant quality

Besides the non-response bias, another issue that may undermine the survey results is the quality of the respondents. This study investigates the decision-making style of a particular group of decision-makers. Therefore, establishing the characteristics and the quality of the key informant is essential for the reliability of the study. In the pre-screening procedures, only the names of potentially qualified respondents have been selected. The database allows for selecting the job position of the people belonging to a company. Therefore, only the people potentially in charge of making export decisions have been included in the list of potential participants (namely directors, managing directors, export managers). In addition to the preliminary check, two additional checks have been used to allow obtaining good informants.

First, a screening question at the beginning of the survey has been added to check for the position of the respondent within the company. Six alternatives have been given:

1) **Owner/ Founder/ Partner** (I am the owner of my business individually or in a partnership)
2) **Chief executive/ Director/ Managing Director** (I am the individual in charge of the whole company, but not the owner or the founder)
3) **Sales manager/ Export manager/ Business development manager** (I make most of the decisions in my area and report directly to the highest manager)
4) **Admin/ Human Resources/ Technical/ Research and Development/ Information Technology (IT)/ Communication or Property manager** (I make most of the decisions in my area, but not in the area of sales, export or business development)
5) **Non-executive** (I do not have any management responsibility)
6) **Other**: please specify.

The description of the position has been associated with a description of the job responsibilities because in small businesses organisational structure and managerial duties can vary substantially from a company to another. When options 4 and option 5 were selected the software immediately took the respondent to the end of the survey. A thank you message then appeared explaining the respondent that his/her role did not match the criteria to complete the survey.

As shown in Table 4.5, in total 27 (20 that have selected option 4 and 7 have selected option 5) respondents have been discarded for this reason. When option 6 is selected, a decision case by case has been made to keep or discard the respondent according to the description provided in the survey field "specify". Eventually, all the responses with option 6 have been kept in the final sample (of 22: 5 were board member, 1 commercial director, 2 operation directors reporting to the highest manager, 2 part-owner and founder, 12 finance directors).

Table 4.5: *Position of the respondents*

Position	Number	Percentage
1. Owner/ Founder/ Partner	91	32.50%
2. Chief executive/ Director/ Managing Director	124	44.29%
3. Sales manager/ Export manager/ Business development manager	16	5.71%
4. Admin/ Human Resources/ Technical/ Research and Development/ IT/ Communication or Property manager	20	7.14%
5. Non-executive	7	2.50%
6. Other	22	7.86%
Total	**280**	**100%**

Second, as an additional precaution, an informant competence evaluation has been included according to the criteria outlined by Kumar et al. (1993). The respondent has been asked to evaluate his/her level of (a) knowledge of the topic covered by the survey, (b) direct involvement and (c) confidence in answering the questions. The responses have been collected on a seven-point scale. Those who exhibited a score lower than 4 have been dropped from the analysis. 10 respondents have shown a score lower than 4 in at least one item of the competence evaluation therefore these responses have not been included in the final sample. Eventually, the sample shows an average of 5.96 as a competence score.

4.5.5 Characteristics of the sample

As mentioned in Section 4.5.2 the number of managers who took part in the research was initially 280. The final number of 235 (see Table 4.6) has been reached by applying different criteria:

- 27 respondents have not been able to complete the survey because their position did not meet the requirements for the survey;
- 10 responses have been discarded for insufficient quality;

- 6 responses were deleted of managers who replied from the same company. This was possible because, for companies with more than one director, more contacts were available in the database. After careful considerations, it has been decided to drop one of the two responses to meet the assumption of independence of observations. The criterion to select the response to drop was the quality of the respondent: in each pair of responses coming from the same company, the one which showed a lower quality score has been dropped;
- 2 responses have been deleted because the firm did not meet the criteria of SME meaning that the turnover was more than € 50 million or the staff headcount was higher than 250.

***Table 4.6**: Final sample*

Total responses collected	**280**
Do not have the job position to complete the survey	27
Insufficient quality	10
Belonging to the same company	6
Non-SME	2
Final sample	**235**

Table 4.7 shows the frequency distributions of particular characteristics across the final sample. As the data suggest both managers and their companies differ considerably in terms of demographic variables and company's characteristics. Having a sufficient level of variability allows drawing conclusions that can be generalised across a larger number of SMEs.

Yet, when looking at Table 4.7, one could argue that the sample appears slightly biased towards exporting firms (65.1% of the firms are regular exporters, 26.4% are occasional exporters and 2.1% are past exporters). It is believed this characteristic of the sample does not represent a main issue for the analysis. Instead, a similar distribution could be considered as an advantage. Having a sample of firms with a higher number of exporters allows having – ideally – a sample of managers with higher variability in term of international experience. This provides more solid results and a higher level of generalisability especially in Study two where the role of managers' experience is examined (see section 5.3).

Table 4.7: Qualitative and quantitative characteristics of the sample

Characteristic of the respondents	Number	Percentage
Age		
Younger than 39	14	6.00%
40 to 49	53	22.00%
50-59	96	40.90%
60-69	55	23.40%
Older than 70	17	7.20%
	235	**100.00%**
Education		
High school - General Certificate of Secondary Education (GCSE)	28	11.90%
High school - A levels	39	16.60%
Bachelor's degree	100	42.60%
Master's degree	22	9.40%
Master Business Administration (MBA)	34	14.50%
Doctoral degree	12	5.10%
	235	**100.00%**
Owner		
Manager non-owner	147	62.60%
Manager owner	88	37.40%
	235	**100.00%**
Gender		
Female	16	6.80%
Male	219	93.20%
	235	**100.00%**
Nationality		
British	225	95.70%
Other nationalities	10	4.30%
	235	**100.00%**

Characteristic of the companies	Number	Percentage
Export status		
Regular exporter	153	65.10%
Occasional exporter	62	26.40%
Past exporter	5	2.10%
Never exported	15	6.40%
	235	**100.00%**
Ownership structure		
Family business	121	51.50%
Non-family business	114	48.50%
	235	**100.00%**
Industry		
10: Manufacture of food products	10	4.30%
11: Manufacture of beverages	2	0.90%
13: Manufacture of textiles	11	4.70%
14: Manufacture of wearing apparel	1	0.40%
16: Manufacture of wood and products of wood and cork	3	1.30%
17: Manufacture of paper and paper products	5	2.10%
18: Printing and reproduction of recorded media	4	1.70%
20: Manufacture of chemicals and chemical products	17	7.20%
21: Manufacture of pharmaceutical products	8	3.40%
22: Manufacture of rubber and plastic products	14	6.00%
23: Manufacture of other non-metallic mineral products	3	1.30%
24: Manufacture of basic metals	3	1.30%
25: Manufacture of fabricated metal products, except machinery	44	18.70%
26: Manufacture of computer, electronic and optical products	19	8.10%

27: Manufacture of electrical equipment	9	3.80%
28: Manufacture of machinery and equipment	36	15.30%
29: Manufacture of motor vehicles, trailers, and semi-trailers	3	1.30%
30: Manufacture of other transport equipment	2	0.90%
31: Manufacture of furniture	3	1.30%
32: Other manufacturing	38	16.20%
	235	**100.00%**
Size of the companies (Average turnover 2017-2016-2015)		
Micro	35	14.90%
Small	90	38.30%
Medium-sized	110	46.80%
	235	**100.00%**
Size of the companies (Average number of employees 2017-2016-2015)		
Micro	28	11.90%
Small	62	26.40%
Medium-sized	145	61.70%
	235	**100.00%**
Other Data		
Average turnover (2017-2016-2015)	£11,064,900	---
Average staff headcount (2017-2016-2015)	71.82	---

4.5.6 Common method variance

The last step of the data collection involves the control for the presence of common method variance (CMV). CMV is the "variance that is attributable to the measurement method rather than to constructs the measures represent" (Podsakoff et al., 2003, p.879). CMV is a concern when self-reported measures are adopted and when data are collected at the same point in time from the same participant. CMV can generate a systematic measurement error that may either inflate or deflate the relationships between constructs generating both type I and type II errors (Chang et al., 2010). This ends up creating false internal consistency which contaminates responses and might lead to biased parameter estimates. Podsakoff et al. (2003) warn researchers that CMV is often a problem and recommend them to do whatever possible to control for it.

Following the prescriptions of Podsakoff et al. (2003) and Chang et al. (2010), a few remedies to avoid CMV have been adopted. These remedies can be divided into two classes: ex-ante remedies and ex-post remedies. Ex-ante remedies allow the researcher to prevent the formation of CMV, while ex-post remedies allow checking for the presence of CMV.

The first ex-ante remedy concerns the inclusion of key variables from external sources. Although the type of the survey did not allow to differentiate the source for the

dependent and the independent variable, data from external sources have been included as control variables. Second, the questionnaire has been carefully designed to avoid ambiguous or vague items that may induce arbitrary responses. Third, the question order has been randomly changed for each respondent avoiding any item priming effect. Fourth, the scale length has been kept as short as possible and – whenever possible – the scale format was changed. Fifth, the wording has been kept as neutral as possible avoiding the use of positively or negatively worded items that may induce the respondent to reply in a specific way. Sixth, items of the same constructs have been intermixed with items of other constructs to minimise the effect of consistency bias. Seventh, sensitive questions have been avoided in order not to induce any form of socially desirable responding. Eight, complete anonymity and confidentiality have been assured to obtain more honest answers.

As an ex-post remedy the method of the CFA (confirmatory factor analysis) marker variable technique has been adopted (Lindell and Whitney, 2001; Simmering et al., 2014; Williams et al., 2010). Compared to the most common but ineffective Harman's single factor technique (Chang et al., 2010), the CFA marker variable technique has a main advantage. It allows not only to quantify the effect of the CMV but also to remove CMV from the model estimation (Lindell and Whitney, 2001).

A marker variable is a variable that has to be theoretically unrelated to the substantive variables and is potentially influenced by the same causes of CMV (Lindell and Whitney, 2001). In this study, the so-called "blue attitude" (Simmering et al., 2014) has been adopted as a marker variable. This measure is considered as one of the most effective detectors of CMV as it was intentionally developed to be used as a marker variable (Simmering et al., 2014). The items of the blue attitude scale are (a) *I prefer blue to other colours*, (b) *I like the colour blue* and (c) *I like blue clothes*. All the responses (*disagree/agree)* were collected on a seven-point Likert scale.

To assess the presence and/or the effect of CMV a series of models have been tested as recommended by Williams et al. (2010). The analysis has been carried out by using Lavaan 0.6-5 and SemTool 0.5-2 packages in RStudio v1.1.456.

CFA model with marker variable: The first model is the CFA model with the marker variable. The model includes 5 substantive variables (cognitive attitude, affective attitude, norms, autonomy and capacity) and one marker variable.

Baseline model: In the baseline model, the correlations between the marker variable and the substantive variables are set to 0. Also, the unstandardized regression weights and variances from the marker variable were fixed to assume the value taken from the CFA model.

Constrained model: In this model, the factor loadings from the marker variable to each item of the substantive variables have been set to be equal. If the constrained-model shows a significantly better fit than the baseline-model, then CMV may be present.

Unconstrained model: In this model, the formerly constrained factor loadings from the marker variable to the substantive variables' items are now freely estimated. If the unconstrained model shows a significantly better fit than the constrained model, then the CMV is not the same across all of the indicators.

Restricted model: In this model, the substantive factor covariances from the constrained model (or unconstrained model depending on which shows a better fit) are set to the values taken from the baseline model. If the restricted model shows a significantly better fit than the unconstrained model the presence of CMV may affect the relationships between the substantive variables.

As shown in Table 4.8, common method variance is likely present across the data collected. The constrained model shows a significantly better fit than the baseline model (p-value is less than 0.01, p=0.007) indicating that there is shared variance between the items of the substantive variables and the latent marker variable. When comparing the constrained model with the unconstrained model, there is no significant difference between the two models (p=0.229). This indicates that the presence of CMV is spread constantly across all of the indicators. Finally, when comparing the constrained model with restricted model the latter does not show a significantly better fit (p=0.999) meaning that the presence of CMV does not appear to alter the relationships between the substantive variables (for a summary of the fit statistics and the cut-off points for good fit see Exhibit 5 in the appendix).

In conclusion, there is evidence that the model may be affected by CMV. The CMV seems to be similar across all of the indicators. However, the restricted model shows that there is no evidence that CMV skews the relationships between the substantive variables which is ultimately what has to be avoided (cf. Williams et al., 2010). After careful consideration, it has been evaluated that the CMV does not represent a major issue in the study and therefore it has been decided to proceed with the data analysis.

***Table 4.8**: Common method variance*

Model	**χ2 (df)**	**CFI**	**RMSEA**	**LR of Δχ2**	**Model comparison**
CFA	139.144 (89)	0.983	0.049		
Baseline	150.451 (100)	0.983	0.046		
Constrained model	143.193 (99)	0.985	0.044	7.258, df=1, p 0.007	Vs. Baseline
Unconstrained model	127.959 (87)	0.986	0.045	15.234, df=12, p=0.229	Vs. Constrained model
Restricted model	143.287 (109)	0.989	0.037	0.259, df=10, p=0.999	Vs. Constrained model

Note: CFA=Confirmatory factor analysis; CFI=comparative fit index; RMSEA=root mean square of approximation; LR=likelihood ratio test

4.6 Operationalisation of study constructs

4.6.1 Dependent variable

The RAA proposes a behavioural model of how human action is directed. In the context of this research, the RAA predicts that export intention is influenced by a cognitive and affective attitude to export, descriptive norms, autonomy, and capacity.

The adoption of the RAA as a theoretical framework requires the researcher to define the meaning of the target behaviour which – in the case of this research – is export. One of the most important prerequisites for a good predictive validity of RAA is that the measure of attitude is compatible with the measure of the behaviour object of the study (Tornikoski and Maalaoui, 2019). Very often attitude has failed to predict intention and behaviour because general attitudes have been used to predict very specific behaviours, violating the principle of compatibility (Ajzen, 2005, 2011; Ajzen and Fishbein, 2000; Fishbein and Ajzen, 2010). Attitude, intention and behaviour must be aligned in terms of their target, action, context, and time elements. They also need to be reformulated in a self-directed manner (Ajzen, 2005; Fishbein and Ajzen, 2010). Therefore, the definition of export has been formulated as the *strategic actions of allocating financial and/or non-financial resources to initiate or to increase foreign sales in the next 3-5 years*. When the respondent approaches the question about intention, such a definition provides the respondent with clear boundaries about what it is meant by exporting, what actions are required and what is the period considered.

The measure of intention reflects elements of readiness to engage in a behaviour, willingness, expectation, and desire of trying (Fishbein and Ajzen, 2010). In the context of the study, the variable intention aims at capturing the managers' willingness to increase (or initiate) export activities with a proactive orientation towards the expansion of international sales.

The variable is measured with the following question: "In the next 3-5 years, how do you see your company?". This question captures the conceptual meaning of the intention construct as it reflects the overall manager's expectations about the future of the company's export. Expectation summarises elements of desire and ability to commit proactively towards the achievement of a goal (Bandura, 2001). The proposed answer-options are: 1) My company will initiate its export activities; 2) My company will increase its export activities; 3) My company will maintain existing export levels;

4) My company will reduce its export activities; 5) My company will not be involved in any export activities. The answers have been then recoded into the dummy variable "Intention to export". Respondents who selected options 1 and 2 have been recoded into 1, while all the other respondents have been recoded into 0 (see Table 4.9).

Notice that option 3 – although in some cases it still requires a certain willingness to export – has been recoded into 0. This is because the desire of maintaining the existing level of export is not configurable as a path changing behaviour. It does not require a proactive orientation towards export, neither can be considered as the outcome of the manager's ambition to boost the company's profit by increasing international sales. After this consideration, it is believed that a binary variable – where 1 represents the desire to initiate or grow and 0 represents a passive or de-committed strategy – can parsimoniously represent the intention to export without losing crucial information.

Table 4.9: *Operationalisation of intention to export*

Question	Description	Recoded into
1) My company will initiate its export activities 2) My company will increase its export activities	The manager intends to initiate or increase export	1
3) My company will maintain existing export levels 4) My company will reduce its export activities 5) My company will not be involved in any export activities	The manager does not intend to initiate or increase export	0

Respondents have selected the option that represents their state of mind. Of 235 respondent 185 respondents have expressed their intention to export, while 50 respondents reported that they do not intend to initiate or increase export. The descriptive statistics for the dependent variable (INT_EXP) are provided in Table 4.10.

Table 4.10: *Descriptive statistics (dependent variable)*

Dependent variables	Intention to export (INT_EXP)
Number of obs.	235
Missing values	0
Description	1= The manager intends to initiate or increase export 0= The manager does not intend to initiate or increase export
Frequency 0 (%)	50 (21.3%)
Frequency 1 (%)	185 (78.7%)

4.6.2 Independent variables

As proposed by the RAA the main predictors of intention are attitude (differentiated into cognitive and affective attitude), social norms and perceived behavioural control (differentiated into autonomy and capacity).

Cognitive attitude. The measurement of cognitive attitude is essentially the representation of an individual position along a bipolar evaluative scale with respect to the attitude object (Fishbein and Ajzen, 2010). The scale proposed to capture the cognitive underpinnings of export intention aims at understanding the manager's perception of export outcome. The adjective scales have been chosen from a list proposed by Fishbein and Ajzen (2010) according to their level of adaptability to the export context. More precisely, scales as *harmful-beneficial*, *useless-worthwhile*, and *bad-good* have been used to assess cognitive (or instrumental) attitude. The respondents can choose between seven alternatives in a bipolar scale ranging from 1 (negative end) to 7 (positive end).

Affective attitude. The measurement of affective attitude is the representation of the individual position along a bipolar evaluative scale that captures managers' anticipatory feelings associated with export. Similarly to the measurement of cognitive attitude, the adjective scales have been chosen according to their level of adaptability to the research context. The selected items to measure affective attitude are *painful-enjoyable*, *pleasant-unpleasant*, and *dull-exciting*. The respondents can choose between seven alternatives in a bipolar scale ranging from 1 (negative end) to 7 (positive end).

Descriptive norms. The measurement of descriptive norms should reflect what the managers perceive as a common practice considered a generalized social agent (Fishbein and Ajzen, 2010). A generalised social agent represents a reference point for the individual that provides information on how to assume an appropriate behaviour in specific circumstances (Fishbein and Ajzen, 2010). Following the RAA guidelines, the respondent has been asked to indicate whether he/she thinks that using export is a common strategy among his/her peers. Responses are collected with a seven-point scale ranging from 1 (negative end) to 7 (positive end).

Autonomy. The first dimension of perceived behavioural control is represented by autonomy. The measurement of autonomy reflects the degree of perceived discretion

that the individual has over the behaviour in question. It has been assessed by asking managers to report the extent to which they feel that the decision to export is up to them (Fishbein and Ajzen, 2010; Francis et al., 2004; Yzer, 2012). Responses are collected with a seven-point scale ranging from 1 (negative end) to 7 (positive end).

Capacity. The second dimension of perceived behavioural control is capacity. The measurement of capacity reflects people's beliefs about their capabilities and resources to exercise control over their own behaviour (Bandura, 1997). It has been assessed by asking managers: how difficult is to export, and how confident they are that they could do it. Responses are collected with a seven-point scale ranging from 1 (negative end) to 7 (positive end).

Table 4.11 presents the constructs measures with the items for each variable. The items in grey will be later deleted from the respective scales.

Table 4.11: *Constructs measures*

Construct	Variable	Code	Items
Cognitive attitude	COG_ATT	ATT1	My commitment to my company exporting is harmful/beneficial
		ATT2	My commitment to my company exporting is useless/worthwhile
		ATT3	I see my commitment to my company exporting as bad/good
Affective attitude	AFF_ATT	ATT4	My commitment to my company exporting is painful/enjoyable
		ATT5	My committing to my company exporting is pleasant/unpleasant
		ATT6	My committing to my company exporting is dull/exciting
Descriptive norms	D_NORMS	SN4	Most managers like me are committed to export (disagree/agree)
		SN5	Being committed to export is a common practice among managers like me (disagree/agree)
		SN6	More and more managers of business like mine are committing to export (disagree/agree)
Autonomy	AVE_AUT	PBC1	My commitment to export depends on my decision (disagree/agree)
		PBC2	The decision to commit myself to export is beyond my control (disagree/agree) *
		PBC3	Whether I commit to my company's export is mainly up to me (disagree/agree).
Capacity	AVE_CAP	PBC4	I think I possess the capabilities to commit to my company exporting (disagree/agree) *
		PBC5	I believe I have the resources to commit to my company exporting (disagree/agree)
		PBC6	My commitment to my company exporting is difficult/easy (disagree/agree)

* Items in grey will be later deleted from the respective scales

Measurement model. As mentioned before these variables are latent variables which means they are hypothesized constructs measured by manifest items that correspond to the survey questions (Hair et al., 2010). To test the reliability of these measures, a confirmatory factor analysis (CFA) is performed. The purpose of the CFA is to specify the correspondence between each measured item and the latent variables. CFA also provides information to assess scale validity and reliability. Items and latent variables are shown in Table 4.12. The analysis has been performed by using Lavaan 0.6-5 and SemTool 0.5-2 packages in RStudio v1.1.456.

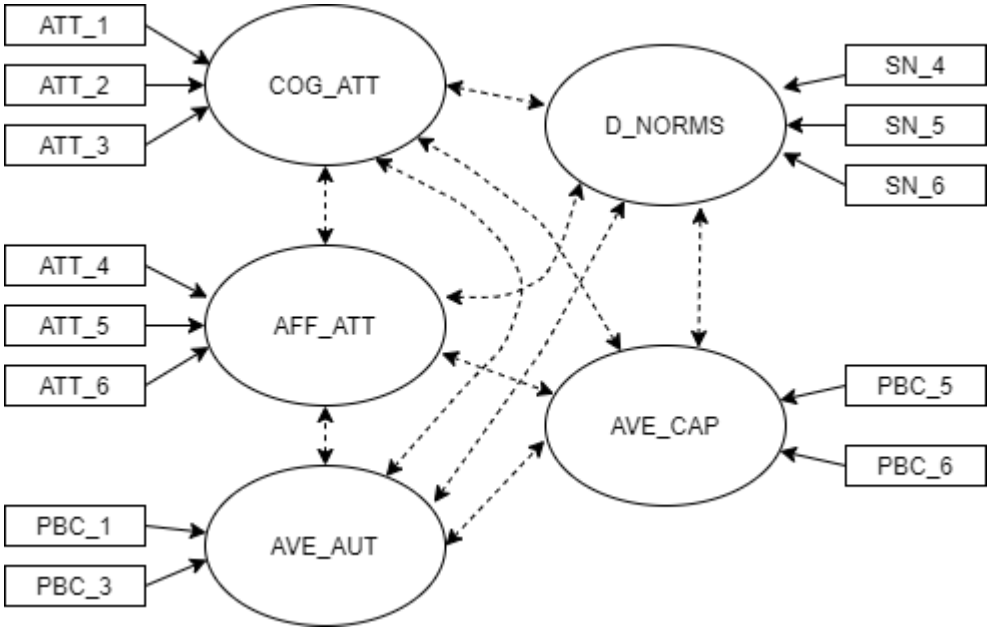
In the assessment of the measurement model (MM), a few modifications have been necessary to improve the model fit. As recommended by Anderson and Gerbing (1988) items with large correlated errors and items showing low factor loading should be carefully examined and possibly removed. After examining the data, the items PBC_2 and the item PBC_4 have been removed from the measurement model. PBC_2 has been removed because it shows a non-acceptable factor loading: $\lambda = 0.454$ which is lower than the recommended threshold value of 0.5 (Hair et al., 2010). PBC_4 has been initially included in the analysis, its factor loading was acceptable ($\lambda = 0.767$). However, the item was later discarded for a lack of validity and reliability. The removal of both these items has allowed increasing the model fit as well as the internal consistency of the variables.

Eventually, as shown in Figure 4.1, the variables COG_ATT, AFF_ATT and D_NORMS have three indicators each, while the variables AVE_AUT and AVE_CAP have two indicators each. Overall, the measurement model (MM 1) shows a good fit (χ^2 = 99.953, *df* = 57, *RMSEA*=0.057, *CFI*=0.985, *IFI*=0.985, *SRMR*=0.030) demonstrating good correspondence between the observed variables and each latent indicator.

In order to prove the reliability of the model, MM1 has been also compared with a concurrent theoretical plausible model (MM2). In MM2 the cognitive and the affective items of attitude (COG_ATT and AFF_ATT) load into one factor which has been generically called ATTITUDE. MM2 represents the common conceptualisation of attitude as expressed by the theoretical predecessors of the RAA (Fishbein and Ajzen, 2010) such as the TPB (Ajzen, 1991). As expected MM2 shows an acceptable model fit: χ^2 = 168.983, *df* = 61, *RMSEA* = 0.087, *CFI* =0.961, *IFI* = 0.961, *SRMR* 0.037 (see

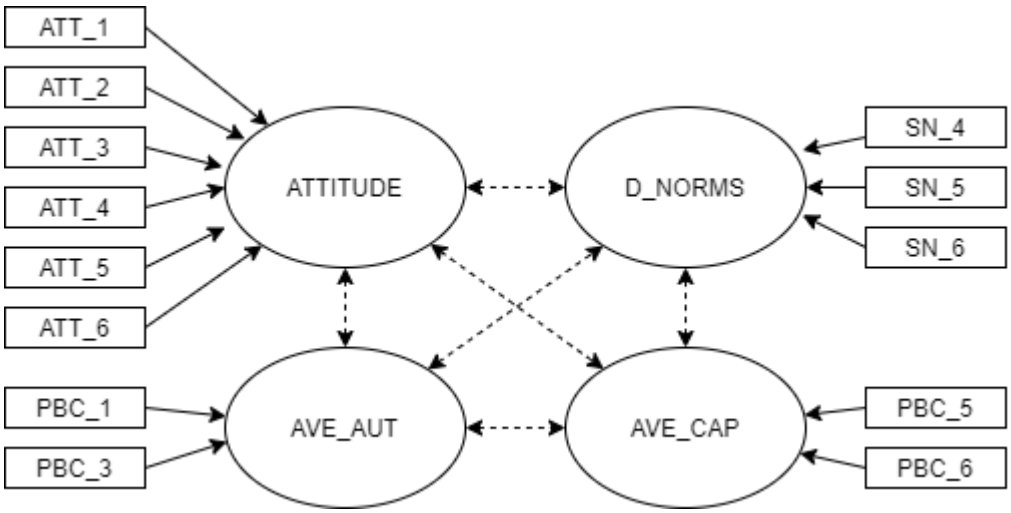
Figure 4.4). However, when comparing MM1 with MM2, MM1 shows a significantly better fit than MM2 (with a $\Delta\chi^2[df]$ = 69.03[4] p=0.001) demonstrating that the differentiation between the affective and the cognitive dimensions is not only theoretically but also statistically meaningful. For a summary of the fit statistics and the cut-off points for good fit see Exhibit 5 in the appendix.

Figure 4.1: *Measurement model 1 (MM1)*



MM1 fit: *χ^2 = 99.953, df = 57, RMSEA=0.057, CFI=0.985, IFI=0.985, SRMR=0.030*

Figure 4.2: *Measurement model 2 (MM2)*



MM2 fit*: χ^2 = 168.983, df = 61, RMSEA = 0.087, CFI =0.961, IFI = 0.961, SRMR 0.037*

Psychometric properties. The next step to assess the goodness of the hypothesised model is to check whether the scales proposed exhibit good psychometrics properties.

In this step, the correspondence between the intended measure and the actual measure is controlled. To reduce this gap, which is a source of measurement error, two important characteristics of the scales must be addressed: reliability and validity (Hair et al., 2010). Reliability is the degree to which a set of question-items consistently measures the construct of interest across repeated observations. Whereas validity is the degree to which a set of questions indeed measures what is intended to measure and do not overlap with other constructs.

To check for the reliability of the core constructs of the study, the internal consistency of each latent variable has been tested. Three measures of internal consistency commonly reported are Cronbach's α (α), composite reliability (CR) and average variance extracted (AVE) (Hair et al., 2010). As shown in Table 4.12, all the latent variables of the study show high internal consistency: α ranges from 0.772 to 0.944; CR from 0.780 to 0.944; and AVE from 0.631 to 0.849. Table 4.12 also provides factor loadings together with detailed information about the reliability of each construct. For a description of the reliability measures and the cut-off points see Exhibit 5 in the appendix.

Table 4.12: *Latent variables*

	Factor loading (λ)	**Cronbach's α**	**CR**	**AVE**
Cognitive attitude (COG_ATT)		0.944	0.944	0.849
ATT_1	0.911			
ATT_2	0.930			
ATT_3	0.923			
Affective attitude (AFF_ATT)		0.927	0.929	0.812
ATT_4	0.895			
ATT_5	0.907			
ATT6	0.903			
Descriptive norms (D_NORMS)		0.897	0.900	0.750
SN_4	0.912			
SN_5	0.843			
SN_6	0.837			
Autonomy (AVE_AUT)		0.876	0.887	0.782
PBC_1	0.927			
PBC_3	0.847			
Capacity (AVE_CAP)		0.772	0.780	0.631
PBC_5	0.824			
PBC_6	0.768			

Once the internal consistency of the core variables (cognitive attitude, affective attitude, descriptive norms, autonomy and capacity) has been established, their

measures have been obtained by averaging the responses of the related indicators. The descriptive statistics of the averaged core variables are presented in Table 4.13.

Table 4.13: *Descriptive results (core variables)*

Core variables	Cognitive attitude (COG_ATT)	Affective attitude (AFF_ATT)	Descriptive norms (D_NORMS)	Autonomy (AVE_AUT)	Capacity (AVE_CAP)
Number of obs.	235	235	235	235	235
Missing values	0	0	0	0	0
Mean	5.754	5.363	4.725	4.926	4.949
Std. error of mean	0.088	0.086	0.098	0.113	0.096
Median	6.333	5.667	5.000	5.000	5.000
Standard deviation	1.356	1.314	1.516	1.731	1.472
Minimum	1.000	1.000	1.000	1.000	1.000
Maximum	7.000	7.000	7.000	7.000	7.000

To check for the validity of the measures used in the research, a discriminant validity test has been performed by using the Fornell and Larcker (1981) criterion. The criterion assumes that given any pair of variables in the model, each square root of AVE must be higher than the correlation between the two variables. Achieving a high value of AVE is a signal that the indicator truly represents the construct that intends to measure. If this value is higher than the shared variance between a pair of constructs than it can be asserted that the two variables are measuring two different things. Table 4.14 provides the AVE scores along with the correlation matrix of all the study constructs. Overall, the square root of AVE is higher than the corresponding pairs of correlations providing evidence for the discriminant validity of the study measures.

As expected, the two measures of attitude (cognitive and affective) presents quite a high correlation ($r = 0.869$, $p < 0.01$). Although, governed by different brain systems, in the majority of cases people present a consistent attitude, meaning that cognitive and the affective attitude are generally correlated. Only recently, after the development of the RAA (Fishbein and Ajzen, 2010), the two dimensions have been considered as separate entities producing different effects. To avoid any possible issues of multicollinearity the two constructs will be used in separate models.

Table 4.14: *Correlation matrix and discriminant validity test*

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	15a	15b	15c	16.	17.
1. Intention to export	1																			
2. Cognitive attitude	0.646**	1																		
3. Affective attitude	0.604**	0.869**	1																	
4. Descriptive norms	0.549**	0.774**	0.675**	1																
5. Autonomy	0.197**	0.269**	0.333**	0.151*	1															
6. Capacity	0.424**	0.702**	0.681**	0.605*	0.244**	1														
7. Age respondent	-0.083	-0.206*	-0.175**	-0.216**	0.063	-0.051	1													
8. Education	0.081	0.221**	0.195**	0.239**	0.120	0.178**	-0.112	1												
9. Owner	-0.135*	-0.113	-0.049	-0.163*	0.184	-0.021	0.212**	-0.138*	1											
10. Regular exporter	0.427**	0.635**	0.548**	0.588**	0.092	0.606**	-0.103	0.155*	-0.042	1										
11. Number of for. op.	0.328**	0.376**	0.360**	0.312**	0.139	0.273**	-0.070	0.039	-0.162*	0.369**	1									
12. Family business	-0.078	-0.141*	-0.059	-0.109	-0.007	-0.068	0.047	-0.158*	0.111	-0.093	-0.170**	1								
13. Firm age	0.074	0.032	0.060	0.025	-0.004	0.077	0.058	0.005	-0.225**	0.107	-0.007	0.208**	1							
14. Size (turnover)	0.067	0.069	0.066	0.113	-0.184**	0.072	-0.084	0.122	-0.203*	0.144*	0.147*	0.042	0.129*	1						
15. Experience	0.252**	0.445**	0.450**	0.451**	0.237**	0.421**	0.065	0.137*	-0.033	0.525**	0.285**	-0.149*	0.113	0.141*	1					
15a. EXP_WORK	0.115	0.191**	0.258**	0.202**	0.182*	0.207**	0.086	0.016	0.039	0.234**	0.195**	-0.108	0.042	0.062	0.744**	1				
15b. EXP_IB	0.157*	0.332**	0.315**	0.355**	0.220**	0.346**	0.165*	0.141*	0.032	0.409**	0.167*	-0.107	0.122	0.074	0.790**	0.290**	1			
15c. EXP_COUNTRY	0.345**	0.558**	0.493**	0.532**	0.126	0.451**	-0.148*	0.187**	-0.189**	0.626**	0.304**	-0.127	0.106	0.212**	0.736**	0.251**	0.565**	1		
16. Ambivalence	-0.266**	-0.328**	-0.375**	-0.319**	-0.118	-0.124	0.142*	0.025	0.180**	-0.269**	-0.304**	0.060	-0.085	-0.046	-0.192**	0.188**	-0.001	0.261**	1	
17. Inconsistency	0.107	0.082	0.075	0.047	-0.005	0.004	0.043	-0.015	-0.074	0.075	0.065	-0.016	0.018	0.055	0.068	0.072	-0.015	0.102	-0.291**	1
Mean	-	5.75	5.36	4.72	4.93	4.95	4.04	3.13	-	-	0.74	-	36.22	11.06	13.71	2.62	5.46	5.63	-60.88	23.77
SD	-	1.36	1.31	1.52	1.73	1.47	1.01	1.33	-	-	0.89	-	25.76	8.66	4.10	2.168	1.786	1.466	25.99	18.63
Sqrt AVE	-	0.922	0.901	0.866	0.884	0.794	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: ** P<0.005, * P<0.01.

Assessing the validity of beliefs. Before moving to the operationalisation of moderators a further step is required to validate the measures of cognitive and affective beliefs which are used to compute the moderating variables (i.e. ambivalence and inconsistency). Also, the total score of cognitive and affective beliefs is used to split the sample into managers with low and high cognitive beliefs and managers with low and high affective beliefs. Therefore, it is essential to establish a valid correspondence between cognitive beliefs and cognitive attitude as well as between affective beliefs and affective attitude.

Managers' beliefs about export outcome have been elicited according to the method illustrated by Fishbein and Ajzen (2010). A small sample of managers and professionals representing or knowing the research population has been contacted. Five semi-structured interviews have been conducted before the questionnaire distribution (3 in person and 2 telephone interviews) aiming at eliciting readily accessible behavioural outcomes on export.

Along with managers' interviews, a review of the extant literature on export was conducted to identify potentially relevant information about export outcomes. Also, more information about export outcomes has been collected from technical reports provided by official bodies such as the UK Department for International Trade. All the items collected via literature review and report scanning have been annotated in a list that has been included in the appendix as Exhibit 6.

To elicit the maximum number of relevant outcomes, the interviewee has been shown the list included in Exhibit 6. The interviewee was asked if he/she would include some of those items as relevant in addition to those already discussed in the interview. Eventually, the items selected to be included in the questionnaire are shown in Table 4.15. Notice that, adequate coverage of all the possible outcome is reached with the inclusion of at least 75% of the relevant outcomes (Fishbein and Ajzen, 2010; Francis et al., 2004). Therefore, it can be confidently asserted that the items finally included in the questionnaire are representative of the population.

A belief is a subjective probability that an object has a certain outcome (Fishbein and Ajzen, 2010). The survey questions adopted the items of Table 4.15 and for each outcome *i* the manager-respondent was asked two questions on a seven-point scale:

a) How likely is that [outcome i_n] would be encountered if you export? (1 to 7 scale)

b) How bad/good do you consider the [outcome i_n]? (-3 to +3 scale)

The first question aims at determining the subjective probability that export carries a specific outcome. The second question aims to attribute the outcome with a positive or negative valence. The product of the two scores determines the score of each belief (b_i) (Ajzen, 2005).

Table 4.15: *Relevant outcomes about export*

Outcomes (i) to measure behavioural beliefs
Cognitively assessed outcomes
1. Contribution to my company long-term profit
2. Sacrifice my company's short-term profitability
3. Contribution to my company's growth
4. Develop new expertise
5. Change my company's products and/or packaging
6. Allocate personnel for business travel
Affectively assessed outcomes
7. Working in unknown situations
8. Travel abroad
9. Spend time planning international operations
10. Work with persons from other cultures
11. Work flexibly and put in more hours
12. Makes me feel very proud of my accomplishments

To assess the validity of cognitive and affective beliefs, a multiple indicators and multiple causes (MIMIC) models (Jöreskog and Goldberger, 1975) has been identified as the suitable approach (Hennessy et al., 2012). Beliefs can be considered as causal indicators that define the characteristics of the latent construct and do not necessarily share a "common theme" with other indicators (Jarvis et al., 2003). Beliefs are therefore conceived as formative indicators (Diamantopoulos, 2011; Diamantopoulos and Winklhofer, 2001; Ellwart and Konradt, 2011) that represent a summative index of positive and negative components (Hennessy et al., 2012). The purpose of using MIMIC models in this particular context is to assess that affective and cognitive attitude originate from a set of correspondent beliefs.

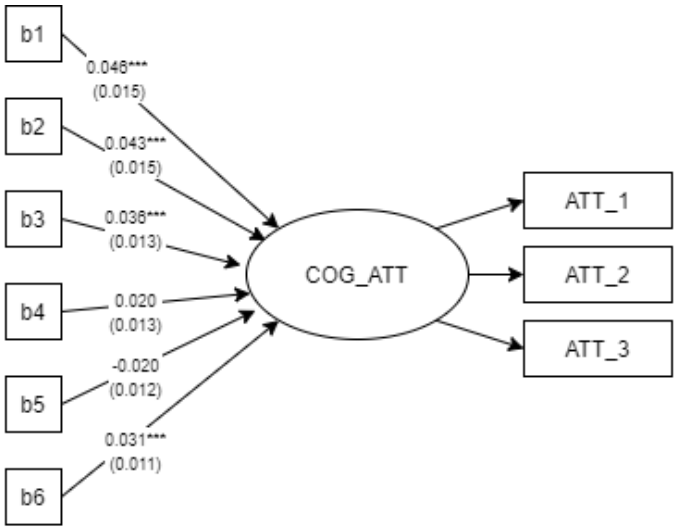
MIMIC model 1 (Figure 4.3) assesses the correspondence between cognitive beliefs and cognitive attitude. The model includes six cognitive beliefs that are allowed to correlate freely (to avoid congestion, arrows representing correlation among the beliefs

are not shown in the figure). Like a regression equation, the coefficient can be interpreted as validity coefficients, while an acceptable fit of the overall MIMIC model provides support that the set of beliefs represent good indicators forming the construct (Diamantopoulos and Winklhofer, 2001). MIMIC model 1, namely the model testing cognitive beliefs, presents a good model fit: χ^2 = 19.365, *df* = 12, p=0.080, *RMSEA* = 0.051, *CFI* =0.991, *IFI* = 0.991, *SRMR* 0.016.

MIMIC model 2 (Figure 4.4) assesses the correspondence between affective beliefs and affective attitude. The model includes six affective beliefs that are allowed to correlate freely (to avoid congestion, arrows representing correlation among the beliefs are not shown in the figure). Model 2, namely the model testing affective beliefs, presents a good model fit too: χ^2 = 14.088, *df* = 12, p=0.295, *RMSEA* = 0.027, *CFI* =0.997, *IFI* = 0.997, *SRMR* 0.013.

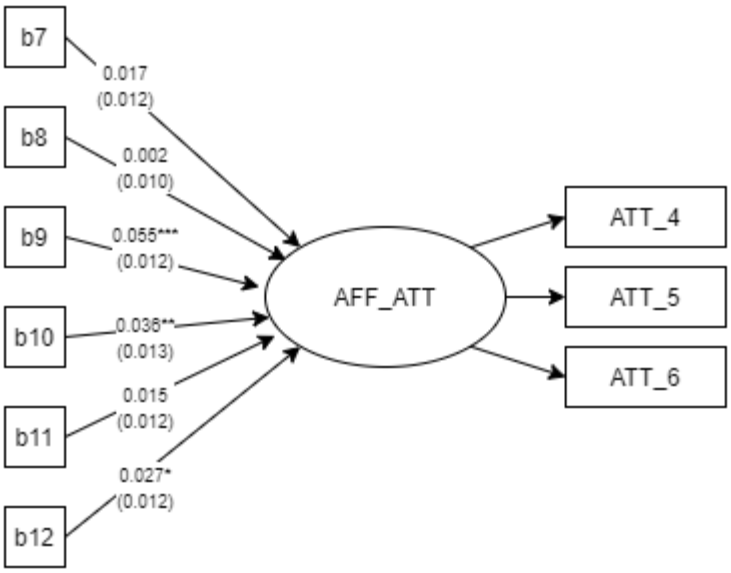
In MIMIC model 1, four out of six indicators (b1, b2, b3 and b6) show a positive and a significant regression coefficient, while in MIMIC model 2, three out of six indicators (b9, b10 and b12) show a positive and significant coefficient. Although some indicators show non-significant effects, a decision has been made to retain all of the indicators. This is a common practice when dealing with formative measurement because non-significant indicators can still contribute to defining the content domain of the formative construct (Edwards and Bagozzi, 2000; Jarvis et al., 2003).

Figure 4.3: *MIMIC model 1*



Model fit: *χ^2 = 19.365, df = 12, p=0.080, RMSEA = 0.051, CFI =0.991, IFI = 0.991, SRMR 0.016.*

Figure 4.4: *MIMIC model 2*[1]



Model fit: *χ^2 = 14.088, df = 12, p=0.295, RMSEA = 0.027, CFI =0.997, IFI = 0.997, SRMR 0.013.*

Once established their validity, the overall score of cognitive beliefs (COG) has been obtained by summing up all cognitive belief. Similarly, the overall score of affective beliefs (AFF) has been obtained by summing up all affective beliefs. Table 4.16 shows the descriptive statistics of the two new variables. The median score of cognitive and affective beliefs (46.00 and 45.00 respectively) will be used in section 5.4.3 to split the sample into managers with low and high cognitive beliefs and managers with low and high affective beliefs.

Table 4.16: *Overall score of affective and cognitive beliefs*

Beliefs about export	**Cognitively assessed beliefs (COG)**	**Affectively assessed beliefs (AFF)**
Formula	COG= $\sum_{i=1}^{6} b_i$	AFF=$\sum_{i=7}^{12} b_i$
N	235	235
Missing values	0	0
Mean	45.22	47.79
Std. error of mean	1.802	2.333
Median	46.00	45.00
Minimum	-39	-50
Maximum	126	126

[1] Figure 4.3 and Figure 4.4 assess managers' beliefs across the entire sample. For descriptive purposes, in the appendix (Exhibit 8) the differences between managers' beliefs across different categories are shown (managers who intend to export vs. non-intenders, regular exporters vs. non-regular exporters, owners vs. managers non-owners, family business vs. non-family business, low-experienced vs. high-experienced managers, small vs. medium businesses).

4.6.3 Moderators

A moderator is a third independent variable that causes the relationship between independent/dependent variable to change depending on its value (Hair et al., 2010). The effect of the moderator is also known as interacting effect as represented by formula 4.1:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_1X_2 \qquad 4.1$$

where b_0 is the intercept, b_1X_1 is the linear effect of X_1, b_2X_2 is the linear effect of X_2, and $b_3X_1X_2$ represent the interacting effect of X_1 with X_2.

The data analysis carried on in chapter 5 includes three moderators: experience, ambivalence and inconsistency. In the rest of this section, the operationalisation of the three variables is presented along with the descriptive statistics.

Experience. Experience has been operationalised according to a multidimensional criterion as a measure of exposure (or persistency). Previous export studies have used an aggregated concept of experience to account for various aspects of experiential learning mechanisms (Hultman et al., 2011). Also, Maitland and Sammartino (2015a) develop a conceptualisation of experience that takes into account breadth, depth, and the number of countries in which a manager has gained experience from. In this research, the measure of experience has been developed following this logic and has been adapted to the export context.

The questions related to each dimension of export experience are presented in Table 4.17. To reduce the respondent effort of recalling a precise number of years or countries, a set of predetermined answers has been presented (see Table 4.17). Following Maitland and Sammartino (2015a), the first question regarding the number of years spent overseas aims at capturing the *breadth* dimension of experience. The second question related to the number of international business activities carried out in the past aims at capturing the *depth* dimension. Finally, the *number of countries* question is related to the number of export projects carried out in different countries. It aims at capturing the level of experience gained from trading in different countries.

The overall score of experience is the sum of the score from the *breadth* question, the *depth* question, and the *number of countries* question. The sum represents a composite variable capturing the multidimensional nature of managerial experience. It is worth

noting that each dimension of experience can represent a standalone measure capturing a specific aspect of experience.

Table 4.17: *Experience measure*

Dimension	**Question**	**Answer**
Breadth (EXP_WORK)	In your entire career as a manager, how many years have you worked overseas?	**1** = None; **2** = 1-2; **3** = 3-4; **4** = 5-7; **5** = 8-10; **6** = 11-20; **7** = 20+
Depth (EXP_IB)	In your entire career as a manager, how many years' experience do you have in international business activities?	**1** = None; **2** = 1-2; **3** = 3-4; **4** = 5-7; **5** = 8-10; **6** = 11-20; **7** = 20+
Number of countries (EXP_COUNTRY)	In your entire career as a manager, how many countries have you traded with?	**1** = None; **2** = 1-2; **3** = 3-4; **4** = 5-7; **5** = 8-10; **6** = 11-20; **7** = 20+

The descriptive statistics of the summative index of experience is provided in Table 4.18, together with the descriptive statistics of each indicator (breadth, depth and number of countries).

Table 4.18*: Descriptive statistics (dimensions of experience)*

	Experience (EXP_TOT)	**Breadth (EXP_WORK)**	**Depth (EXP_IB)**	**Number of countries (EXP_COUNTRY)**
Number of obs.	235	235	235	235
Missing values	0	0	0	0
Mean	13.71	2.62	5.46	5.63
Std. error of mean	0.268	0.141	0.117	0.096
Median	14.00	1.00	6.00	6.00
Standard deviation	4.103	2.168	1.768	1.466
Minimum	3.00	1	1	1
Maximum	21.00	7	7	7

Ambivalence. As mentioned in section 3.4, ambivalence reflects a situation in which a person holds both positive and negative beliefs about the behaviour (Fishbein and Ajzen, 2010). Each individual has a different evaluation scale, even if the overall

attitude may be positive (or negative), each belief is independent from the other. Some of them may assume a positive score or a negative score. Therefore, some beliefs may be positive others may assume a negative score. The larger the polarisation between the positive and the negative class of beliefs the larger the ambivalence. Ambivalence is a measure of the distance of this polarisation.

As shown in section 4.6.2, each respondent holds a set of twelve beliefs – from b_1 to b_{12} – whose value has been used to compute the measure of ambivalence. Ambivalence – as represented by equation 4.2 – has been obtained by adding positive and the negative beliefs of the object, dividing the sum by 2 and subtracting the absolute value of the difference (Conner et al., 2013; Conner et al., 2003; Conner and Sparks, 2002; Thompson et al., 1995).

$$Ambivalence = \frac{(P + N)}{2} - |P - N| \qquad 4.2$$

Where P is the sum of the beliefs b_1 to b_{12} that have positive values and N is the sum of the beliefs b_1 to b_{12} that have negative values. This measure of ambivalence takes into account both the polarization and the intensity of beliefs (Thompson et al., 1995). The lower the value of ambivalence the larger is the polarisation between positive and negative beliefs. More information about the computation and the potential range of ambivalence is available in the appendix in Exhibit 7.

***Table 4.19**: Ambivalence descriptive statistics*

	Ambivalence Old score	**Ambivalence New score (AMB)**
Number of obs.	235	235
Missing values	0	0
Mean	-60.88	60.88
Std. error of mean	1.69	1.69
Median	-61.00	61.00
Standard deviation	25.99	25.99
Minimum	-142.5	0.00
Maximum	0.00	142.50

To facilitate the interpretation of the results, the negative sign of the score of ambivalence has been changed into a positive sign. As shown by Table 4.19 the range of the score of ambivalence goes from -142.50 (minimum) to 0 (maximum). The value

of -142.50 is the minimum value but represents the case where ambivalence is at its highest level. Similarly, the value of 0 is the maximum value but represents the case where ambivalence is at its lowest value. Therefore, the score of ambivalence has been multiplied by -1. The new score is shown in the second column of Table 4.19.

Inconsistency. As mentioned in section 3.4, inconsistency is a particular form of ambivalence that arises when a misalignment between cognitive and affective attitudes occurs. To compute the measure of inconsistency the measures beliefs from b_1 to b_{12} (see section 4.6.2) have been employed. As represented by equation 4.3, the measurement of cognitive-affective inconsistency has been computed for each respondent as the absolute difference between the total score of cognitive minus the score of affective beliefs (Conner et al., 2020).

$$Inconsistency = \left| \sum_{i=1}^{6} b_i - \sum_{i=7}^{12} b_i \right| \qquad 4.3$$

For each respondent – beliefs b_1 to b_6 represent cognitive beliefs and beliefs b_7 to b_{12} represent affective beliefs. Inconsistency measures the distance between the strength of cognitive beliefs and the strength of affective beliefs. As shown by Table 4.20, the value of inconsistency assumes positive values that range from 0 to 94. The higher the score of inconsistency the larger the distance between cognitive and affective beliefs.

Table 4.20: *Inconsistency descriptive statistics*

	Inconsistency (C_A_IN)
Number of obs.	235
Missing values	0
Mean	23.77
Std. error of mean	1.22
Median	20.00
Standard deviation	18.63
Minimum	0.00
Maximum	94.00

4.6.4 Control variables

The analysis carried out in chapter 5, includes several control variables that have been included in the study to control for several factors accounted for in similar studies. Control variables have been added to the analysis for several reasons. The first reason

to include control variables is to avoid model misspecification. The second reason is to rule out possible alternative explanations. The third reason is to show the robustness of the model by mitigating the issues of self-selection and biases derived from omitted variables (Auh et al., 2019). In choosing the control variables particular attention has been given to the relevance of the research context.

The names and the description of the control variables selected for the study are summarised in Table 4.21. As shown by the table, there are two different types of covariates: the first type includes variables at the managerial level (i.e. AGE, EDU, OWNER), the second type includes variables at the firm level (REG_EXP, NFO, FAM_BUS, FIRM_AGE, and SIZE).

Age of the respondent. AGE represents the age of the respondent at the time of the survey. The information about the age of managers has been sourced from the database FAME (compiled by Bureau Van Dijk) in the director section.

Level of education of the respondent. EDU represents the highest level of education achieved by the respondent. The information has been collected by asking the respondent "What is the highest level of education you have attained?". The proposed answers were: 1=High school – GCSE; 2=High school – A levels; 3=Bachelor's degree; 4=Master's degree; 5=MBA; 6=Doctoral degree. The responses have been re-coded by calculating the number of years representing the length of the formal education attained by each respondent (Agnihotri and Bhattacharya, 2015; Schneider and De Meyer, 1991; Wang et al., 2016). The demographic variables AGE and EDU have been added to rule out the possible effect of the characteristics of the top management team. Following the works of Nielsen and Nielsen (2011), Agnihotri and Bhattacharya (2015), and Oesterle et al. (2016), age and education variables have been added to control whether managers with particular characteristics are more likely to develop the intention to export.

Ownership. OWNER is a dummy variable that assumes the value of 1 if the respondent is the owner of the company, and the value of 0, if the respondent is not the owner of the company. The information has been collected by asking the respondent "What is your position in the company?". The alternative provided were: 1) owner/ founder/ partner, 2) chief executive/ director/ managing director, 3) sales manager/ export manager/ business development manager, 4) admin/ human resources/ Technical/

research and Development/ IT/ communication or property manager, 5) non-executive, 6) other. Option 1 has been recoded into 1, while options 2,3 and 6 have been recoded into 0. As already discussed in section 4.5.4, managers that have selected options 4 and 5 have been taken directly to the end of the survey.

Table 4.21: *Control variables*

Variable	Description	Measurement	Source
Manager-level			
AGE	Age of the respondent	Age of the respondent at the time of the survey (years)	Secondary data (FAME database)
EDU	Level of education	Number of schooling years	Self-reported
OWNER	It captures whether the manager is also the owner of the firm	Dummy variable **0** = manager non-owner **1** = manager-owner	Self-reported
Firm-level			
FAM_BUS	It captures whether the firm is a family business or not	Dummy variable **0** = non-family business **1** = family business A "family business" has been defined using an ownership measure: "two or more family members are involved, and the majority of ownership lies within a family" (see Majocchi et al., 2018 for classification of definitions)	Self-reported
REG_EXP	It captures whether the firm is a regular exporter or not	Dummy variable **0** = non regular exporter **1** = regular exporter	Self-reported
NFO	Number of foreign operations	Respondents were asked if their company has other international operations such as wholly-owned subsidiaries, international joint ventures, international strategic alliances, licencing, franchising, or other operations. NFO is expressed as the sum of foreign operations currently managed by the firm.	Self-reported
FIRM_AGE	Age of the firm	Number of years since the company foundation	Secondary data (FAME database)
SIZE	Size of the firm	The size of the firm is represented by the average turnover reported in the company's books for the years 2015, 2016, 2017	Secondary data (FAME database)

Family Business. FAM_BUS is a dummy variable that assumes the value of 1 if the company is a family business, and the value of 0 if the company is not a family business. The information has been collected by asking the respondent "Is your company a family business?". The definition – "family business is a firm in which two or more family members are involved and the majority of ownership lies within a family (Majocchi et al., 2018)" – has been provided to facilitate the respondent to identify what a family business is. The variables related to the ownership structure of

the firm (OWNER and FAM_BUS) have been added to capture the effect of a potential misalignment between the interest of managers-members and ownership-members of the firm (Aggarwal and Samwick, 2003; Hennart et al., 2017; Musteen et al., 2009; Oesterle et al., 2013).

Regular exporter. REG_EXP aims at capturing if the company is a regular exporter or not. It assumes the value of 1 if the company is a regular exporter, and the value of 0 if the company is not a regular exporter. The information has been collected through the survey by asking the respondent "How would you describe your company in terms of export?". The proposed options were 1) we export regularly, 2) we export occasionally, 3) we used to export, but we don't at the moment, 4) we have never exported. Option 1 has been recoded into 1, all the other options have been recoded into 0.

Number of foreign operations. NFO represents the number of foreign operations managed by the company. Respondents were asked if their company has international operations such as wholly-owned subsidiaries, international joint ventures, international strategic alliances, licencing, franchising, or other operations. NFO is the result of the sum of all the foreign operations currently managed by the firm (excluding export operations that have been already captured by the variable REG_EXP). Variables related to the current degree of internationalisation of the firm (REG_EXP, and NFO) have been added to account for the role of path-dependency in the intention to export (Hutzschenreuter et al., 2007).

Age of the firm. FIRM_AGE represent the number of years since the inception of the firm. It has been collected from secondary data (FAME database compiled by Bureau Van Dijk). FIRM_AGE has been added to control for the effect of the presence of firms that decide to internationalise straight after their inception (Knight and Cavusgil, 2004; Oviatt and McDougall, 1994).

Firm turnover. SIZE represents the size of the company and it is measured by the average turnover generated by the company in the three years before the survey (2015-2016-2017). It has been added to control for the effect of the firm's dimension (micro, small and medium-size) in formulating the intention to export.

Table 4.22 and Table 4.23 provide the descriptive statistics of the control variables described in this section. Table 4.22 shows continuous and discrete control variables,

while Table 4.23 shows the descriptive statistics of the categorical control variables (dummy variables).

***Table 4.22**: Descriptive statistics (control variables)*

Control variables	**Age (AGE)**	**Education (EDU)**	**Number of foreign op. (NFO)**	**Age of the firm (FIRM AGE)**	**Turnover (SIZE)**
Number of obs.	235	235	235	235	235
Missing values	0	0	0	0	0
Mean	55.17	9.49	.74	36.22	11.06
Std. error of mean	0.622	0.156	0.059	1.680	0.564
Median	56.00	3	1.00	28.61	9.42
Standard deviation	9.538	2.394	.898	25.759	8.657
Minimum	31	1	0	5	0
Maximum	86	6	4	124	42.19

***Table 4.23**: Descriptive statistics (control dummy variables)*

Control variables (dummies)	**Manager ownership (OWNER)**	**Regular exporter (REG_EXP)**	**Family business (FAM_BUS*)**
Number of obs.	235	235	235
Missing data	0	0	0
Description	1=Manager/owner 0=Manager/non-owner	1=Regular exporter 0=Non-regular exporter	1=Family business 0=Non-family business
Frequency 0 (%)	147 (62.6%)	82 (34.9%)	121 (51.5%)
Frequency 1 (%)	88 (37.4%)	153 (65.1%)	114 (48.5%)

***** Family business has been defined using an ownership measure: "two or more family members are involved, and the majority of ownership lies within a family" (see Majocchi et al., 2018 for classification of definitions)

5. FINDINGS AND DISCUSSION

5.1 Overview

In this chapter, the statistical hypotheses are tested following the order proposed by chapter 3. This chapter is divided into three studies. The first study aims at testing the basic model as outlined by the RAA (Fishbein and Ajzen, 2010) and focuses on the direct role of affective attitude on intention. The second study aims at adding the role of experience in the model. The third study analyses the role of ambivalence and inconsistency as moderators of the relation between cognitive attitude and intention. The chapter ends with an overall summary of the results.

5.2 Study one: The role of affect on the intention to export

The first study aims at testing the hypotheses from H1 to H5 as shown by the conceptual model outlined in section 3.2.4, Figure 3.1.

5.2.1 Statistical approach to logistic regression

Given the binary nature of the dependent variable, the models are estimated using binary logistic regression. Logistic models are inherently non-linear. At very low levels of the independent variables, the probability approaches 0, but never reaches 0. At higher levels of the independent variable, the probability approaches 1, but never reaches 1. Therefore, the goal of logistic regression is to find the best fitting model to represent the relationship between the dependent variable (binary) and a set of independent predictors. To do so, logistic regression generates linear coefficients to predict the probability that the dependent variable assumes the value of 1 (Hair et al., 2010). To ensure linearity, coefficients are expressed in terms of log-odds as a result of a logit transformation of (p), such that:

$$logit(p) = ln\left(\frac{p}{1-p}\right) \qquad 5.1$$

where p is the probability that the manager will express the intention to export. The aim is to predict the proportion respondent that will decide to implement export activities given a set of independent predictors.

5.2.2 Analysis

In the first study, it is aimed at testing the basic model as outlined by the RAA (Fishbein and Ajzen, 2010). Particular interest has been given to the role of affective attitude which (to the best of the investigator's knowledge) has never been tested before in the context of export decisions. The models also include a set of control variables as discussed in section 4.6.4. Table 5.1 presents the results of the first logistic regressions. The coefficients are expressed in a log-odds metric.

Table 5.1: *Logistic regression baseline model*

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
(Intercept)	0.829 (1.488) p=0.577	0.065 (1.512) p=0.966	-0.772 (1.638) p=0.637	-1.147 (1.640) p=0.484	**-3.176** **(1.897)** **p=0.094**	**-3.830** **(1.911)** **p=0.045**	**-6.266** **(2.236)** **p=0.005**	**-7.258** **(2.410)** **p=0.003**	**-5.194** **(2.115)** **p=0.014**	**-6.756** **(2.298)** **p=0.003**
AGE	-0.014 (0.020) p=0.498	-0.017 (0.021) p=0.408	-0.013 (0.021) p=0.553	-0.016 (0.022) p=0.453	0.013 (0.023) p=0.588	0.006 (0.023) p=0.812	0.011 (0.025) p=0.657	0.022 (0.027) p=0.420	0.004 (0.025) p=0.886	0.021 (0.027) p=0.446
EDU	0.017 (0.079) p=0.833	-0.019 (0.082) p=0.817	-0.019 (0.085) p=0.820	-0.046 (0.087) p=0.595	-0.074 (0.096) p=0.438	-0.111 (0.098) p=0.256	-0.093 (0.107) p=0.382	-0.111 (0.110) p=0.311	-0.071 (0.103) p=0.491	-0.096 (0.109) p=0.380
OWNER	-0.482 (0.413) p=0.243	-0.715 (0.431) p=0.097	-0.506 (0.429) p=0.238	-0.683 (0.442) p=0.122	-0.273 (0.454) p=0.548	-0.482 (0.467) p=0.302	-0.300 (0.488) p=0.538	-0.372 (0.518) p=0.473	-0.627 (0.480) p=0.192	-0.608 (0.514) p=0.237
REG_EXP	**1.704** **(0.403)** **p=0.000**	**1.725** **(0.414)** **p=0.000**	**0.938** **(0.473)** **p=0.047**	**1.053** **(0.486)** **p=0.030**	0.480 (0.487) p=0.325	0.383 (0.543) p=0.481	-0.053 (0.539) p=0.921	-0.065 (0.608) p=0.914	0.592 (0.486) p=0.224	0.436 (0.586) p=0.457
NFO	**1.172** **(0.373)** **p=0.002**	**1.082** **(0.380)** **p=0.004**	**1.099** **(0.385)** **p=0.004**	**1.043** **(0.391)** **p=0.008**	**1.035** **(0.404)** **p=0.010**	**0.987** **(0.413)** **p=0.017**	**0.870** **(0.382)** **p=0.023**	**0.830** **(0.391)** **p=0.034**	**0.842** **(0.407)** **p=0.038**	0.795 (0.414) p=0.055
FAM_BUS	-0.048 (0.392) p=0.903	-0.108 (0.403) p=0.789	-0.013 (0.413) p=0.976	-0.077 (0.417) p=0.854	-0.072 (0.443) p=0.870	-0.066 (0.452) p=0.884	0.255 (0.483) p=0.598	0.211 (0.491) p=0.668	0.024 (0.473) p=0.960	0.052 (0.492) p=0.916
FIRM_AGE	0.004 (0.008) p=0.628	0.003 (0.009) p=0.759	0.004 (0.009) p=0.639	0.003 (0.009) p=0.742	0.008 (0.009) p=0.370	0.007 (0.010) p=0.458	0.007 (0.010) p=0.461	0.008 (0.010) p=0.463	0.005 (0.010) p=0.631	0.006 (0.010) p=0.574
SIZE	-0.020 (0.023) p=0.386	-0.007 (0.025) p=0.791	-0.008 (0.024) p=0.756	0.003 (0.026) p=0.913	-0.008 (0.027) p=0.774	0.005 (0.029) p=0.869	-0.001 (0.029) p=0.962	-0.000 (0.031) p=0.997	-0.006 (0.029) p=0.828	-0.006 (0.031) p=0.851
AVE_AUT		**0.288** **(0.111)** **p=0.010**		**0.235** **(0.116)** **p=0.044**		**0.239** **(0.126)** **p=0.058**		0.180 (0.136) p=0.185		0.112 (0.133) p=0.401
AVE_CAP			**0.474** **(0.163)** **p=0.004**	**0.415** **(0.169)** **p=0.014**		0.122 (0.192) p=0.526		-0.324 (0.244) p=0.184		**-0.415** **(0.240)** **p=0.084**
D_NORMS					**0.878** **(0.182)** **p=0.000**	**0.822** **(0.196)** **p=0.000**		**0.405** **(0.238)** **p=0.088**		**0.570** **(0.219)** **p=0.009**
COG_ATT							**1.365** **(0.240)** **p=0.000**	**1.284** **(0.316)** **p=0.000**		
AFF_ATT									**1.330** **(0.237)** **p=0.000**	**1.302** **(0.305)** **p=0.000**
N	235	235	235	235	235	235	235	235	235	235
Pseudo R^2	0.346	0.380	0.391	0.411	0.485	0.506	0.569	0.591	0.562	0.599
χ2[df]	59.777[8]	66.115[9]	68.323[9]	72.440[10]	88.183[9]	92.881[11]	107.491[9]	112.857[12]	105.724[9]	114.652[12]
Log. Lik	-91.997	-88.578	-87.474	-85.415	-77.543	-75.194	-67.89	-65.207	-68.773	-64.309
VIF average	1.145	1.170	1.233	1.253	1.230	1.321	1.247	1.541	1.164	1.444
VIF max	1.251	1.303	1.476	1.519	1.394	1.678	1.503	2.556	1.239	2.318

(1) Pseudo R^2 is calculated by using Nagelkerke method.
(2) The first number in each line represents the coefficient expressed in log-odds metrics, standard error is reported in brackets in the second line, p-value (p) is reported in the third line.
(3) Significant coefficients at 90% confidence interval or higher are boldly typed.

Model 1. The first model (model 1) includes only the effect of control variables. It shows that firms that have previously exported and those that have more foreign operations are more likely to develop the intention to export (REG_EXP r=1.704; p=0.000 and NFO r=1.172; p=0.002). The effect of NFO remains positive and mainly significant across all the models, while REG_EXP remains positive and significant in Model 1-4 and turns out non-significant in Model 5 when individual-level variables are gradually brought into the analysis. This can be interpreted as the effect of path-dependency on the decision to export. Past behaviour can offer a fair explanation of why managers decide to export until individual-level factors are accounted for in the model. By comparing model 1 with model 7 and 8, it emerges that the joint effect of past behaviour and cognitive and affective attitude offers a more solid explanation of why a manager intends to export. Further discussion on this point is provided in the next section.

Demographic variables (AGE, EDU) do not have a significant effect on the intention to export. As mentioned in section 2.4.4, demographic variables as a proxy for managerial cognition. They do not take into account other important factors that are likely to influence managerial decision-making. Managers are also driven by aspects of intentionality which are not always represented by cognitive factors. Whether or not a decision to export is made does not depend only on cognitive evaluations. It also depends on manager's desire, ambition, feelings and emotions (Hodgkinson and Healey, 2011; Hutzschenreuter et al., 2012; Hutzschenreuter et al., 2007; Huy and Zott, 2019).

The variables related to the ownership structure of the firm (OWNER and FAM_BUS) do not have a significant effect on intention either. This means that the intention to export is not influenced by the fact that a company is run by the owner or is a family business. However, as shown by Exhibit 8 in the appendix, the ownership structure of the company has an effect on the underlying set of cognitive and affective beliefs. For example, the intention to export of family firms seems to be based mainly on considerations about profitability, while non-family firms' managers are more concerned about growth, acquiring expertise, adaptation and personnel allocation (see Exhibit 8 in the appendix). They both manifest the same intention to export, but apparently, they are motivated by different reasons. The literature on family firms has so far advanced argument for and against the propensity of family firms on

internationalisation (Hennart et al., 2017). The results of study one, if appropriately developed in future studies, can contribute to reconciling conflicting findings about the family firm's behaviour.

Finally, the control variables related to firm size (SIZE) and firm age (FIRM_AGE) show a very low effect size and non-significant effect pretty much stable across the different models. This means that age and dimension of the firm are not related to the intention to export.

Model 2,3 and 4. As hypothesised, model 2 and 3 show that managers who feel a greater sense of autonomy and perceive a greater level of capacity are more likely to develop the intention to export. The effect of both autonomy and capacity remains significant when both the variables are added to the model (AVE_AUT r=0.235, p=0.044 and AVE_CAP r=0.415, p=0.014).

Model 5 and 6. As hypothesised, model 5 shows that managers who perceive that export is a behaviour typically performed among their peers (D_NORMS) are more likely to export (*r*=0.878, *p*=0.000). This effect remains positive and significant in model 6 (r=0.836, p=0.000). However, the effect of autonomy (AVE_AUT) and capacity (AVE_CAP) turns out non-significant in model 6 when all the three variables are added to the analysis. Further discussion on this point is provided in the following section.

Model 7 and 8. As hypothesised, model 7 shows that managers with a positive cognitive attitude (COG_ATT) toward exporting are more likely to develop the intention to export. COG_ATT remains positive and significant in model 8 (r=1.284, p=0.000) while the effect size of descriptive norms (D_NORMS) is reduced (r=0.405, p=0.093) as well as its significant level (now significant at 90% confidence interval).

Model 9 and 10. As hypothesised model 9 shows that managers with a positive affective attitude (AFF_ATT) toward exporting are more likely to develop the intention to export. Model 10 confirms both the positive and significant effect of affective attitude (AFF_ATT *r*=1.302, *p*=0.000) and the positive and significant effect of descriptive norms (D_NORMS *r*=0.591, *p*=0.008). By comparing model 8 and model 10, it can be noticed that descriptive norms become less important to the formation of intention when the cognitive attitude is added to the model but remain strongly significant when the affective attitude is added to the model. While cognitive

attitude appears to substitute the effect of social norms, affective attitude appears to complement their effect. As anticipated in section 4.6.2, cognitive and affective attitude will not be presented in the same model as the two variables present quite a high correlation ($r = 0.869$, $p < 0.01$, see Table 4.14).

The results of study one (illustrated by Table 5.1) provide support for hypothesis 1, 2 and partially for hypothesis 3, while hypotheses 4 and 5 do not find support.

5.2.3 Controlling for endogeneity

Before analysing the main findings of study one, a discussion is proposed about the possible influence of endogeneity on the study results. The considerations made here are also valid for study two and study three.

Endogeneity arises when the exogeneity condition is violated. Exogeneity is a standard assumption made in regression analysis that requires that the independent variable is not correlated with the error term (Hair et al., 2010). In other words, an exogenous variable can influence the system without being influenced by it. Generally, a violation of exogeneity occurs when one (or a combination) of the following problems are present: errors-in-variables, omitted variables and simultaneous causality (Bascle, 2008).

The errors-in-variables problem occurs when the true value of the variable is unobserved. This can happen in the presence of measurement error when the observed measure equals the actual variable plus an independent measurement error. In section 4.6.2 a thorough analysis has been carried out to prevent issues deriving from measurement error. The section in fact includes measurement checks on reliability, convergent and discriminant validity. Also, potential issues deriving from common method variance (see section 4.5.6) are controlled for.

The omitted variable bias occurs when a variable is omitted from the regression. This variable – not made explicit in the model – affects the dependent variable and is correlated with one or more explanatory variables violating the exogeneity condition (Bascle, 2008). To overcome such an issue a number of control variables have been added to the model to mitigate self-selection and omitted variables biases (Auh et al., 2019) (see section 4.6.4).

Finally, issues of simultaneous causality occur when the causality runs in both directions: from the independent variable to the dependent variable and from the dependent variable to the independent variable. In the case of this research, the adoption of the RAA shields against the possibility of reverse causality. This is because the RAA is built upon a solid theoretical framework that defines the direction of the causality from attitude, norms and perceived control towards intentions and behaviour (Fishbein and Ajzen, 2010, Armitage, 2001 #461). However, it has been argued that the collection of data at one point in time could represent a limitation as simultaneous measures of variables can only show an association rather than a causality link (Sussman and Gifford, 2019). Cross-lagged correlation can better support a causal hypothesis between two variables. For this reason, it has been chosen not to include the behavioural variable (i.e. the actual level of export of the company) in the research model. The research has limited its investigation to the intention to export. The reason is to avoid the logical flaw of using current attitudes, norms and perceived control to predict a behaviour that has been performed in the past, instead of a behaviour located in the future.

Another aspect related to causality issues and past behaviour will be better articulated in the next section when discussing the role of path-dependency in the decision-making process. For the moment, it is possible to assert that, although endogeneity always represents a potential issue in regression analysis, a few precautions have been taken to limit its detrimental effects. From the use of meaningful control variables to a robust measurement model and a research design that avoids simultaneous causality, a reasonable conclusion can be made that endogeneity does not represent an issue for the analysis.

5.2.4 Discussion

One of the main aspects of novelty of this research is the twofold conceptualisation of attitude as illustrated by the RAA (Fishbein and Ajzen, 2010). Attitude has been broken down into cognitive and affective. The main conclusion drawn from study one is that intention to export is not only influenced by cognitive attitude (H1), but it is also strongly influenced by affective attitude (H2). Affective attitude has the ability to predict the intention to export as much as cognitive attitude. The amount of variance accounted for by the model including affective attitude is pretty much the same, if not

bigger, than the model including cognitive attitude (pseudo R-sq model 10 is 0.599 vs 0.591 of model 8).

The result of study one confirms what has been hypothesised about the role of affect in export intention or export decisions. Affect influences the managerial intention to export making managers more or less open to cultural diversity, cosmopolitanism, or cross-cultural encounters. Affects acts as an information shortcut that allows managers to process information more quickly by detecting certain environmental clues that would be neglected by a mere cognitive assessment (Hodgkinson and Healey, 2011). As a heuristic mechanism, affect allows picturing an immediate and vivid representation of export outcomes. Managers will experience a positive or a negative anticipatory feeling from this picture and this feeling will drive them in their decision to export (Loewenstein et al., 2001).

Affective evaluations are also used to make a holistic assessment of the overall risk connected to a decision. Affect shapes risk perceptions by automatically assigning priority to immediate effects over medium- or long-term effects of the decision or by assigning priority to individual necessities over firm necessities (Van de Laar and De Neubourg, 2006). Results from study one do not directly confirm that managers use affective evaluations to assess the risk connected to the decision to export. However, what study one shows is that the level of autonomy or the sense of capacity (which are traditional measures related to the risk assessment and feasibility of the behaviour) do not have a strong significant effect on the intention to export (H4 and H5). Their effect seems to be captured by something else as the extent to which managers believe that there are no barriers or impediments to exporting does not affect their intention to export. Actually, not all the variables included in the reasoned action model are expected to exert a significant effect on intention (Fishbein and Ajzen, 2010). This might be the case in which these measures do not capture any significant information. But it might be another reason for the non-significant effect of the dimension of autonomy and capacity. This reason may relate to the explicit conceptualisation of the affective dimension. Kraft et al. (2005) found that items of autonomy and capacity have a substantial overlapping with affective attitude. To the extent that previous studies have not emphasised enough the role of affective beliefs when operationalising attitude, or have treated attitude as a unidimensional construct, the effect of perceived

control might have been overestimated at the expenses of affective attitude (Kraft et al., 2005).

Model 8 and model 10 show that when cognitive and affective attitude are included in the model autonomy and capacity drastically lose their significant effect and also become negative. The impact of managerial attitude (cognitive and affective) is strong enough to make autonomy and capacity irrelevant. This aspect sheds light on the mechanism underlying export decisions and risk propensity of managers. Cognitive and affective evaluations are the main channel of information used by managers to formulate their intention to export. The combination of cognitive and affective elements allows managers to get more information about risk assessment the than those offered by autonomy and capacity. The particular time-frame and context in which data have been collected may have affected the managerial judgement. In the period between the end of 2018 and the beginning of 2019, the UK Prime Minister announced and published the first Brexit deal. For British firms this event was the beginning of an extraordinary period of uncertainty: they had to cope with contrasting feelings and beliefs and still make export decisions in extreme situations. This sentiment is somewhat confirmed by the annual UK manufacturing report (The Manufacturer, 2018). The document shows that 54% of manufacturers in 2018 think that Brexit will cause chaos in their industry, while 67% of manufacturers said Brexit makes planning difficult and damages business prospects (The Manufacturer, 2018). However, when the same managers were asked about the growth prospect of their business, they expressed a positive attitude towards the future with fair confidence in overseas trade (72%) and profitability of their company (63%) (The Manufacturer, 2018).

Besides confirming the main hypothesis about the role of affect, there is at least another important finding in study one that requires to be discussed. The results of the study show that the intention to export is a joint effect of past behaviour and managerial intentionality. The joint effect of past-behaviour (or path-dependence) and managerial intentionality has been emphasised by both the psychology and the IB literature. From a psychological perspective, the inclusion of past behaviour as a control variable in the RAA is something that has been suggested by many scholars (Kidwell and Jewell, 2008). This is because the effect of past behaviour accounts for an appreciable variance in intentions. The proponents of the RAA have recognised that past behaviour has a high correlation with future actions. However, the variable has

never been included as a main predictor in the theory, because past behaviour does not meet the criterion of causality (Fishbein and Ajzen, 2010). To argue that people now behave the way they do because they performed the behaviour in the past brings to the questions as to why they previously behaved that way. Like the focal predictors of intention, past behaviour shows high correlation with the final decision, but unlike focal predictors, it does not provide an explanation as to why people behave the way they do. More precisely, past-behaviour highlights the impact of path-dependency in future decisions showing the direction where the firm is going if actions are not taken. As the proponents of methodological collectivism – such as population ecology (Hannan and Freeman, 1977) or institution scholars (DiMaggio and Powell, 1983) – would say, the internationalization path of the firm depends largely by the firm's previous decisions. Therefore, firms should not try to counter their history, but rather allow evolution to take place. In contrast, other scholars emphasise the managers' ability of adaptation arguing that internationalisation is a joint outcome of path-dependent forces and managerial intentionality (Hutzschenreuter et al., 2007; Lewin and Volberda, 1999). In this view, managers are assumed to possess the latitude of action to make decisions that change the direction of the firm. Managing change requires creative managerial and entrepreneurial acts that involve good strategizing and good execution (Teece, 2012). By their nature, these acts are strategic and non-dependent by routine.

The results of study one confirm the view of the second group of scholars showing that the managerial intention to export is the result of the combined effect of path-dependency and managerial intentionality. These findings also highlight the importance of adopting a microfoundation approach that shed light on the role of managerial attitude in the decision to export without neglecting environmental forces.

Further discussion about the findings of study one will be resumed later along with the findings of study two and study three, while theoretical, managerial and policy implications will be discussed later in chapter 6.

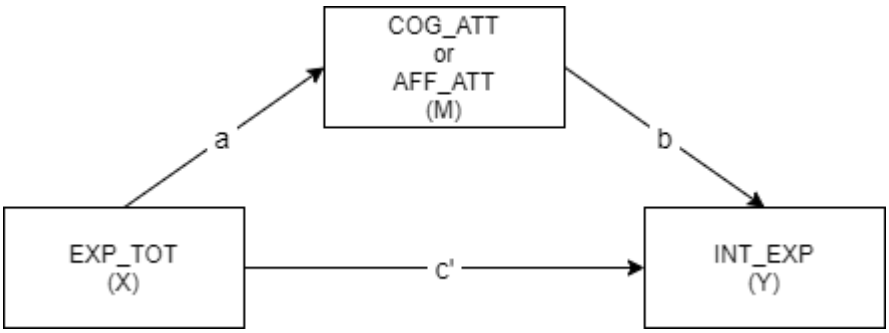
5.3 Study two: The role of experience on export intention

The second study aims at testing the hypotheses from H6 to H9 as shown by the conceptual model outlined in section 3.3, Figure 3.2.

5.3.1 Statistical approach to mediation analysis

In the second study, the mediating role of cognitive and affective attitude is tested in the relation between experience and intention to export. The analysis is carried out by using the macro PROCESS v. 3.3 developed by Hayes (2018) for SPSS v.25.

Figure 5.1: *Statistical diagram of mediation models*



To test the mediation effect a two steps approach is used. In the first step the path *a* (see Figure 5.1) is estimated by regression 5.2:

$$M = v_1 + aX + e_1 \qquad 5.2$$

where M is the mediator, v_1 is the intercept, a is the path to estimate, and e_1 is the error. In the second step the paths *b* and *c'* (see Figure 5.1) are estimated by regression 5.3:

$$logit(p) = v_2 + bM + c'X + e_2 \qquad 5.3$$

where $logit\ (p)$ is the log odd of the probability that the dependent variable (intention to export: INT_EXP) assumes the value of 1, v_2 is the intercept, b is the path to estimate, and e_2 is the error.

The indirect effect of X on Y is captured by the path (*a***b*), while the path c' captures all influences on X on Y which are not accounted by M. To claim for the presence of a mediation effect only the path (*a***b*) must be significant (Zhao et al., 2010). In the first step, the regression is estimated by using ordinary least square regression (OLS), given that the dependent variables (AFF_ATT or COG_ATT) are continuous variables. In the second step, the regression is estimated by using logistic regression, given that the dependent variable (INT_EXP) is dichotomous. To facilitate the comparison with the direct effect (*c'*), the beta coefficient representing the indirect

effect (*a*b*) has been expressed in log-odd metrics (Hayes, 2018). It is necessary to point out that, when a variable is used as a predictor in logistic regressions, it has a different scale from when it is an outcome variable. Therefore, the total effect c in mediations with a dichotomous outcome c is only approximately equals to $a * b + c'$.

To compute the indirect effect, the bootstrapping method has been used. This method is highly recommended compared to a Sobel test (Baron and Kenny, 1986; Sobel, 1982) because it provides a more appropriate test of mediation by taking a large number of samples from the data and generating a 90% confidence interval from the bootstrap samples (Auh et al., 2019; Zhao et al., 2010). A confidence interval that does not contain zero indicates a significant indirect effect.

5.3.2 The mediating effect of cognitive and affective attitude in the relation between experience and intention to export

In Table 5.2, models 1 to 5 show the mediating effect of cognitive attitude in the relation between experience and intention to export. In model 1 and 2 a multidimensional concept of experience has been used. While in model 3, 4 and 5 the mediation effect has been tested on each sub-dimension of the construct of experience: breadth (EXP_WORK), depth (EXP_IB) and number of countries (EXP_COUNTRY).

Model 1 shows an overlapping effect between control variables and experience. Using control variables is recommended to rule out alternative explanations, making results more generalisable or reducing the noise in the model (Auh et al., 2019). However, in this case, an overlapping effect has been noticed between path dependence variables and experience making it difficult to interpret the real effect of experience on the intention to export. Therefore, the model is presented with covariates (model 1), and from model 2 to 5, with no control variables (AGE, EDU, OWNER, REG_EXP, NFO, FAM_BUS, FIRM_AGE, SIZE). Only the core variables of the RAA have been included in these models. This allows to understand the role of the experience by focusing only on an individual level effect.

Model 2 shows that the broader concept experience has neither a significant direct effect (r = -0.073, p=0.225) on the intention to export nor a significant indirect effect (r=0.016, lower level confidence interval [LLCI] -0.016 upper level confidence interval [ULCI] 0.050).

Table 5.2: *Mediation model with cognitive attitude*

	Model 1	Model 2	Model 3	Model 4	Model 5
Constant	2.43 (0.422) p=0.000	1.403 (0.225) p=0.000	1.47 (0.213) p=0.000	1.48 (0.225) p=0.000	1.114 (0.234) p=0.000
EXP_TOT→COG_ATT	-0.001 (0.015) p=0.922	0.012 (0.014) p=0.381			
EXP_WORK→COG_ATT			-0.007 (0.024) p=0.779		
EXP_IB→COG_ATT				-0.004 (0.03) p=0.884	
EXP_COUNTRY→COG_ATT					0.131 (0.04) p=0.001
D_NORMS→COG_ATT	0.404 (0.045) p=0.000	0.482 (0.043) p=0.000	0.493 (0.041) p=0.000	0.493 (0.042) p=0.000	0.44 (0.043) p=0.000
AVE_AUT→COG_ATT	0.086 (0.031) p=0.006	0.076 (0.03) p=0.012	0.081 (0.03) p=0.007	0.080 (0.03) p=0.008	0.078 (0.029) p=0.007
AVE_CAP→COG_ATT	0.263 (0.045) p=0.000	0.31 (0.044) p=0.000	0.318 (0.043) p=0	0.318 (0.043) p=0.000	0.291 (0.043) p=0.000
Control variables	Yes	No	No	No	No
N	235	235	235	235	235
Adj. R^2	0.713	0.690	0.689	0.689	0.703
F (DF)	48.599(12)	131.319 (4)	130.752 (4)	130.705 (4)	139.577 (4)
Constant*	-7.404 (2.474) p=0.003	-6.146 (1.104) p=0.000	-6.34 (1.085) p=0.000	-6.119 (1.113) p=0.000	-6.148 (1.116) p=0.000
EXP_TOT→INT_EXP*	-0.153 (0.075) p=0.041	-0.073 (0.06) p=0.225			
EXP_WORK→INT_EXP*			-0.04 (0.112) p=0.719		
EXP_IB→INT_EXP*				-0.194 (0.126) p=0.124	
EXP_COUNTRY→INT_EXP*					-0.127 (0.169) p=0.454
COG_ATT→INT_EXP*	1.356 (0.333) p=0.000	1.305 (0.29) p=0.000	1.266 (0.285) p=0.000	1.28 (0.29) p=0.000	1.319 (0.298) p=0.000
D_NORMS→INT_EXP*	0.560 (0.255) p=0.028	0.473 (0.229) p=0.039	0.399 (0.216) p=0.065	0.484 (0.229) p=0.035	0.437 (0.225) p=0.052
AVE_AUT→INT_EXP*	0.297 (0.152) p=0.050	0.171 (0.127) p=0.180	0.142 (0.124) p=0.253	0.182 (0.127) p=0.151	0.14 (0.123) p=0.252
AVE_CAP→INT_EXP*	-0.396 (0.259) p=0.126	-0.277 (0.229) p=0.226	-0.276 (0.224) p=0.217	-0.258 (0.231) p=0.264	-0.288 (0.229) p=0.207
Control variables	Yes	No	No	No	No
N	235	235	235	235	235
Pseudo R^2	0.609	0.552	0.547	0.557	0.549
Log. Lik. (DF)	-63.005(13)	-69.879 (5)	-70.561 (5)	-69.389 (5)	-70.339 (5)
Direct effect of X on Y *	-0.153 (0.075) p=0.041	-0.073 (0.060) p=0.225	-0.040 (0.112) p=0.719	-0.194 (0.126) p=0.124	-0.127 (0.169) p=0.454
Indirect effect of X on Y*	-0.002 (0.025) LLCI -0.043 ULCI 0.037	0.016 (0.020) LLCI -0.016 ULCI 0.050	-0.008 (0.030) LLCI -0.063 ULCI 0.035	-0.006 (0.045) LLCI -0.082 ULCI 0.066	0.172 (0.074) LLCI 0.078 ULCI 0.316

(1) Pseudo R^2 is calculated by using Nagelkerke method.
(2) The first number in each line represents the beta coefficient standard error is reported in brackets, p=p-value.
(3) * = coefficient beta expressed in log-odds metric
(4) Bootstrapping with 5000 resample and 90% confidence interval was used to calculate standard error and coefficient of the indirect effect. A confidence interval that does not contain zero indicates a significant indirect effect.

Model 3 and 4 show similar results. Neither the breadth (EXP_WORK) nor the depth (EXP_IB) dimensions of experience seem to have an indirect effect on the intention to export. Overall, findings show that there is a negative but non-statistically significant effect of experience on the intention to export. However, when mediated by cognitive attitude the sign of experience becomes positive and significant (see model 5).

In Model 5 experience is operationalised as number of countries where the manager has previously exported. Results show that the indirect effect (the $a * b$ path) on the intention to export is positive and significant (r = 0.172, LLCI 0.078, ULCI 0.316). The a path is positive and significant (β=0.131; p=0.001) and the b path is positive and significant (r = 1.319; p=0.000) too. The direct effect c' path is non significant (r = -0.127, p=0.454). This means that when experience is conceptualised as geographically spread (number of countries), the relation between experience and intention to export is fully mediated by cognitive attitude. This provides partial support for hypothesis 6.

Models 6 to 10 (Table 5.3) show the mediating effect of affective attitude in the relation between experience and intention to export. In model 6 and 7 a multidimensional concept of experience has been used. While in model 8, 9 and 10 the mediation effect has been tested on each sub-dimension of the construct of experience: breadth (EXP_WORK), depth (EXP_IB) and number of countries (EXP_COUNTRY). Control variables have been included in model 6 and then taken out in model 7, 8, 9 and 10 for the same reasons discussed above.

Model 7 shows a positive indirect effect of experience on the intention to export through affective attitude (r = 0.036, LLCI 0.001, ULCI 0.080). The indirect path is the result of the product between the a path (β = 0.025, p=0.106) and the b path (r = 1.426, p=0.000). The mediation effect can be claimed even if the a path is not significant. This is because in order to assert that a mediation effect exists inferences should be based on the $a * b$ products and not simply on individual hypothesis testing of a and b separately (Zhao et al., 2010). The direct effect c' path is non significant (r=-0.071, p=0.666), this means that affective attitude fully mediates the effect of experience on the intention to export. This finding provides support for hypothesis 7.

Model 8 somewhat confirms the results of model 7 and shows a positive and significant indirect effect (r = 0.055, LLCI 0.002 ULCI 0.129). The a path is not significant (β = 0.040, p=0.122) while the b path is positive and significant (r = 1.371, p=0.000). For the same considerations expressed above it is still possible to claim the mediation effect (Zhao et al., 2010). This means that even when experience is conceptualised in terms of number of years spent working overseas is relevant when the mediator is affective attitude.

***Table 5.3**: Mediation model with affective attitude*

	Model 6	Model 7	Model 8	Model 9	Model 10
Constant	1.906 (0.476) p=0.000	1.165 (0.248) p=0.000	1.29 (0.234) p=0.000	1.309 (0.249) p=0.000	1.031 (0.262) p=0.000
EXP_TOT→AFF_ATT	0.023 (0.017) p=0.169	0.025 (0.015) p=0.106			
EXP_WORK→AFF_ATT			0.040 (0.026) p=0.122		
EXP_IB→AFF_ATT				-0.004 (0.034) p=0.904	
EXP_COUNTRY→AFF_ATT					0.099 (0.044) p=0.027
D_NORMS→AFF_ATT	0.290 (0.051) p=0.000	0.338 (0.047) p=0.000	0.352 (0.045) p=0.000	0.36 (0.046) p=0.000	0.32 (0.048) p=0.000
AVE_AUT→AFF_ATT	0.121 (0.035) p=0.001	0.125 (0.033) p=0.000	0.127 (0.033) p=0.000	0.134 (0.033) p=0.000	0.132 (0.032) p=0.000
AVE_CAP→AFF_ATT	0.315 (0.051) p=0.000	0.332 (0.048) p=0.000	0.34 (0.047) p=0.000	0.347 (0.048) p=0.000	0.326 (0.048) p=0.000
Control variables	Yes	No	No	No	No
N	235	235	235	235	235
Adj. R^2	0.607	0.600	0.599	0.595	0.604
F (DF)	31.080 (12)	88.629 (4)	88.485 (4)	86.980 (4)	90.077 (4)
Constant*	-6.864 (2.356) p=0.004	-6.387 (1.154) p=0.000	-6.645 (1.139) p=0.000	-6.405 (1.167) p=0.000	-6.486 (1.172) p=0.000
EXP_TOT→INT_EXP*	-0.190 (0.081) p=0.018	-0.095 (0.064) p=0.136			
EXP_WORK→INT_EXP*			-0.101 (0.119) p=0.398		
EXP_IB→INT_EXP*				-0.231 (0.129) p=0.075	
EXP_COUNTRY→INT_EXP*					-0.071 (0.164) p=0.666
AFF_ATT→INT_EXP*	1.418 (0.24) p=0.000	1.426 (0.304) p=0.000	1.371 (0.294) p=0.000	1.391 (0.299) p=0.000	1.364 (0.296) p=0.000
D_NORMS→INT_EXP*	0.758 (0.242) p=0.002	0.703 (0.207) p=0.001	0.619 (0.192) p=0.001	0.699 (0.203) p=0.001	0.625 (0.202) p=0.002
AVE_AUT→INT_EXP*	0.217 (0.146) p=0.137	0.107 (0.123) p=0.383	0.082 (0.121) p=0.497	0.124 (0.124) p=0.319	0.072 (0.119) p=0.546
AVE_CAP→INT_EXP*	-0.499 (0.251) p=0.047	-0.315 (0.214) p=0.142	-0.316 (0.212) p=0.137	-0.285 (0.215) p=0.184	-0.306 (0.211) p=0.145
Control variables	Yes	No	No	No	No
N	237	235	235	235	235
Pseudo R^2	0.623	0.562	0.556	0.567	0.553
Log. Lik. (DF)	-61.276 (13)	-68.727 (5)	-69.520 (5)	-68.197 (5)	-69.776 (5)
Direct effect of X on Y *	-0.190 (0.081) p=0.018	-0.095 (0.064) p=0.136	-0.101 (0.119) p=0.398	-0.231 (0.129) p=0.075	-0.071 (0.164) p=0.666
Indirect effect of X on Y *	0.033 (0.032) LLCI -0.007 ULCI 0.094	0.036 (0.025) LLCI 0.001 ULCI 0.080	0.055 (0.040) LLCI 0.002 ULCI 0.129	-0.006 (0.052) LLCI -0.096 ULCI 0.074	0.135 (0.074) LLCI 0.035 ULCI 0.271

(1) Pseudo R^2 is calculated by using Nagelkerke method.
(2) The first number in each line represents the beta coefficient standard error is reported in brackets, p=p-value.
(3) * = coefficient beta expressed in log-odds metric
(4) Bootstrapping with 5000 resample and 90% confidence interval was used to calculate standard error and coefficient of the indirect effect. A confidence interval that does not contain zero indicates a significant indirect effect.

By looking at model 9, it is not possible to draw the same conclusions. The number of years' experience in international business activities is not relevant when the mediator is affective attitude. The indirect effect is negative and non-significant (r = -0.006, LLCI -0.096 ULCI 0.074) that is the product of a non-significant *a* path (β = -0.004, p=0.904) and a positive and significant *b* path (r = 1.391, p=0.000). Differently from other measures of experience, in model 9, the direct effect of experience is negative and significant at 90% significant level (r = -0.231, p=0.075). A negative and fairly

significant effect of experience may look like a contradiction. However, when experience is conceptualised as the number of years in international business activities, a negative association with the intention to export can be interpreted as the tendency of these managers to focus on more committed entry strategies.

Model 10 confirms the findings of model 7 and model 8, showing a positive indirect effect of experience, here conceptualised as number of countries (r = 0.135, LLCI 0.035 ULCI 0.271). The *a* path is positive and significant (β = 0.099, p=0.027) so it is the *b* path (r = 1.364, p= 0.000). Model 10 show that experience in terms of number of countries has an effect on the intention to export which is stronger than any other measures of experience. The results of the models 8 to 10 provide further support for hypothesis 7.

By aggregating and breaking down the single dimensions of experience, it is possible to make some considerations on its effect on intention and understand the differences between the mediating effect of cognitive and affective attitude. By comparing model 2 and model 7, it appears that a broader concept of experience (EXP_TOT) is significant when the mediator is affective attitude but not when the mediator is cognitive attitude. When comparing model 3 and model 8 the experience gained from working abroad is significant when the mediator is affective attitude but not when the mediator is cognitive attitude. In both models 4 and 8, the experience in IB activities is not significant neither when the mediator is cognitive attitude nor affective attitude. Finally, by comparing models 5 and 10 it has been found that when experience is conceptualised as number of countries it is significant either when the mediator is cognitive attitude and affective attitude. Also, the effect of this type of experience is stronger more robust than any other dimensions of experience. In section 5.3.5 a more extensive discussion will cover the difference of the dimensions of experience and the role of cognitive and affective attitude as mediators.

5.3.3 Statistical approach to moderation analysis

As reported in section 3.3, experience is also hypothesised to moderate the effect of descriptive norms on the intention to export. A test of moderation (also called interaction effect) allows identifying the boundary conditions of the effect of descriptive norms on intention highlighting the circumstances under which descriptive

norms become more or less relevant to the formation of export intentions. The moderation effect is estimated by regression 5.4:

$$INT\_EXP = c + b_1 D\_NORMS + b_2 EXp\_TOT + b_3 D\_NORMS \cdot EXP\_TOT + e \qquad 5.4$$

where INT_EXP is log odd of the probability that the dependent variable (intention to export) assumes the value of 1, c is the intercept, b_1, b_2, b_3 are the coefficients to estimate, and e is the error.

Following the usual practice, the variables involved in interactions are mean-centred to reduce potential issues of collinearity and to facilitate the interpretation of results (Aiken et al., 1991). To check for multicollinearity, variance inflation factors (VIF) has been computed for each regression. All VIFs show a value less than 4 which is below the recommended threshold that goes from 3 to 5 as a cut-off point (Hair et al., 2010).

5.3.4 The interaction of experience and descriptive norms

In this section, the interaction between experience and descriptive norms is tested as hypothesised in H8. The aim is to explore if managers with less experience are more likely to be influenced by social norms. When experience is low, descriptive norms act as behavioural model to which managers implicitly tend to conform. Results are reported in Table 5.4, Table 5.5, and Table 5.6.

In the first set of models summarised in Table 5.4, the regression equations (from model 1 to model 8) use an aggregate measure of experience (EXP_TOT). Models 1 to 4 include the effect of affective attitude (AFF_ATT) while the models from 5 to 8 include the effect of cognitive attitude. All the models have been run with and without control variables to highlight any possible overlapping between experience and other covariates.

Differently to what has been hypothesised experience does not appear to have a significant effect on the intention to export when interacting with descriptive norms. As shown by models 3 and 4, and confirmed by models 7 and 8 (in Table 5.4), the interaction effect between the aggregate concept of experience and descriptive norms is negative as expected but non-significant.

Table 5.4: *Interacting effect of descriptive norms and experience (part 1)*

	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**
(Intercept)	**-6.864**	**-6.387**	**-6.839**	**-6.395**	**-7.404**	**-6.146**	**-7.245**	**-5.954**
	(2.356)	**(1.154)**	**(2.379)**	**(1.371)**	**(2.474)**	**(1.104)**	**(2.482)**	**(1.277)**
	p=0.004	**p=0.000**	**p=0.004**	**p=0.000**	**p=0.003**	**p=0.000**	**p=0.004**	**p=0.000**
AGE	0.032		0.033		0.032		0.037	
	(0.028)		(0.029)		(0.028)		(0.029)	
	p=0.250		p=0.260		p=0.251		p=0.204	
EDU	-0.089		-0.089		-0.118		-0.117	
	(0.113)		(0.113)		(0.114)		(0.115)	
	p=0.428		p=0.433		p=0.299		p=0.308	
OWNER	-0.648		-0.644		-0.408		-0.396	
	(0.519)		(0.522)		(0.526)		(0.527)	
	p=0.212		p=0.218		p=0.438		p=0.452	
REG_EXP	0.941		0.942		0.391		0.413	
	(0.656)		(0.657)		(0.665)		(0.674)	
	p=0.152		p=0.151		p=0.557		p=0.540	
NFO	**0.847**		**0.845**		**0.854**		**0.842**	
	(0.424)		**(0.425)**		**(0.404)**		**(0.401)**	
	p=0.046		**p=0.047**		**p=0.034**		**p=0.036**	
FAM_BUS	-0.097		-0.099		0.134		0.153	
	(0.501)		(0.502)		(0.498)		(0.498)	
	p=0.847		p=0.843		p=0.787		p=0.759	
FIRM_AGE	0.007		0.007		0.009		0.010	
	(0.010)		(0.010)		(0.010)		(0.010)	
	p=0.478		p=0.477		p=0.363		p=0.338	
SIZE	0.007		0.007		0.010		0.012	
	(0.034)		(0.034)		(0.032)		(0.033)	
	p=0.838		p=0.831		p=0.754		p=0.707	
AFF_ATT	**1.418**	**1.426**	**1.417**	**1.427**				
	(0.324)	**(0.304)**	**(0.325)**	**(0.304)**				
	p=0.000	**p=0.000**	**p=0.000**	**p=0.000**				
COG_ATT					**1.356**	**1.305**	**1.382**	**1.312**
					(0.333)	**(0.290)**	**(0.340)**	**(0.292)**
					p=0.000	**p=0.000**	**p=0.000**	**p=0.000**
D_NORMS	**0.758**	**0.703**	**0.756**	**0.703**	**0.560**	**0.473**	**0.530**	**0.455**
	(0.242)	**(0.207)**	**(0.244)**	**(0.210)**	**(0.255)**	**(0.229)**	**(0.261)**	**(0.237)**
	p=0.002	**p=0.001**	**p=0.002**	**p=0.001**	**p=0.028**	**p=0.039**	**p=0.042**	**p=0.055**
AVE_AUT_2	0.217	0.107	0.215	0.107	**0.297**	0.171	**0.290**	0.167
	(0.146)	(0.123)	(0.148)	(0.124)	**(0.152)**	(0.127)	**(0.153)**	(0.128)
	p=0.137	p=0.383	p=0.146	p=0.385	**p=0.050**	p=0.180	**p=0.058**	p=0.194
AVE_CAP_2	**-0.499**	-0.315	**-0.499**	-0.315	-0.396	-0.277	-0.402	-0.273
	(0.251)	(0.214)	**(0.251)**	(0.215)	(0.259)	(0.229)	(0.260)	(0.230)
	p=0.047	p=0.142	**p=0.047**	p=0.142	p=0.126	p=0.226	p=0.121	p=0.234
EXP_TOT	**-0.190**	-0.095	**-0.192**	-0.095	**-0.153**	-0.073	**-0.180**	-0.081
	(0.081)	(0.064)	**(0.088)**	(0.071)	**(0.075)**	(0.060)	**(0.085)**	(0.067)
	p=0.018	p=0.136	**p=0.009**	p=0.186	**p=0.041**	p=0.225	**p=0.035**	p=0.226
EXP_TOT x D_NORMS			-0.003	0.000			-0.030	-0.012
			(0.044)	(0.041)			(0.044)	(0.040)
			p=0.940	p=0.991			p=0.495	p=0.773
N	235	235	235	235	235	235	235	235
Pseudo R^2	0.623	0.562	0.623	0.562	0.609	0.552	0.611	0.553
χ2[df]	120.719 [13]	105.817[5]	122.665 [14]	108.137 [6]	117.260 [13]	103.513 [5]	121.395 [14]	106.860 [6]
Log. Lik	-61.276	-68.727	-61.273	-68.727	-63.005	-69.878	-62.774	-69.837
VIF average	1.584	1.600	1.645	1.678	1.674	1.799	1.757	1.868
VIF max	2.353	1.915	2.576	1.919	2.740	2.310	2.845	2.342

(1) Pseudo R^2 is calculated by using Nagelkerke method.
(2) The first number in each line represents the coefficient expressed in log-odds metrics, standard error is reported in brackets in the second line, p-value (p) is reported in the third line.
(3) Significant coefficients at 90% confidence interval or higher are boldly typed.

To investigate further on the role of experience and descriptive norms, the interaction effect has been then tested on each sub-dimension of the construct of experience: breadth or years of experience working overseas depth or years of experience in IB activities and number of countries as export destination.

Table 5.5: *Interacting effect of descriptive norms and experience (part 2)*

	Model 9	**Model 10**	**Model 11**	**Model 12**	**Model 13**	**Model 14**	**Model 15**	**Model 16**
(Intercept)	-7.242 (2.551) p=0.005	-6.625 (1.217) p=0.000	-7.499 (2.417) p=0.002	-6.616 (2.409) p=0.006	-5.105 (2.450) p=0.037	-7.161 (1.283) p=0.000	-5.883 (1.407) p=0.000	-5.338 (1.451) p=0.000
AGE	0.035 (0.029) p=0.225		0.017 (0.028) p=0.537	0.038 (0.029) p=0.182	0.026 (0.028) p=0.347			
EDU	-0.081 (0.114) p=0.475		-0.090 (0.110) p=0.416	-0.066 (0.114) p=0.562	-0.085 (0.113) p=0.450			
OWNER	-0.610 (0.545) p=0.263		-0.528 (0.522) p=0.312	-0.609 (0.524) p=0.245	-0.691 (0.535) p=0.196			
REG_EXP	0.851 (0.674) p=0.207		0.500 (0.604) p=0.408	0.775 (0.626) p=0.216	0.771 (0.661) p=0.243			
NFO	0.806 (0.427) p=0.059		0.917 (0.431) p=0.033	0.743 (0.421) p=0.078	0.845 (0.428) p=0.049			
FAM_BUS	-0.138 (0.514) p=0.788		-0.096 (0.507) p=0.850	-0.174 (0.513) p=0.735	0.007 (0.500) p=0.988			
FIRM_AGE	0.009 (0.011) p=0.416		0.008 (0.010) p=0.445	0.011 (0.011) p=0.332	0.005 (0.011) p=0.639			
SIZE	0.004 (0.034) p=0.913		0.002 (0.034) p=0.946	0.000 (0.034) p=0.992	0.005 (0.033) p=0.881			
AFF_ATT	1.395 (0.324) p=0.000	1.383 (0.305) p=0.000	1.317 (0.310) p=0.000	1.304 (0.317) p=0.000	1.329 (0.314) p=0.000	1.334 (0.292) p=0.000	1.374 (0.300) p=0.000	1.335 (0.295) p=0.000
D_NORMS	0.762 (0.245) p=0.002	0.678 (0.211) p=0.001	0.710 (0.236) p=0.003	0.718 (0.242) p=0.003	0.611 (0.234) p=0.009	0.714 (0.216) p=0.001	0.701 (0.203) p=0.001	0.594 (0.206) p=0.004
AVE_AUT_2	0.227 (0.146) p=0.121	0.136 (0.126) p=0.280	0.153 (0.137) p=0.261	0.189 (0.144) p=0.191	0.104 (0.140) p=0.457	0.090 (0.120) p=0.454	0.119 (0.125) p=0.344	0.055 (0.122) p=0.653
AVE_CAP_2	-0.473 (0.253) p=0.061	-0.284 (0.218) p=0.192	-0.409 (0.243) p=0.092	-0.398 (0.247) p=0.106	-0.424 (0.244) p=0.083	-0.296 (0.210) p=0.159	-0.265 (0.217) p=0.223	-0.272 (0.212) p=0.200
EXP_WORK	-0.146 (0.142) p=0.304	-0.065 (0.122) p=0.596	-0.157 (0.149) p=0.292			-0.071 (0.133) p=0.593		
EXP_IB	-0.295 (0.163) p=0.070	-0.266 (0.153) p=0.082		-0.493 (0.220) p=0.025			-0.314 (0.188) p=0.094	
EXP_COUNTRY	-0.077 (0.228) p=0.737	0.117 (0.192) p=0.542			-0.432 (0.247) p=0.081			-0.218 (0.210) p=0.299
D_NORMS x EXP_WORK			0.171 (0.119) p=0.150			0.129 (0.108) p=0.236		
D_NORMS x EXP_IB				-0.114 (0.107) p=0.285			-0.062 (0.097) p=0.522	
D_NORMS x EXP_COUNTRY					-0.170 (0.136) p=0.209			-0.155 (0.126) p=0.217
N	235	235	235	235	235	235	235	235
Pseudo R2	0.625	0.569	0.615	0.625	0.613	0.563	0.568	0.560
χ2[df]	121.288 [15]	107.512 [7]	118.662 [14]	121.324 [14]	118.202 [14]	105.893 [6]	107.298 [6]	105.321 [6]
Log. Lik	-60.9918	-67.879	-62.604	-60.973	-62.5345	-68.689	-67.986	-68.975
VIF average	1.641	1.633	1.488	1.736	1.632	1.525	1.923	1.709
VIF max	2.345	1.935	2.360	3.451	2.657	1.898	2.825	2.112

(1) Pseudo R^2 is calculated by using Nagelkerke method.
(2) The first number in each line represents the coefficient expressed in log-odds metrics, standard error is reported in brackets in the second line, p-value (p) is reported in the third line.
(3) Significant coefficients at 90% confidence interval or higher are boldly typed.

In the second set of models summarised in Table 5.5, the regression equations (from model 9 to model 16) use the single dimensions of experience (EXP_WORK, EXP_IB, and EXP_COUNTRY). All the models have been run with and without control variables to highlight any possible overlapping between experience and other

covariates. In the set of models presented in Table 5.5, affective attitude has been included, while the effect cognitive attitude will be tested in Table 5.6.

Similarly to the previous results, none of the dimensions of experience appears to have a significant effect on the intention to export when interacting with descriptive norms. As shown by models 11, 12 and 13 and confirmed by model 14, 15 and 16 (in Table 5.5), the interaction effect between descriptive norms and the single dimensions of experience is non-significant.

In the third set of models summarised in Table 5.6, the regression equations (from model 17 to model 24) use the single dimensions of experience (EXP_WORK, EXP_IB, and EXP_COUNTRY). In this set of models, cognitive attitude has been included.

Table 5.6 shows different patterns in the models. Model 19 continues to show a non-significant effect between descriptive norms and the breadth dimensions of experience (EXP_WORK) confirmed by model 22. But things change when moving to model 20. Model 20 and model 23 show similar results about the interaction effect of the depth dimension of experience (EXP_IB). While model 22 shows a non-significant effect of the interaction term, model 20 shows an effect which is significant at 90% confidence interval ($r = -0.197$, $p=0.077$). A negative value of the coefficient was expected as a negative moderating effect was hypothesised. In model 21 the interacting effect of descriptive norms and experience – measured by the number of countries in which the manager has previously exported (EXP_COUNTRY) – shows a significant result ($r = -0.290$, $p=0.032$). The result is confirmed by model 24 ($r = -0.253$, $p=0.044$). When cognitive attitude is considered in the model the geographic dimension of experience has a significant effect on the intention to export when interacting with descriptive norms. In both model 21 and model 24, the inclusion of the interaction term has turned the variable D_NORMS non-significant. A graphical representation of the interaction (as represented in model 21) may help to understand better the effect of experience and descriptive norms. Low, average and high levels of the variable D_NORMS have been plotted against the low and the high level of EXP_COUNTRY. Results are shown in Figure 5.2.

Table 5.6: *Interacting effect of descriptive norms and experience (part 3)*

	Model 17	**Model 18**	**Model 19**	**Model 20**	**Model 21**	**Model 22**	**Model 23**	**Model 24**
(Intercept)	**-7.357** **(2.607)** **p=0.005**	**-6.140** **(1.139)** **p=0.000**	**-8.051** **(2.544)** **p=0.002**	**-6.774** **(2.514)** **p=0.007**	**-5.259** **(2.529)** **p=0.038**	**-7.022** **(1.250)** **p=0.000**	**-4.996** **(1.325)** **p=0.000**	**-4.475** **(1.336)** **p=0.001**
AGE	0.032 (0.028) p=0.260		0.018 (0.028) p=0.507	0.043 (0.029) p=0.140	0.029 (0.027) p=0.282			
EDU	-0.116 (0.115) p=0.312		-0.095 (0.111) p=0.391	-0.095 (0.115) p=0.407	-0.101 (0.115) p=0.379			
OWNER	-0.414 (0.547) p=0.450		-0.269 (0.518) p=0.604	-0.318 (0.530) p=0.548	-0.470 (0.551) p=0.394			
REG_EXP	0.383 (0.678) p=0.573		0.007 (0.619) p=0.991	0.344 (0.657) p=0.601	0.358 (0.714) p=0.615			
NFO	**0.831** **(0.407)** **p=0.041**		**0.965** **(0.414)** **p=0.020**	**0.726** **(0.398)** **p=0.068**	**0.866** **(0.403)** **p=0.031**			
FAM_BUS	0.124 (0.510) p=0.808		0.019 (0.507) p=0.970	0.051 (0.510) p=0.920	0.241 (0.508) p=0.635			
FIRM_AGE	0.009 (0.010) p=0.362		0.010 (0.010) p=0.346	0.012 (0.011) p=0.258	0.008 (0.011) p=0.455			
SIZE	0.008 (0.033) p=0.806		0.007 (0.032) p=0.839	0.008 (0.033) p=0.809	0.013 (0.033) p=0.700			
COG_ATT	**1.341** **(0.340)** **p=0.000**	**1.273** **(0.300)** **p=0.000**	**1.297** **(0.317)** **p=0.000**	**1.348** **(0.342)** **p=0.000**	**1.554** **(0.371)** **p=0.000**	**1.278** **(0.287)** **p=0.000**	**1.352** **(0.306)** **p=0.000**	**1.448** **(0.324)** **p=0.000**
D_NORMS	**0.574** **(0.259)** **p=0.027**	**0.481** **(0.234)** **p=0.040**	**0.534** **(0.250)** **p=0.033**	**0.518** **(0.261)** **p=0.047**	0.319 (0.272) p=0.241	**0.500** **(0.232)** **p=0.031**	**0.449** **(0.230)** **p=0.051**	0.317 (0.239) p=0.185
AVE_AUT_2	**0.298** **(0.152)** **p=0.050**	0.184 (0.128) p=0.153	0.221 (0.138) p=0.110	0.242 (0.148) p=0.103	0.194 (0.143) p=0.176	0.151 (0.123) p=0.219	0.166 (0.130) p=0.201	0.129 (0.127) p=0.307
AVE_CAP_2	-0.381 (0.262) p=0.146	-0.256 (0.233) p=0.272	-0.345 (0.246) p=0.160	-0.343 (0.254) p=0.178	-0.409 (0.257) p=0.111	-0.294 (0.222) p=0.185	-0.247 (0.232) p=0.287	-0.288 (0.230) p=0.210
EXP_WORK	-0.098 (0.130) p=0.448	-0.005 (0.115) p=0.968	-0.076 (0.144) p=0.596			0.016 (0.131) p=0.903		
EXP_IB	-0.217 (0.157) p=0.167	-0.199 (0.148) p=0.178		**-0.562** **(0.232)** **p=0.015**			**-0.407** **(0.205)** **p=0.048**	
EXP_COUNTRY	-0.131 (0.232) p=0.571	0.016 (0.197) p=0.935			**-0.604** **(0.269)** **p=0.025**			**-0.399** **(0.232)** **p=0.085**
D_NORMS x EXP_WORK			0.193 (0.124) p=0.120			0.165 (0.109) p=0.131		
D_NORMS x EXP_IB				**-0.197** **(0.111)** **p=0.077**			-0.149 (0.104) p=0.150	
D_NORMS x EXP_COUNTRY					**-0.290** **(0.135)** **p=0.032**			**-0.253** **(0.126)** **p=0.044**
N	235	235	235	235	235	235	235	235
Pseudo R2	0.611	0.557	0.607	0.621	0.620	0.559	0.566	0.567
χ2[df]	117.595 [15]	104.500 [7]	116.807 [14]	120.174 [14]	119.972 [14]	105.048 [6]	106.745 [6]	106.986 [6]
Log. Lik	-62.837	-69.385	-63.232	-61.548	-61.649	-69.111	-68.263	-68.142
VIF average	1.737	1.815	1.579	1.887	1.862	1.682	2.304	2.134
VIF max	2.823	2.417	2.591	3.769	3.411	2.292	3.306	2.872

(1) Pseudo R^2 is calculated by using Nagelkerke method.

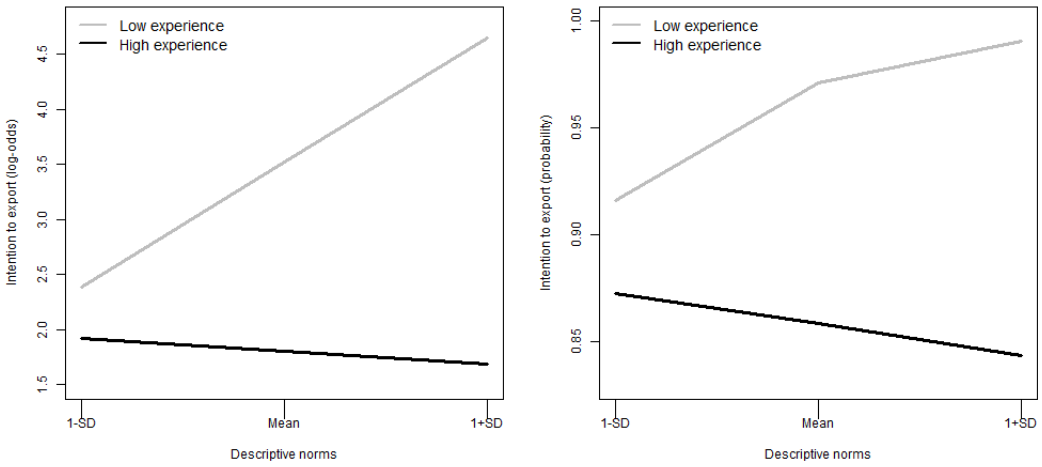
(2) The first number in each line represents the coefficient expressed in log-odds metrics, standard error is reported in brackets in the second line, p-value (p) is reported in the third line.

(3) Significant coefficients at 90% confidence interval or higher are boldly typed

The graphical representation of the interaction (Figure 5.2) outlines a completely different relation between descriptive norms and intention in the two groups of managers (more experienced and less experienced). The slopes of the curves in the first part of Figure 5.2 are linear because the intention to export is measured by the log

of the odds. In the second part of the figure, curves are not linear as the intention to export is expressed in probabilistic terms (p) which range from 0 to 1. The slope of the grey line (in the first part of Figure 5.2) shows that for low experienced managers the perception that export is a common practice among peers has a strong and positive effect on intention. On the other hand, the slope of the black line shows that the same perception has a weak and negative effect on more experienced managers. The second part of Figure 5.2 shows the probability to develop the intention to export of the two groups of managers. The grey line shows that for every value of descriptive norms low experience managers are more likely to develop the intention to export. As the perception that that export is a common practice gets stronger a larger difference is noticeable between experienced and non-experienced managers. Low experienced managers show a positive and growing intention to export, while highly experienced managers show a decreasing intention to export.

Figure 5.2: *Interaction between descriptive norms and EXP_COUNTRY (model 21)*



5.3.5 Discussion

In study two, the role of experience has been introduced as a crucial element that allows adding an important piece in the puzzle of a hot cognitive approach. The effect of experience contributes to understanding better the effect of cognitive and affective attitude and the differences between the two.

As mentioned before, the two types of attitude are very similar in statistical terms but very different in psychological terms as they are the products of two different and independent brain systems (Loewenstein et al., 2001; Zajonc, 1980). The two attitudes (cognitive and affective) are statistically similar (i.e. highly correlated) because in the

majority of individuals they tend towards a state of balance. This tendency is not a compelling force, it is rather a preference of the cognitive system (Ajzen, 2005). Therefore, there is a possibility that in certain cases the two attitudes might be temporarily (or even persistently) not aligned. On the one side, affective attitude can be conceived as a tool that rapidly interrupts or redirects the decision-making process towards issues of a high priority such as imminent risk, danger, or search of pleasure. Neuropsychologists would say that affective stimuli are more quickly and efficiently processed by a peripheral side of the brain (i.e. the amygdala) without being necessarily controlled by the central brain (i.e. the cortical system) (Loewenstein et al., 2001). On the other side, cognitive attitude requires a slower and central way of information processing. Cognitive assessments involve the evaluation of a set of alternatives and a conscious selection of one of the options. Study two introduces the role of experience and confirms that affective and cognitive attitudes, although correlated in statistical terms, play a different role in mediating the effect of experience and influencing the intention to export.

The role of experience has been highlighted by many studies as a crucial element that allows managers to internationalise more rapidly (Knight and Cavusgil, 2004; Oviatt and McDougall, 1994), choose higher-level entry-mode (Jiang et al., 2018), achieve better export performance (Choquette, 2018; Hultman et al., 2011; Majocchi et al., 2005; Majocchi et al., 2018; Wood et al., 2010) and manage risk and uncertainty more effectively (Buckley et al., 2016, 2018, 2020).

Findings from study two suggest that experience does have an effect on the intention to export but this effect is fully mediated by managerial cognition and affect (H6 and H7). The positive and negative feedback of the exposure to relevant situations is internalised by the manager (Gavetti and Levinthal, 2000) and used as a driver to make decisions. Experience, as a combined process of exposure and learning, has been initially brought into IB by the internationalisation process model or Uppsala Model (Johanson and Vahlne, 1977). Following the Uppsala model, the exposure to international markets allows managers to acquire new information (learning) that in turn will help them reduce psychic cultural distance and make more committed decisions. Uppsala scholars build the theoretical body of their process model on the concept of experiential knowledge which is the process of acquiring information through direct experience (Johanson and Vahlne, 1977).

Findings of study two – using an individual level of analysis – confirms what Uppsala scholars hypothesised at organisational level. Study two also adds more nuances by explaining the mechanism through which experience influence the intention to export. The positive and/or the negative feedback of the iterative process of exposure-learning (Gavetti and Levinthal, 2000) acts as an information *funnel* (Fisher and Reuber, 2003) that contributes to shape managerial cognitive and affective attitude (and in turn impact the decision to internationalise). This allows generating a type of knowledge that is strongly related to the personal experience of individuals and cannot be easily separated from them (Penrose, 1959).

The most interesting finding of study two is related to the type of experience relevant to the formation of cognitive and affective attitude. It has been found that experience is relevant to the formation of cognitive attitude when is conceptualised as geographically spread, i.e. the number of countries in which the manager has gained experience from. As more geographic regions are covered by experience, the higher becomes the background of information collected. Therefore, the manager has a stronger predisposition to positively evaluate the outcome of export. This suggests that cognitive attitude towards export is mainly influenced by a narrow and related concept of experience.

On the other hand, for the formation of affective attitude, a broader concept of experience appears to be relevant. A broader concept of experience includes international work experience (years spent working in another country). It also includes any international business-related experience gained not necessarily from export activities. Finally, it also includes a geographic dimension of experience (number of countries). Experience is not the simple sum of direct information related to the task to be undertaken. Experience is a lifetime of learning that leads each individual to mark positively or negatively each feeling directly or indirectly related to the decision to make (Slovic et al., 2004). The information acquired in the form of personal experience might be translated into intuition, heuristic, or analogical reasoning to support the decision-making (Hsieh et al., 2019). Findings from study two show that this experiential mode of acquiring information is better captured by affective attitude which mediates the overall effect of experience on the intention to export. Once again, the importance of adopting a hot cognitive approach to provide a

better understanding of the decision to internationalise has been confirmed by the findings of study two.

In a hot cognitive perspective, individuals are also assumed to adopt heuristic tools to make their decisions. Descriptive norms are one of these tools. In study one, it has been shown that managers who perceive that export is a behaviour typically performed are more likely to export. In study two it has also been shown that the reliance on descriptive norms depends on the manager's experience. Managers with less experience tend to use the social norms as a behavioural shortcut, while managers with more experience tend to ignore social norms or even behave in opposition to the normative pressure (H8). This is more evident when cognitive attitude complements the effect of descriptive norms. However, when affective attitude complements the role of descriptive norms the role of the interaction between descriptive norms and experience is hidden by affective attitude.

Results of this study confirm from a microfoundation perspective findings that are valid for organisational level research. In addition, the study shows more details of how heuristic mechanisms overlap and interact with experience. IB institution scholars argue that firms naturally tend to mimic international entry-modes and strategic decisions of other business in the same network (Nikolaeva, 2014; Oehme and Bort, 2015). Usually, imitation represents a convenient tool to lower risk and information processing (Oehme and Bort, 2015).

At an individual level of analysis, when managers are involved in complicated tasks such as the decision to export, a paradox is noticed between personal experience and descriptive norms. Usually, people have a preference for direct experience to source information because the use of personal experience is simpler, more instinctive, intuitive, and less demanding (Weiss-Cohen et al., 2018). However, when there is a lack of such experience the cost of engaging in more complex computational processes, such as the calculation of the expected value of each option, is so high that the decision-maker prefers to settle down with imitation practice or descriptive norms (Weiss-Cohen et al., 2018). The higher the task complexity the higher is the probability that low experienced managers will adopt this type of heuristic. Either way, whether managers use personal experience or descriptive norms to make internationalisation

decision, it appears that a systematic, rational, or cold-cognitive decision-making approach is not at the top of their option-list.

5.4 Study three: the role of ambivalence and inconsistency on the intention to export

Study three focuses on the disturbance effect of ambivalence and inconsistency in the formulation of the intention to export (hypotheses from H9 to H16). The aim is to understand if the negative affect generated by ambivalence and inconsistency has a repercussion on the cognitive part of managers' brain. For this reason, affective attitude has not been included in study three as the main interest here is to understand if and how ambivalence and inconsistency can alter cognitive evaluations.

5.4.1 Statistical approach to moderation analysis

The statistical approach to test the moderating role of ambivalence is analogous to the one adopted in section 5.3.3. Similarly to the previous analysis, interaction terms are mean-centred to reduce potential issues of collinearity and to facilitate the interpretation of results (Aiken et al., 1991). All the VIFs are computed to check for issues of multicollinearity. All VIFs show an acceptable value (3.044 or less) which is below the recommended threshold (Hair et al., 2010).

5.4.2 The interacting role of ambivalence

In this section, the interacting role of ambivalence is tested in the relation between cognitive attitude and intention to export as illustrated in Figure 3.3. Table 5.7 shows the results of the interacting role of ambivalence. Similarly to the considerations already made in the two previous studies, the analysis has been run either with covariates and without them. In model 1 and 2, the effect of covariates has been added to the analysis, while in model 3 and 4 covariates have been excluded.

Model 2 tests the moderating effect of ambivalence as proposed in hypothesis 9. As hypothesised ambivalence does not have a direct significant effect on intention but has a significant effect when interacting with cognitive attitude (r= -0.012, p=0.049). Such a moderating effect influences the relationship between cognitive attitude and intention making it stronger for a lower level of ambivalence. Model 4 replicates the result of model 2 (r = -0.012, p=0.032) and allows to confirm H9.

Table 5.7: *Interacting effect of cognitive attitude and ambivalence*

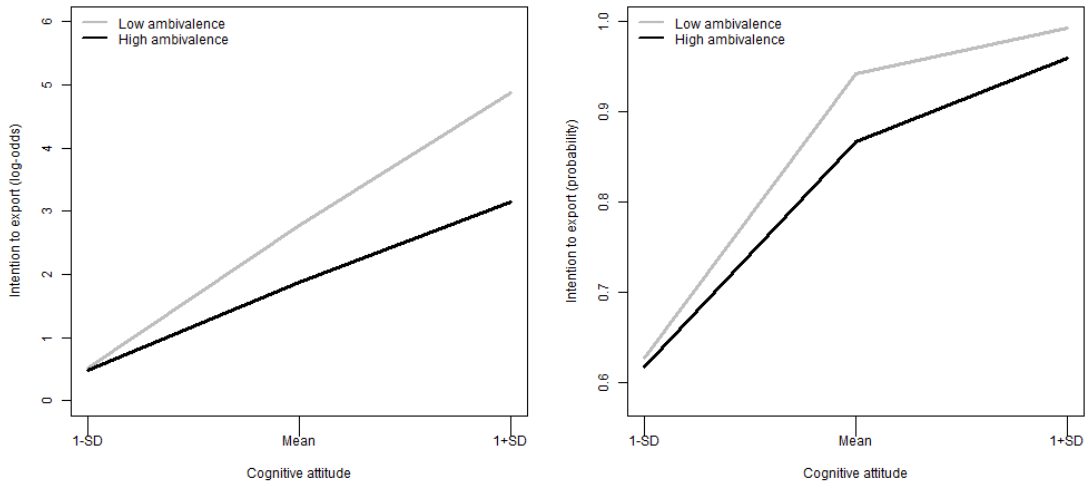
	Model 1	Model 2	Model 3	Model 4
(Intercept)	-8.354 (2.534) p=0.001	-8.207 (2.597) p=0.002	-6.823 (1.144) p=0.000	-6.427 (1.127) p=0.000
AGE	0.039 (0.027) p=0.156	0.039 (0.028) p=0.171		
EDU	-0.134 (0.113) p=0.236	-0.103 (0.113) p=0.366		
OWNER	-0.540 (0.527) p=0.306	-0.559 (0.541) p=0.301		
REG_EXP	-0.065 (0.617) p=0.916	-0.120 (0.636) p=0.851		
NFO	0.539 (0.373) p=0.148	0.638 (0.371) p=0.086		
FAM_BUS	0.246 (0.497) p=0.620	0.300 (0.514) p=0.559		
FIRM_AGE	0.004 (0.010) p=0.673	0.003 (0.010) p=0.738		
SIZE	-0.001 (0.031) p=0.980	-0.005 (0.031) p=0.885		
COG_ATT	1.232 (0.311) p=0.000	1.349 (0.335) p=0.000	1.133 (0.282) p=0.000	1.218 (0.293) p=0.000
D_NORMS	0.424 (0.238) p=0.075	0.465 (0.240) p=0.053	0.321 (0.216) p=0.136	0.379 (0.222) p=0.088
AVE_AUT_2	0.200 (0.139) p=0.149	0.224 (0.141) p=0.112	0.157 (0.123) p=0.202	0.188 (0.126) p=0.136
AVE_CAP_2	-0.162 (0.245) p=0.508	-0.205 (0.247) p=0.406	-0.070 (0.217) p=0.746	-0.106 (0.220) p=0.629
AMB	0.000 (0.010) p=0.996	-0.017 (0.013) p=0.185	0.008 (0.009) p=0.414	-0.009 (0.012) p=0.413
COG_ATT x AMB		-0.012 (0.006) p=0.049		-0.012 (0.006) p=0.032
N	235	235	235	235
Pseudo R2	0.593	0.608	0.553	0.572
$\chi 2$[df]	113.160 [13]	116.957 [14]	103.714 [5]	108.096 [6]
Log. Lik	-65.055	-63.157	-69.778	-67.587
VIF average	1.518	1.742	1.581	1.955
VIF max	2.452	3.044	2.152	2.490

(1) Pseudo R^2 is calculated by using Nagelkerke method.
(2) The first number in each line represents the coefficient expressed in log-odds metrics, standard error is reported in brackets in the second line, p-value (p) is reported in the third line.
(3) Significant coefficients at 90% confidence interval or higher are boldly typed.

To illustrate the nature of the interaction between cognitive attitude and ambivalence the interaction as shown in model 2 (Figure 5.3) has been plotted. The slopes of the curves in the first part of Figure 5.3 are linear because intention to export is measured by the log of the odds. In the second part of the figure, curves are not linear as the intention to export is expressed in probabilistic terms (p) which range from 0 to 1. As hypothesised in H9 ambivalence weakens the relationship between cognitive attitude and intention. The relatively steeper slope of the grey line compared to the black line (in the first part of Figure 5.3) suggests that, in a condition of low ambivalence, the relationship between cognitive attitude and intention is stronger than in conditions of

high ambivalence. The second part of Figure 5.3 shows the probability to develop the intention to export of the two groups of managers (low vs. high ambivalent). For any level of cognitive attitude low ambivalent managers are more likely to develop the intention to export. For lower levels of cognitive attitude, the difference between ambivalent and non-ambivalent managers is low. For average and high levels of cognitive attitude differences in the intention to export get larger. These findings confirm the existence of an interaction effect between cognitive attitude and ambivalence and support for H9.

Figure 5.3: *Interaction between cognitive attitude and ambivalence (model 2)*



Further discussion about the role of ambivalence will be done later in section 5.4.4 along with the findings on inconsistency.

5.4.3 The interacting role of cognitive-affective inconsistency

In this section, the interacting role of cognitive-affective inconsistency is tested in the relation between cognitive attitude and intention to export as illustrated in Figure 3.4 and hypothesised in H10.

Similarly to the previous analysis, the interaction terms are mean-centred (Aiken et al., 1991) and VIFs are computed to check for issues of multicollinearity. All VIFs show a value less than 3 which is below the recommended threshold (Hair et al., 2010). The models have been run both with covariates and without them. In model 1 and 2, the effect of covariates has been added to the analysis, while in model 3 and 4 covariates have been excluded.

Table 5.8: *Interacting role of cognitive-affective inconsistency*

	Model 1	**Model 2**	**Model 3**	**Model 4**
(Intercept)	**-8.470 (2.486) p=0.001**	**-8.418 (2.491) p=0.001**	**-6.911 (1.149) p=0.000**	**-6.753 (1.159) p=0.000**
AGE	0.037 (0.028) p=0.175	0.037 (0.028) p=0.181		
EDU	-0.128 (0.113) p=0.255	-0.122 (0.115) p=0.286		
OWNER	-0.512 (0.523) p=0.328	-0.524 (0.526) p=0.319		
REG_EXP	-0.079 (0.611) p=0.897	-0.091 (0.613) p=0.882		
NFO	0.537 (0.365) p=0.141	0.545 (0.368) p=0.138		
FAM_BUS	0.266 (0.499) p=0.594	0.279 (0.503) p=0.578		
FIRM_AGE	0.004 (0.010) p=0.707	0.003 (0.010) p=0.755		
SIZE	0.000 (0.031) p=0.996	0.001 (0.032) p=0.972		
COG_ATT	**1.212 (0.311) p=0.000**	**1.201 (0.314) p=0.000**	**1.148 (0.281) p=0.000**	**1.124 (0.283) p=0.000**
D_NORMS	**0.424 (0.238) p=0.075**	**0.423 (0.238) p=0.076**	**0.359 (0.212) p=0.089**	**0.364 (0.213) p=0.087**
AVE_AUT_2	0.201 (0.137) p=0.142	0.206 (0.139) p=0.136	0.165 (0.123) p=0.180	0.174 (0.124) p=0.160
AVE_CAP_2	-0.153 (0.245) p=0.532	-0.148 (0.245) p=0.547	-0.096 (0.217) p=0.657	-0.094 (0.217) p=0.667
C_A_IN	0.009 (0.014) p=0.524	0.007 (0.015) p=0.664	0.015 (0.013) p=0.255	0.010 (0.015) p=0.486
COG_ATT x C_A_IN		-0.003 (0.013) p=0.790		-0.007 (0.012) p=0.566
N	235	235	235	235
Pseudo R2	0.594	0.595	0.556	0.558
χ2[df]	113.575 [13]	113.645	104.414 [5]	104.732 [6]
Log. Lik	-64.847	-64.813	-69.428	-69.269
VIF average	1.491	1.536	1.539	1.576
VIF max	2.459	2.510	2.114	2.137

(1) Pseudo R^2 is calculated by using Nagelkerke method.
(2) The first number in each line represents the coefficient expressed in log-odds metrics, standard error is reported in brackets, p = p-value.
(3) Significant coefficients at 90% confidence interval or higher are boldly typed.

Table 5.8 shows the results of the moderating effect of cognitive-affective inconsistency. Model 2 tests the moderating effect of inconsistency as proposed in hypothesis 10. Results show that inconsistency has neither a direct effect nor a moderating effect. The model does not show significant results for the interacting term (*r* = -0.003, p=0.790). Results are confirmed by model 4 (r = -0.007, p=0.566).

The interaction effect of cognitive-affective inconsistency in the relation between cognitive attitude and intention to export cannot be proved thus failing to provide support for hypothesis 10.

To explore more in-depth the role of cognitive-affective inconsistency a second approach has been taken as outlined in section 3.4. As mentioned, inconsistency is the gap arising from the misalignment between cognitive and affective beliefs. The larger is the gap the higher is inconsistency. To capture the effect of this gap the sample of managers is broken down into four groups. A two-by-two matrix with the affective beliefs on one side and cognitive beliefs on the other side has been created as shown in Figure 5.4. Respondents have been assigned to each quadrant according to a median split score of cognitive and affective beliefs (for the validity assessment and descriptive statistic of cognitive and affective beliefs see section 4.6.2). Similarities and differences between the groups are now tested as hypothesised in section 3.4.

Figure 5.4: *Two-by-two matrix*

		AFFECTIVE BELIEFS: HIGH	AFFECTIVE BELIEFS: LOW
COGNITIVE BELIEFS: HIGH		**Quadrant 1** Consistency N=81 (34.5%) COG_ATT (mean) = 6.576	**Quadrant 2** Inconsistency N=36 (15.3%) COG_ATT (mean) = 6.073
COGNITIVE BELIEFS: LOW		**Quadrant 3** Inconsistency N=35 (14.9%) COG_ATT (mean) =5.924	**Quadrant 4** Consistency N=83 (35.3%) COG_ATT (mean) = 4.770

Quadrant 1 (n=81) represents managers who have both strong cognitive and strong affective beliefs about export. Quadrant 2 (n=36) represents managers who have strong cognitive beliefs and weak affective beliefs about export. Quadrant 3 (n=35) represents the managers who have strong affective beliefs and weak cognitive beliefs about export. Finally, quadrant 4 (n=83) represents the managers who have weak cognitive and weak affective beliefs about export. Quadrant 2 and quadrant 3 represent situations of cognitive-affective inconsistency, while quadrant 1 and 4 represent situations of consistency. As expected, the number of respondents categorised in quadrants 2 and 3 is lower. This is because the majority of people have a preference for consistency and tend to present a general degree of coherence among thoughts, feelings, and actions (Ajzen, 2005).

The group allocation between consistent and inconsistent decision-makers shown in Figure 5.4 shows that cognitive attitude is on average significantly stronger for quadrant 1 compared to quadrant 2 (6.576>6.073; t = 3.1526, p=0.002 two-tail test). Also, the average cognitive attitude in quadrant 1 is significantly stronger than quadrant 3 (6.576>5.924; t=3.6784; p=0.000 two-tail test). Cognitive attitude in quadrant 1 is also significantly higher than quadrant 4 (6.576>4.770; t=9.665; p=0.000 two-tail test). Finally, there is no significant difference between the average of cognitive attitude in quadrant 2 and quadrant 3 (t=0.695; p=0.489 two-tail test). As expected, attitude is stronger when beliefs are positive and consistent and gets weaker when beliefs become weak or inconsistent. This provides supports for hypotheses 11,13 and 15.

To investigate the effect the group allocation on the cognitive attitude-intention relationship, the use of a categorical moderator appears to be the most suitable statistical method (Nye and Sackett, 2017). The technique allows testing for the presence of a higher-order moderating effect and generates simple slopes for each level of the moderator. Given the 4 groups generated by the 2 by 2 matrix the model estimated as in equation 5.5:

$$INT\_EXP = c_i + b_1X_i + b_2Q2_i + b_3Q3_i + b_4Q4_i + b_5(X_iQ2_1) + b_6(X_iQ3_i) + b_7(X_iQ4_i) + e_i \quad 5.5$$

where c represents the intercept, X represents the cognitive attitude for the quadrant 1 (also the reference group), $Q2$, $Q3$ and $Q4$ represent cognitive attitude for the quadrants 2, 3 and 4, respectively. Equation 5.5 can be re-written in an alternative form as equation 5.6:

$$INT\_EXP = c_1 + b_2Q2_i + b_3Q3 + b_4Q4_i + X_1(b_1 + b_5Q2 + b_6Q3 + b_7Q4) + e_i \quad 5.6$$

Therefore, the effect of X on Y is shown in equation 5.7:

$$Effect_{X\rightarrow Y} = b_1 + b_5Q2 + b_6Q3 + b_7Q4 \quad 5.7$$

When the moderator is categorical, probing the interaction is about quantifying the relationship between X and Y for each group of the moderator (Hayes, 2018). If b_5, b_6 or b_7 are significantly different from zero then the relation between X and Y is not the

same across the four groups. The moderation effect is proved by testing whether the weights of the three products in the previous equation are equal to zero (Hayes, 2018). Table 5.9 shows that moderation is proved as the value of three out of four b coefficients is different from zero (b_1, b_6, and b_7 confidence intervals does not contain zero). Also, the likelihood ratio test of highest order unconditional interaction shows that the model which includes the three products of interaction shows a better fit than when it was excluded ($\Delta\chi2 = 9.0383$, df = 3, p=0.0288).

Table 5.9 shows the result of the model testing the classification of the sample in 4 groups depending on the score of cognitive and affective beliefs. For the sake of parsimony, the model includes only the core variables of the RAA (cognitive attitude-COG_ATT, descriptive norms-D_NORMS, autonomy-AVE_AUT and capacity-AVE_CAP). However, results do not change considerably when all the control variables are added to the model.

The result of the test is reported in Table 5.9. Except for quadrant 2, the effect of cognitive attitude on intention is generally positive and significant at 90% confidence interval, with quadrant 4 significant at 99% confidence interval. In quadrant 2 the effect is negative but non-significant. This means that even though managers in quadrant 2 have a fairly strong attitude (as reported in Figure 5.4) their intention cannot be predicted by the current model.

***Table 5.9**: Conditional effects of the focal predictor at values of the moderator*

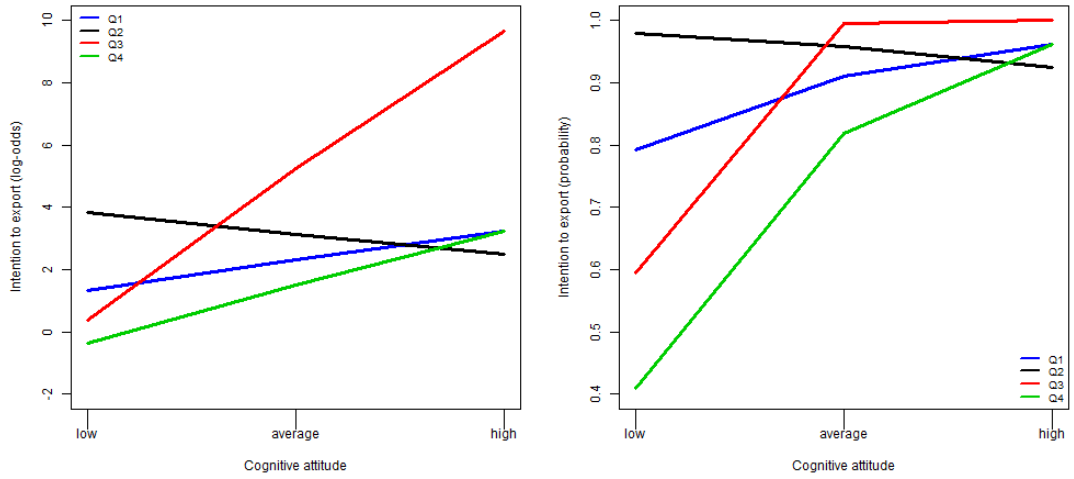
Quadrant	Effect	se	Z	p	Lower confidence interval	Upper confidence interval
Q1	$b_1 = 0.7245$	0.4233	1.7116	0.0870	0.0283	1.4208
Q2	$b_5 = -0.5237$	1.1250	-0.4655	0.6416	-2.3741	1.3267
Q3	$b_6 = 3.5826$	1.9442	1.8427	0.0654	0.3846	6.7805
Q4	$b_7 = 1.3882$	0.3732	3.7193	0.0002	0.7743	2.0021

To understand the complex dynamics of such interaction, different slopes for each level of the moderator has been plotted in Figure 5.5. In the first part of Figure 5.5, the slopes of the curves are linear because intention to export is measured by the log of the odds. In the second part of the figure, curves are not linear as the intention to export is expressed in probabilistic terms (p) which ranges from 0 to 1.

The relation 'cognitive attitude-intention' for quadrant 1 (blue line in Figure 5.5) is positive and significant at 90% confidence interval (b_1 = 0.7245, p=0.0870) while for quadrant 2 (black line) is negative and non-significant (b_5 = -0.5237, p=0.6416). No comparison can be done between the slope of the black line and the blue lines. Therefore, there is no possibility to accept or reject Hypothesis 12.

The slope of the effect of quadrant 3 (red line) is positive and significant (b_6 = 3.5826, p=0.0654). Surprisingly, it is steeper than the slope of the effect for quadrant 1 (blue line). This goes against what has been hypothesised in H14. This finding shows that in situations where the affective beliefs are stronger than cognitive beliefs the relation between cognitive attitude and intention to export is stronger than any other relations.

Figure 5.5: *Slopes and probability for each quadrant*



Finally, the slope of the effect of quadrant 4 (green line) is positive and significant (b_7 = 1.3882, p=0.0002). As predicted, the slope of quadrant 4 is steeper than quadrant 1 (b_1 = 0.7245, p=0.0870). Both quadrants 1 and quadrant 4 represent situations of consistency, therefore similar patterns would be expected. However, the intention to export of managers holding both cognitive and affective negative beliefs (green line) appears more sensitive to variation in cognitive attitude than those represented by the blue line. This suggests that negativity bias (Ajzen, 2001) operates making managers more sensitive to negative information. Therefore, this allows to accept hypothesis 16.

As shown in the second part of Figure 5.5, when cognitive attitude is low inconsistency, plays a major role, in influencing the likelihood of a positive intention to export as the distance between the three groups is at its maximum level. For lower

levels of cognitive attitude, managers in the quadrant 1 (blue line) are more likely to export than any other group (group 2 is excluded by the interpretation of the results as its effect is non-significant). For average levels of cognitive attitude managers belonging to the quadrant 3 (red line) – contrarily to the expectations – become the group with the highest probability to export. For high levels of cognitive attitude, the difference between the three groups is substantially reduced, but still, group 3 (red line) show the highest probability to export.

5.4.4 Discussion: ambivalence and inconsistency

Affect, as thoroughly discussed in this research, is directly generated by anticipatory emotions. In study three, it has been confirmed that affective reactions can also come as a consequence of holding an ambivalent or an inconsistent attitude. This negative affective reaction interferes with cognitive evaluations creating confusion in managers' mind and altering the formation of the intention to export.

Ambivalence arises from conflicts within concurrent behavioural beliefs when, for some reasons, the expected positive outcomes and the expected negative outcomes have the same valence (Ajzen, 2001). The effect of ambivalence, has been tested for the first time in the context of export decisions (to the best of the investigator's knowledge), confirming the results of previous findings in the field of social and health psychology (Conner et al., 2013; Conner et al., 2003). Findings from study three show that, when managers experience a simultaneous presence of positive and negative beliefs about export, their judgement is biased. The negative affect produced by ambivalence raises internal conflict and generates anticipation of regret bringing instability and delay in the decision process (Van Harreveld et al., 2015). Although, cognitive attitude may overall result positive – as a consequence of the internal conflicting forces generated by ambivalence – managers with a high level of ambivalence has a lower probability to formulate the intention to export compared to non-ambivalent managers (H9).

A similar effect in the intention to export was expected for managers with high cognitive-affective inconsistency. Cognitive-affective inconsistency is a particular form of ambivalence that arises when the cognitive evaluation of export outcomes is different from the affective evaluation. All else being equal, in situations of inconsistency, the probability for a manager to decide to export was expected to be

weaker. Although this hypothesis finds support in a pioneer study (Conner et al., 2020), the same conclusion cannot be drawn in the context of export decision-making (H10). Results from study three show that the effect of inconsistency cannot be modelled by using a simple moderation analysis.

A different approach has been taken to explore more in-depth the role of cognitive-affective inconsistency. The sample has been split into four groups according to the score of cognitive and affective beliefs. As outlined by Figure 5.4, the re-classified sample shows consistent managers in quadrant 1 and quadrant 4 and inconsistent managers in quadrant 2 and quadrant 3. On average, cognitive attitude is stronger when beliefs are positive and consistent (Q1) and gets weaker when beliefs become inconsistent (Q2 and Q3) or weak (Q4). These findings support the hypotheses H11, H13, and H15 and confirm that inconsistency has a direct effect on the strength of cognitive attitude. This effect partially contradicts what has been asserted in previous sections. As mentioned in section 4.6.2, cognitive attitude is underpinned by cognitive beliefs such that cognitive attitude follows directly from cognitive beliefs about the attitude object (Fishbein and Ajzen, 2010). Therefore, one should expect that the strength of cognitive attitude is, on average, similar for Q1 and Q2 as the two quadrants represent managers with strong cognitive beliefs. Similarly, one should also expect that, on average, cognitive attitude is similar for managers in Q3 and Q4 as the two quadrants represent managers with low cognitive beliefs.

However, study three confirms that the negative affect generated by inconsistency has a confounding effect on the formation of cognitive attitude. While for the majority of managers (i.e. consistent managers in Q1 and Q4) attitude follows directly from cognitive beliefs, in situations of inconsistency the strength of cognitive attitude cannot be directly predicted only by cognitive beliefs. An affective interference appears to weaken cognitive attitude in Q2 while strengthening the same in Q3. This interfering effect of affective information provides the decision-maker in Q2 and Q3 with a set of information that influences the final decision but is not cognitively processed (Zajonc, 1980). This suggests that the amount of information that managers can process is greater than they are aware of.

Results from study three also show that inconsistency has an effect on the relation between cognitive attitude and intention. As expected and supported by the data,

consistent decision-makers (Q1 and Q4 in Figure 5.4) show a positive relationship between their attitude and the intention to export. However, this relationship is stronger for managers in quadrant 4 (H16). Study three find evidence that there is a lack of symmetry between the decision-making model of the two groups of consistent managers. Managers with low affective and low cognitive beliefs tend to be more sensitive to negative information, therefore their beliefs tend to have a greater impact on their decision-making process compared to managers in Q1 (Ajzen, 2001). In other words, the negative consequences anticipated by managers in Q4 carry more weight in the decision process compared to the positive consequences anticipated by managers in Q1 (Van Harreveld et al., 2009). Overall, this shows a general tendency to overestimate the effect of negative outcomes (Castelli and Carraro, 2011).

On the other hand, inconsistent decision-makers show unpredictable patterns. Inconsistency arises in two different ways: first when a manager has strong affective beliefs and weak cognitive beliefs about export; and second, when a manager has weak affective beliefs and strong cognitive beliefs about export. According to the theoretical framework of the RAA and related psychology literature, there are no reasons to expect the two groups to behave differently. Also, the two groups (i.e. Q2 and Q3) have on average a similar score of cognitive attitudes, therefore one would expect a similar decision-making model. However, unlike the theory predictions, it has been found that managers with strong cognitive beliefs (and weak affective beliefs) show a negative but non-significant relationship between cognitive attitude and the intention to export (H12). While managers with strong affective beliefs (and weak cognitive beliefs) show a strong and positive relationship between cognitive attitude and intention. For average and high levels of cognitive beliefs, this group (Q3) is more likely to export if compared to any other group (H14).

This finding represents a novelty in the ambivalence-inconsistency literature. One possible explanation for this lack of symmetry between quadrant 2 and quadrant 3 could be due to the fact that the positive affective beliefs experienced by the decision-maker (in Q3) exert a countervailing effect on the negative affect created by inconsistency. Therefore, in quadrant 3 the negative effect of inconsistency may result suppressed or limited. As a result, decisions appear mainly driven by the affective beliefs which are positive.

Generally, study three finds that the misalignment between cognitive and affective beliefs makes the intention to export more difficult to predict. The study does not find support for the moderating effect of inconsistency. However, the study does show that inconsistency creates confusion in decision-making patterns. Firstly, by interfering with the formation of cognitive attitude. Secondly, by changing the patterns of the relation between cognitive attitude and intention. Intention to export becomes predictable when affective beliefs are stronger than cognitive beliefs. On the contrary, when cognitive beliefs are stronger than affective beliefs predicting intention is more complicated. Therefore, in the context of export decisions, it is expected that managers who feel more comfortable working in unknown situations, travelling abroad, or getting in contact with other cultures are more likely to export even when the economic expectations (cognitively evaluated) are not so high.

5.5 Summary of the results

To summarise, the results of the three studies provide general support for a hot cognitive approach to decision making. The intention to export is influenced by an intertwined effect of cognitive as well as affective elements. Experience also influences the intention to export through the mediating effect of cognitive and affective attitude. The decision to export also depends on ambivalence and on the degree of consistency between cognitive and affective beliefs. Before discussing the implication of the results, a summary of hypothesis testing is outlined in Table 5.10.

Table 5.10: *Summary of hypothesis testing*

Hypotheses	**Accepted-rejected**
1: Managers who have a positive cognitive attitude towards export are more likely to express the intention to export.	Accepted
2: Managers who have a positive affective attitude towards export are more likely to express the intention to export.	Accepted
3: Managers who perceive stronger social pressure are more likely to express the intention to export.	Partially accepted
4: Managers who experience a greater level of autonomy are more likely to express the intention to export.	Rejected
5: Managers who perceive a greater level of capacity (self-efficacy) are more likely to express the intention to export.	Rejected
6: Cognitive attitude mediates the relationship between experience and the intention to export.	Partially accepted

7: Affective attitude mediates the relationship between experience and the intention to export.	Accepted
8: Experience negatively moderates the relationship between descriptive norms and intention to export such that for a lower level of experience the relationship descriptive norms-intention is stronger.	Partially accepted
9: Ambivalence negatively moderates the relationship between cognitive attitude and export intention such that for higher levels of ambivalence the relation cognitive attitude-intention becomes weaker.	Accepted
10: Inconsistency negatively moderates the relationship between cognitive attitude and export intention such that for higher levels of inconsistency the relation cognitive attitude-intention becomes weaker.	Rejected
11: For managers belonging to quadrant 2 the average strength of cognitive attitude is significantly lower than managers belonging to quadrant 1.	Accepted
12: The relation cognitive attitude-intention is weaker for managers belonging to quadrant 2 compared to managers belonging to quadrant 1	Rejected
13: For managers belonging to quadrant 3 the average strength of cognitive attitude is significantly lower than managers belonging to quadrant 1.	Accepted
14: The relationship cognitive attitude-intention is weaker for managers belonging to quadrant 3 compared to managers belonging to quadrant 1.	Rejected
15: For managers belonging to quadrant 4 the average strength of cognitive attitude is significantly lower than managers belonging to quadrants 1, 2 and 3.	Accepted
16: For managers belonging to quadrant 4 the strength of the relation cognitive attitude-intention to export is significantly higher than managers belonging to quadrant 1.	Accepted

6. SUMMARY AND CONCLUSION

6.1 Overview

The final chapter aims at wrapping up the main findings and highlighting the contribution of the three studies. Then the chapter continues with a discussion on the main implications of the findings of the three studies differentiating between theoretical, managerial and policy implications. The chapter continues outlining the main limitations and directions for future research. The chapter ends with a few concluding remarks

6.2 Contributions

The development of this research has been driven by the necessity of understanding the role of affective evaluations in the decision process. To achieve this objective IB literature has been integrated with one of the most prominent theoretical tools borrowed from cognitive psychology. The aim is to challenge the current cold cognitive approach to decision-making in IB and promote a hot cognitive approach. The inclusion of affective factors in the decision to internationalise allows making more accurate assumptions about managerial behaviour. Such advancement is of extreme importance for a discipline like IB, whose core theories – such as internalization theory (Buckley and Casson, 1976) and Uppsala model (Johanson and Vahlne, 1977) – are "essentially theories of managerial choice" (Buckley et al., 2016, p.139). The research contributes to enhancing the understanding of how a "managerial choice" is made through a microfounded approach based on the inclusion of the relatively unexplored role of affect. This will contribute to the microfoundation literature in IB in a few ways.

First, the introduction of a hot cognitive approach potentially modifies traditional behavioural assumptions in IB. The main aspect of novelty of this research is the twofold conceptualisation of attitude as illustrated by the RAA. Affective attitude has been included in the decision-making process of managers. It has been found that affective factors have as much importance as cognitive factors when predicting the intention to export. This means that the predictive power of affective factors is as good as the one provided by cognitive factors. A common finding across the three study

shows that affect acts as an information shortcut that allows managers to process more information and detect environmental clues that would be neglected by a cold cognitive assessment. Affective reactions also regulate the attention of individuals, thus allowing them to select which information has to be processed from all the available information in their surrounding world. By alerting and directing the decision-maker affect exerts a huge influence on decisions.

A second contribution of the research concerns the interdependence of the manager's experience with cognitive and affective attitude. The research contributes to the experience literature showing the mechanism through which experience influence the decision to export. Experience does not have a direct effect on the intention to export, but its effect is mediated by cognitive and affective attitude. The research shows that the relevance of experience depends on its conceptualisation. For the formation of affective attitude, a broader concept of experience appears to be relevant, while for the formation of cognitive attitude a narrow and export-related concept of experience is more relevant. Experience is not the simple sum of direct information related to the task to be undertaken. Experience is a lifetime of learning that leads each individual to mark positively or negatively each feeling directly or indirectly related to the decision to make. This type of experience is better captured by the affective dimension rather than the cognitive dimension of the manager's mind. When managers lack such experience, they have to find another way to source information about international markets. When the cost of engaging in complex decision processes, such as the calculation of the expected value of each option, is too high managers prefer filling knowledge gaps through heuristic mechanisms. The research shows that managers with less experience are more likely to develop the intention to export if they perceive that export is a common practice in their industry. While managers with more experience tend to be independent of socially described norms.

Third, the research introduces the constructs of ambivalence and inconsistency as a source of negative affect. Ambivalence has been extensively studied in the psychology literature (Van Harreveld et al., 2015) and has been also introduced in consumer behaviour studies (Gineikiene and Diamantopoulos, 2017; Plambeck and Weber, 2010; Podoynitsyna et al., 2012) but it has been never studied in the context of internationalisation decisions. On the other hand, cognitive-affective inconsistency has been seldom studied even in the psychology literature (Conner et al., 2020). It is

believed that the study of the two constructs represents an interesting advancement for the microfoundations of internationalisation decisions. The research contributes to IB decision making literature showing that the intention to export is not just driven by a direct evaluation made by affective or cognitive assessments. It also shows that ambivalence impacts the intention to export by raising internal conflict and generating anticipation of regret that brings instability and delay in the decision process. The consequences of the internal conflicting forces generated by ambivalence may induce a sort of inability to make the decision even when the manager has a fairly positive predisposition to internationalise.

The research finally contributes to IB decision making literature by showing the effect of the misalignment between cognitive and affective beliefs (inconsistency). The research shows that inconsistency exerts different types of pressure on decision making depending on the combination of cognitive and affective beliefs. Thus, for managers with negative affective beliefs, the intention to export is predictably very low when those beliefs are combined with negative cognitive beliefs, then the intention becomes unpredictable when combined with positive cognitive beliefs. For managers with positive affective beliefs, the intention to export remains overall a predictable outcome, no matter the strength of cognitive beliefs. In other words, it seems that when managers formulate their intention to export, it does not matter what they think. What matters is what they feel!

6.3 Implications

The introduction of a hot cognitive perspective raises legitimate questions about how to deal with affect in this new cognitive paradigm. In terms of theoretical implications, the inclusion of affective aspects in the decision to internationalise poses the question of whether the decision-maker is ultimately a rational agent or not. In terms of managerial implications, managers dealing with strong affective reactions may be torn between the idea of suppressing them (and use more systematic and deliberative decision tools) or taking them into account. Finally, in terms of policy implications, a question arises about the strategy of governmental agencies: how can they take into account the hot cognitive perspective to promote foreign investment or international trade? The rest of this section focuses on providing an answer to these questions.

6.3.1 Theoretical implications

The inclusion of affective aspects in the decision to internationalise poses the question of whether the decision-maker is assumed to be a rational actor or not. Although criticised for being too rational and deliberative, the RAA does not include rationality in its assumptions (Fishbein and Ajzen, 2010). Beliefs are subjective, spontaneous and arise from direct experience. Most of the time they conform reasonably well to the reality, however sometimes they may "misrepresent the true state of affairs; some are derived by way of deliberative inference processes and others by way of intuition; some are based on logical trains of thought, and some are biased by wishful thinking or other self-serving motives" (Fishbein and Ajzen, 2010, p.301).

The majority of IB theories does not assume full rationality of the decision-maker. Instead, the decision-maker is assumed to be boundedly rational because of the objective impossibility to access all information needed to make a decision and also because of the limited capacity to process all information acquired. Does affect represent another layer of bounded rationality? One of the main contributions of the study concerns the fact that an affective evaluation allows decision-maker to access more information than a cognitive evaluation alone. Affective reactions allow individuals to acquire and interpret information from their surrounding world through their past experiences. The decision-maker combines knowledge, affect and experience developing a unique mental schema (Maitland and Sammartino, 2015a). Affective reactions also play a significant role in shaping managerial orientation making managers more (or less) open towards internationalisation (Musteen, 2016). Also, affect helps managers filling the information gaps by detecting certain clues that otherwise could be neglected (Hodgkinson and Healey, 2011; Van de Laar and De Neubourg, 2006). Finally, affective evaluations shape individual risk perceptions. Decision-makers are not uniquely driven by a cold calculation of benefit and costs. Rather their decisions are more driven by an immediate vivid representation of the experience of decision outcomes (Loewenstein et al., 2001). Rather than considering affect as a source of bounded rationality, it is believed that the joint effect of cognition and affect allows accessing and processing more rather than less information. One of the key contributions of the research is the acknowledgement of the complementing effect of emotion and affect in the decision making (as suggested by early findings in neuroscience Bechara, 2004; Damasio et al., 1990). Instead of acting as a disturbance,

affect is an integral part of the decision making that can infuse improved ability of reasoning, learning and judgement (Hodgkinson and Healey, 2011). Therefore, it is not believed that affect represents another layer of bounded rationality.

On the other hand, there is another way in which affect can alter the rationality of the decision-maker: not just by limiting the access to information, but also by changing the system of preferences of the decision-maker. Overall the research has shown that under the effect of emotion-driven beliefs, managers may change their system of preferences. Their attention is automatically shifted towards something considered more relevant and kept away from other goals (Van de Laar and De Neubourg, 2006). Affect changes the system of preferences and makes the decision more unpredictable interfering with the rational decision process. In economic terms, rationality means that the decision-maker is assumed to possess a set of preferences and is able to rank those preferences according to the desirability of the expected outcome (Casson, 2016). Results of study three show that in the majority of cases managers behave according to this rule of rationality: when managers beliefs are consistent or non-ambivalent, attitude predicts the intention to export. However, in conditions of ambivalence and/or inconsistency, the negative affect generated in these situations makes the intention to export weaker or more unpredictable despite the familiarity with the consequences of export (Conner and Sparks, 2002). Managers do not behave according to their attitude. In other words, although they recognise that export carries positive or negative outcomes, their intention to export seems not to be expressed accordingly.

These findings, driven by the necessity to introduce more realistic assumptions about managers' behaviour, can successfully complement the existing behavioural research in IB. The model of man outlined by a hot cognitive approach is a model of a decision-maker influenced by the emotional side of his brain. This means that environmental and experiential factors are taken into account, together with automatic evaluations and potential biases. A behavioural explanation of location and entry-modes choices can benefit from a more realistic approach where the *homus economicus* is gradually replaced by *humans* (Elia et al., 2019).

Nevertheless, a hot cognitive approach is more difficult to reconcile with theories that have an economic pedigree. For example, when internalisation theory is combined

with other bodies of theories, they must be consistent with the hypothesis of rationality (Buckley and Casson, 2009, p.1569). If in the short- and medium- run boundedly rational managers can make sub-optimal choices (i.e. timing of market entry, location choice, entry mode choice), in the long run, a rational decision-maker is assumed to take over leaving no room for non-optimal choices (Verbeke & Ciravegna, 2018). Therefore, given the difficulty in integrating the two bodies of findings, internalisation theory can parsimoniously explain firm's internationalisation behaviour, while individual-level studies and microfounded approaches can add texture and insights to the aggregate level of analysis providing alternative theoretical foundations for strategy formulation and implementation.

6.3.2 Managerial implications

Far from being considered as a noisy or a negligible factor, affect has been found to have a huge impact on the decision to export. To get away with the cumbersome presence of affect, managers may either decide to suppress affective reactions and employ more systematic and deliberative decision tools or rely on decision processes that take them into account. In section 2.6.3 an example has been reported of the effect of ignoring an apparently unmotivated ill-feeling. This has led managers to make poor decisions and experience later regret.

Alternatively, managers should acknowledge the presence of affect in the decision process and use these feelings as a warning signal as they represent an alternative source of information. In many professions, success has been achieved through the skilful manipulation of emotional factors (Loewenstein, 1996). Ideally – as managers accumulate experience – they should learn to recognise these feelings and switch between the two strategies (cold cognitive or more systematic vs. hot cognitive or non-conscious/automatic decision-making) according to contingent necessities (Milkman et al., 2009). Following this logic, managers should be ready to share different perspectives, gather disconfirmatory evidence of their beliefs, discussing and confronting with their peers to be able to address biases or planning fallacy (Sibony et al., 2017). This also represents the main challenge for managers. One of the reasons managers are reluctant to question their judgement and testing their decisions is because these practices raise, rather than attenuate, emotional responses (Hodgkinson and Healey, 2011).

Managers should also recognise when affect, generated by negative experience, acts as an irrational block. Despite the recognised benefit of export to both firms and their countries, and despite the effort of governments to promote export among SMEs, the large majority of small and medium companies are not involved in foreign sales (Tan et al., 2018). Results show the effect of the negativity bias confirming that the negative reaction to export is generally stronger than positive reaction. In other words, managers tend to put more emphasis on negative information rather than positive information (Snyder and Tormala, 2017). Tan et al. (2018) use the concept of lateral rigidity (introduced by Luostarinen, 1979) to identify the widespread reluctance to commence internationalisation through exporting. Lateral rigidity represents a situation in which managers: (1) have a domestic orientation (lack of global mindset or international orientation), (2) have limited perception of stimuli (attention is shifted away from export activities), (3) have limited knowledge and experience, and (4) are characterised by a tendency to resist change (inertia) (Tan et al., 2018). Without any reference to the affective dimension of decisions, lateral rigidity seems to describe the situation in which managers present negative affect towards export. When facing these situations, managers should learn to recognise the factors that prevent them from deciding to export when it is in the best interest of the firm. Managers, for example, can appoint a person or a consultant to work or make specific research on export projects. Getting in touch with export promotion agencies (and similar bodies) would also allow accessing inexpensive knowledge and information. These strategies should aim at letting managers familiarise with export issues and reduce the negative affect (or negative orientation) towards international markets. Ideally, these strategies should help managers moving from the quadrant of low affective beliefs to the quadrant of high affective beliefs (see Figure 5.4). Then, when the negative affect is contained, managers will be better able to recognise if and when an opportunity arises.

6.3.3 Policy implications

The great emphasis governments put on export development programmes highlights the crucial importance of boosting export to increase gross domestic product, make firms more productive, create more jobs, and pay higher wages (Department for International Trade, 2018a). However, the ability of export promotion programmes to work effectively has been often questioned (Bernard and Jensen, 2004). As reported by Tan et al. (2018), in the developed European economies, 17% of UK SMEs are

exporters, while in France, the proportion is only 10%; in Canada, official statistics on SMEs shows that only about 11.5% of small businesses are exporting while an earlier study highlighted that not more than 12% of non-exporting SMEs had the intention to export.

The dominant logic behind export promotion activities is to remove the barriers that may prevent potential exporters to become actual exporters. Most of the strategies designed by export promotion agencies aim at removing the obstacles and disseminating information about international markets. In this logic, two types of programmes are generally offered: (1) provision of information about foreign countries aiming at increasing knowledge of the target markets and (2) trade shows aiming at creating a network through direct contact with local businesses and/or government representatives (Spence, 2003).

The results of the three studies suggest that a different logic should be adopted. By taking a microfoundation perspective, export behaviour of a firm is assumed to depend mainly on the decision of the managers in charge. Therefore, to boost export, policy tools should aim at changing managers' attitude. Fishbein and Ajzen (2010) recognise that in designing a behavioural change intervention, it is important to distinguish between two stages that require different approaches. The first stage of the intervention must start by promoting a positive intention to perform the behaviour. To do so, a behavioural intervention should change the beliefs that, according to the theory, ultimately guide the intention to export. In the second stage of intervention, policy tools should aim at removing the obstacles that could impede actual control over the behaviour. Traditional export campaigns launched by governmental agencies or export promotion associations (see for example "EXPORT IS GREAT!" campaign run by the British government since 2015) generally focus only on the second stage of behavioural intervention skipping the first stage.

Building on the study results, two strategies are recommended to promote a positive attitude to export among SMEs. First, as mentioned before, to change the manager's intention towards export, it is important to evaluate managerial beliefs. Managers decision to export (or not to export) is backed by a set of cognitive and affective beliefs that may change across different segments of the managers' population. For example, Exhibit 8 in the appendix shows that managers who do not intend to export seem to

neglect the importance of export as a contribution to the company long-term profit, while they believe that export affects short-term profitability and company's growth. Managers who intend to export have different beliefs: they believe that export contributes to their company long-term profitability, they also believe that they may have to deal with the adaptation of their products or allocate personnel for business travel. A strong emphasis on the growth effect of international sales would not change the attitude of managers who do not intend to export, because this is already accounted for in their cognitive model. To promote a positive intention to export, a behavioural intervention should aim at changing beliefs that are currently non-relevant. Effective intervention strategies can be designed by grouping managers across different characteristics. This is useful both to identify the part of the population that is more likely to be influenced and to adopt tailored strategies according to different groups. For example, family firms' managers seem to ground their attitude towards export mainly on considerations about profitability, while non-family firms' managers are more concerned about growth, acquiring expertise, adaptation and personnel allocation. Micro and small firms' managers are very focused on the growth effect of export, while medium-sized firms' managers seem to be less focused on growth effect (see Exhibit 8 in the appendix).

The second strategy recommended to promote export among SMEs is about leveraging on the affective dimension of attitude. Results of the study show that affect plays a significant role in shaping the intention to export. Media, communication and politics studies have long studied affective rhetoric as a mean of persuasion to induce cooperation among people that – by their nature – respond not just to symbols but to the emotion they trigger (Mateus, 2018). Rhetoric becomes affective when strategically integrates appeals to affective elements and influence people's thinking and doing by determining how they feel (Mateus, 2018).

This research shows that even when managers are involved in complicated tasks such as export decisions, they have a strong tendency to base their evaluations on affective attitude which is the result of an experiential iterative process. When they lack such experience, they prefer to settle down with imitation practice or descriptive norms. This tendency, especially for early-career managers or low experienced managers, would make them more open to persuasion arguments based on affective rhetoric rather than cognitive rhetoric (Fishbein and Ajzen, 2010). Also, as shown by Exhibit

8 in the appendix, most of the affective beliefs presented across the different groups of managers in the model are not relevant to the attitude formation, meaning that there is a huge room for behavioural intervention based on affective beliefs.

The analysis of underlying beliefs is arguably the most important contribution of the RAA approach to the problem of an effective behavioural change intervention (Fishbein and Ajzen, 2010). Future studies could develop further this methodology to offer a valuable contribution in the field of export and FDI promotion.

6.4 Limitation and future research directions

The study proposes a microfoundation model of export decision that is grounded on the psychological model of the RAA (Fishbein and Ajzen, 2010). Research questions have been addressed by using a reliable survey instrument and the most suitable statistical techniques. Nevertheless, some limitations and weaknesses have emerged and must be discussed. They should be kept into consideration and possibly used as directions for future research.

The first limitation of this study is related to the research context. The study has been conducted among small businesses in the manufacturing sector. These findings are therefore limited to a specific segment of the managerial population. Findings about managers' decision-making style can still be generalised. However, managers from non-manufacturing sectors and/or larger firms may present peculiarities that this study would not be able to grasp.

Second, this study has been conducted in the UK within typical western cultural settings. One possible limitation concerns the generalisability of the findings across different cultures. In particular, in non-Western contexts, the decision to export may be the result of a group decision rather than the decision of a single individual. In collectivist societies, the role of behavioural factors (both cognitive and affective) related to the single decision-maker could have a different impact. Future research could test the reliability of the RAA in different cultural settings and compare the results.

Finally, the study is an ex-ante type of study. The research focuses on the cognitive and affective factors that influence the intention to export. The underlying assumption underpinning the entire research is that the mechanism that allows managers to

implement the decision to export is the same that operates when they elaborate their intention (Ajzen, 1991, 2005; Fishbein and Ajzen, 2010). Intention to export has been used as a proxy for the actual export, therefore export performance has not been considered in the current framework. Although following the RAA guidelines, evidence has been provided that in the context of SMEs there is a strong intention-behaviour correlation, many factors can prevent people from carrying out their intentions. Future research can take into account managers' intention and managers' behaviour leaving an appropriate time lag (3-5 years) between the collection of the two information. A longitudinal study would allow improving the conceptual framework by capturing the actual firm export decision and establish the relationship between managers' intention and behaviour (see, for example, Delmar and Wiklund, 2008).

6.5 Concluding remarks

The development of this investigation has taken the reader through a journey into a microfoundation model of internationalisation decisions. The model is based on the introduction of affective elements in managerial decision making. A hot-cognitive approach has been introduced by acknowledging the fact that that managers act intentionally and are driven by personal *feelings*, *beliefs* and *desires* (Augier and Teece, 2008; Hutzschenreuter et al., 2007; Lewin and Volberda, 1999).

A microfoundation model based on a hot cognitive approach has revealed new interesting insights about managerial behaviour and has highlighted a few limitations of current approaches based on cold cognitive assumptions. For example, the research shows the insufficiency of methods base on demographic variables aiming at capturing managerial cognitive capabilities. It has been shown that managers' cognitive assessments are influenced by affective evaluation and this effect cannot be easily captured by variables such as age, education, nationality. Similar considerations can be done for the role of experience. Affective reactions play a prominent role in gathering information and regulating the attention of the decision-maker. Therefore, experience influences the decision of managers because it is mediated by cognitive and, above all, by affective factors.

Furthermore, a hot cognitive perspective potentially changes the idea of how risk assessment is conceptualised. The traditional consequentialist perspective assumes that the decision-maker makes a choice after an evaluation of all the possible different

alternatives. By contrast, when the emphasis is placed on the anticipatory emotions (i.e. the risk-as-feeling hypothesis) the assessment of risk is done contextually in the decision moment (Loewenstein et al., 2001).

Also, a hot cognitive approach poses serious challenges to the concept of rational decision making. The research shows that affective and cognitive assessments are governed by different brain systems. In the majority of cases, people present a consistent attitude, meaning that cognitive and the affective attitude are generally aligned. Only recently, after the development of the RAA (Fishbein and Ajzen, 2010), the two dimensions have been considered as separate entities producing different effects. The research shows that the effect that these two dimensions exert on the intention to export is at the same time different and inextricably intertwined. As shown by study three, ambivalence and inconsistency generate confusion in the manager's mind and inability to make stable choices. Under the effect of ambivalence and inconsistency managers can even change the cognitive evaluation of export outcomes.

A hot cognitive perspective could represent a new frontier to model internationalisation decisions in IB studies. If managers are aware of the power of the affective dimension of their brain, they can learn how to skilfully manipulate it. Being able to strategically use their own emotional intelligence, managers would understand better the context of their decisions, take into account visceral factors and learn how to derive meaningful information from it.

Planning the expansion of a business in foreign countries need managers with high capabilities and knowledge of international markets. It also needs an exhaustive risk and benefits analysis that anticipates costs quantifying as accurately as possible future returns. Recently a debate has evolved around the possibility to use artificial intelligence or machine learning technologies to substitute managers in making these decisions. New technologies would allow to process a virtually unlimited amount of information, look for patterns in the data, and assess various opportunities. However, one of the hardest challenges of these technologies was to teach a machine how to deal with emotions. Scientists are aware of the importance of adding the affective/emotional dimension in decision-making. For example, machines can now use the information on the personality of consumers alongside traditional demographics to make a better prediction of their preferences. Text analysers can now

read documents such as emails and other documents to determine if the person is happy, angry, frustrated, or thrilled. This allows to adapt better the interaction and create higher customer satisfaction.

New advancements on artificial intelligence and machine learning technologies could provide new decision aids to help managers make progressively better decisions. However, the architectural framework of artificial intelligence remains inspired by the characteristics of the human brain (Samsonovich, 2020). Feeling, emotions, mood, biases, moral schemes, and semantic maps represent the building blocks for a human-like machine development in a process of "reverse engineering" of the human mind. Therefore, the study of the factors affecting managers' decisions and the adoption of more realistic assumptions about the human mind will provide useful insights on how to create better technological instruments. Among the advantages already described in previous sections, the adoption of a hot cognitive approach in IB studies also represents a little step in this direction.

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APPENDIX

Exhibit 1 *Ethic form*

The Secretariat
University of Leeds
Leeds, LS2 9JT Tel: 0113 343 4873
Email: ResearchEthics@leeds.ac.uk

UNIVERSITY OF LEEDS

Marica Grego
Leeds University Business School
University of Leeds
Leeds, LS2 9JT

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

9 March 2018

Dear Marica,

Title of study: **Managerial intentionality and decision-making: the role of the cognitive and affective dimension in export decisions**
Ethics reference: **LTLUBS-223**

I am pleased to inform you that the above application for light touch ethical review has been reviewed by a representative of 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-223 confirmation of research title.txt (email)	1	22/02/2018
LTLUBS-223 Consent form.pdf	1	21/02/2018
LTLUBS-223 Information sheet.pdf	1	21/02/2018
LTLUBS-223 tpb_manual.pdf	1	21/02/2018
LTLUBS-223 LightTouchEthicsForm MG-Signed.pdf	1	21/02/2018
LTLUBS-223 tpb.measurement.pdf	1	21/02/2018
LTLUBS-223 tpb.questionnaire.pdf	1	21/02/2018

Please notify the committee if you intend to make any amendments to the original research as submitted at date of this approval, including changes to recruitment methodology. 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, as well as other documents relating to the study. 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

Jennifer Blaikie
Senior Research Ethics Administrator, the Secretariat
On behalf of Dr Kahryn Hughes, Chair, AREA Faculty Research Ethics Committee
CC: Surender Munjal, Hinrich Voss, Elizabeth Yi Wang

Exhibit 2 *Information sheet*

Leeds University Business School

UNIVERSITY OF LEEDS

Managerial Intentionality and Decision-making

A study of British Small and Medium Sized Firms

You are being invited to take part in a research project.

- Before you decide it is important for you to understand why the research is being done and what it will involve.
- Please take time to read the following information carefully and discuss it with others if you wish.
- Ask me if there is anything that is not clear or if you would like more information.
- Thank you for reading this information. Take time to decide whether or not you wish to take part.
- This study has been reviewed and given a favourable opinion by the Faculty Research Ethics Committee on 8th March 2018, ethic reference LTLUBS-223.

Content

1. Purpose of the project?

- The purpose of the project is to explore the concept of managerial intentionality examining the individual mechanisms that allow managers making decisions about internationalisation.
- The intention to export, or not to export, will be examined exploring cognitive and affective elements supporting the managerial decision.

2. Why am I being asked to participate?

- You have been invited to participate as the research is targeting CEO/export managers/international managers of UK small and medium sized enterprises in the manufacturing sector.

Contact Info

If you have any questions about this study, please contact me:

Marica Grego

Maurice Keyworth Building, Leeds University Business School LS2 9JT Leeds

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+44 (0) 7543750943

https://www.linkedin.com/in/marica-grego-59b40261/

https://www.researchgate.net/profile/Marica_Grego

https://business.leeds.ac.uk/about-us/our-people/staff-directory/profile/marica-grego/

Leeds University Business School

UNIVERSITY OF LEEDS

3. What will I need to do if I take part?

- The research requires you to take part in a survey which lasts approximately 10-15 minutes.
- Participants will be asked to reply the questions frankly. Please, note that this survey is anonymous and honest reply will help to improve the results of our research.

4. Disadvantages and risk

- Disadvantages may arise from the time necessary to fill the questionnaire. However, the researcher managed to keep the lowest possible number of questions and the total survey will not take longer than 10-15 minutes.
- No foreseeable risks are connected to this research.

5. Benefits of taking part

- Whilst there are no immediate benefits for those people participating in the project, it is hoped that this work will shed light in the way managerial decisions are made.
- This work may provide policy makers and local authorities with new important information. Small and medium businesses may benefit from new policies based on this research findings.

6. More information about taking part

- It is up to you to decide whether or not to take part. If you do decide to take part, you will be given this information sheet to keep and being asked to sign a consent form.
- You can still withdraw at any time without it affecting any benefit that you are entitled to in any way. You do not have to give a reason.

7. Confidentiality

- All of the information disclosed or provided by the survey will be considered as confidential.
- Personal data (such as names and emails) will be deleted from the data after the response will be received. Data will be finally analysed in an anonymous way.
- Data will be treated and stored according to the Leeds University Code of Practice on Data Protection and the University's Information Protection Policy.
- Participants can obtain a copy of the result of the research either in a form of report or academic publication.

8. Contact for further information

If you have any question about this study, please contact me:

Marica Grego *(researcher)*

Maurice Keyworth Building, Leeds University Business School LS2 9JT Leeds
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Prof. Surender Munjal *(supervisor)*

Maurice Keyworth Building, Leeds University Business School LS2 9JT Leeds
smu@lubs.leeds.ac.uk

Exhibit 3 *Questionnaire*

INTRO

Dear ${m://FirstName} ${m://LastName}, you are invited to participate in a research study conducted at the University of Leeds.

The project. The study aims to explore the factors that influence managers when making strategic decisions. The research is conducted by Marica Grego, postgraduate research student at the Leeds University Business School. The project has been reviewed and given a favourable opinion by the Faculty Research Ethics Committee on 8/3/2018 (ethic reference LTLUBS-223). More information about the research project can be found here.

What are you invited to do? As a manager of a UK SME, you are invited to complete an online survey. The survey should take about 15-20 minutes. You can choose to terminate the survey at any time or save your progress so that you can continue later if necessary. Your participation in this study is voluntary. There is no right or wrong answers. Your responses should reflect your personal opinion. The information collected is completely confidential and all identifying information will be removed from the results and destroyed as soon as the data has been collected.

Your contribution to this study is essential and I sincerely appreciate your time and dedication.

Click "Next" to start the survey.

Contact:
Marica Grego
Address: Maurice Keyworth Building, LS29JT, Leeds
E-mail: bn13m3g@leeds.ac.uk
LinkedIn profile

CONSENT FORM

- ☐ *I confirm I have read and understood the information sheet explaining this research project and I have had the opportunity to ask questions about the project.*
- ☐ *I agree to my responses being stored and used in relevant future research in an anonymised form.*
- ☐ *I understand that relevant sections of the data collected during the study may be looked at by research ethics auditors from the University of Leeds. I give permission for these individuals to have access to my records.*
- ☐ *I agree to take part in this research project.*

SCREENER BLOCK

What is your position in ${m://ExternalDataReference}?

- ○ ***Owner/Founder/Partner:** you are the owner or of your business individually or in a partnership*
- ○ ***Chief Executive/Director/Managing Director:** you are the individual in charge of the whole company (but not the owner or the founder)*
- ○ ***Sales Manager/Export manager/ Business development manager (or manager in an equivalent position):** you make most of the decisions in your area and report directly to the highest manager*
- ○ ***Admin/Human Resources/Technical /Research and Development/IT /Communication or Property manager:** you make most of the decisions in your area, but not in the area of sales, export or business development*
- ○ ***Non-executive:** you do not have any management responsibility*
- ○ ***Other:** please specify*

End of survey

Thank you very much for your time.
Unfortunately, your role does not match the criteria required to complete this survey.

I would be grateful if you could assist further by entering the email address of your company's Director or key business development decision-maker

SCREENERS 2

How would you describe your company in terms of export?

- ○ *We export regularly*
- ○ *We export occasionally*
- ○ *We used to export but we don't at the moment*
- ○ *We have never exported*

Does your company have any of the following international operations? (You can select more than one option)

- ☐ *Wholly owned subsidiaries abroad*
- ☐ *International joint ventures*
- ☐ *International strategic alliances*
- ☐ *Licensing, franchising or other contractual operations with foreign partners*
- ☐ *Other, please specify*
- ☐ *None of the above*

Please report the current size of your business in terms both of total sales and number of employees?

Total sales or turnover (considering the last accounting year)	
Current number of employees	

In your opinion or according your experience, what do you think is the likelihood of the following statements?

NB **export commitment** = strategic actions of allocating financial and/or non-financial resources to initiate or to increase foreign sales

	Extremely unlikely	*Moderately unlikely*	*Slightly unlikely*	*Neither likely nor unlikely*	*Slightly likely*	*Moderately likely*	*Extremely likely*
If I commit to exporting I need to change my company's products and/or packaging	○	○	○	○	○	○	○
If I commit to exporting I need to allocate personnel for business travel	○	○	○	○	○	○	○
If I commit to exporting I will make a major contribution to my company's long-term profitability	○	○	○	○	○	○	○
If I commit to exporting, I will allow my company to develop new expertise	○	○	○	○	○	○	○
If I commit to exporting I will have to sacrifice my company's short-term profitability	○	○	○	○	○	○	○
If I commit to exporting I will make a major contribution to my company's growth (i.e company size and/or market share)	○	○	○	○	○	○	○

In your opinion or according your experience, what do you think is the likelihood of the following statements?

NB **export commitment** = strategic actions of allocating financial and/or non-financial resources to initiate or to increase foreign sales

	Extremely unlikely	*Moderately unlikely*	*Slightly unlikely*	*Neither likely nor unlikely*	*Slightly likely*	*Moderately likely*	*Extremely likely*
If I commit to exporting I will find myself working in unknown situations	○	○	○	○	○	○	○
If I commit to exporting I will have to work flexibly and put in more hours	○	○	○	○	○	○	○
If I commit to exporting I will feel very proud of my accomplishments	○	○	○	○	○	○	○
If I commit to exporting I will spend time planning international operations	○	○	○	○	○	○	○
If I commit to exporting I might have to work with persons from other cultures	○	○	○	○	○	○	○
If I commit to exporting I will need to travel abroad for business purposes	○	○	○	○	○	○	○

How good/bad do you consider the following situations to be?

	Extremely bad	*Moderately bad*	*Slightly bad*	*Neither good nor bad*	*Slightly good*	*Moderately good*	*Extremely good*
Changing my company's products and/or packaging	○	○	○	○	○	○	○
Increasing my company's long-term profitability	○	○	○	○	○	○	○
Allocating personnel for business travels	○	○	○	○	○	○	○
Developing new expertise	○	○	○	○	○	○	○
My company's growth	○	○	○	○	○	○	○
Sacrificing short-term profitability	○	○	○	○	○	○	○

DIRECT MEASURES

In the coming years* I intend to commit my company's resources to develop current or future export activities.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

One of my main goals, as a manager of this company, is to initiate or increase my company's export.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

I am ready to do anything to initiate or increase my company's export.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

In the coming years I will push my company to exploit its full potential as an exporter.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

My commitment to my company exporting is…

	1	2	3	4	5	6	7	
Harmful	○	○	○	○	○	○	○	*Beneficial*

My commitment to my company exporting is…

	1	2	3	4	5	6	7	
Useless	○	○	○	○	○	○	○	*Worthwhile*

I see my commitment to my company exporting as…

	1	2	3	4	5	6	7	
Bad	○	○	○	○	○	○	○	*Good*

My commitment to my company exporting is…

	1	2	3	4	5	6	7	
Painful	○	○	○	○	○	○	○	*Enjoyable*

My committing to my company exporting is…

	1	2	3	4	5	6	7	
Unpleasant	○	○	○	○	○	○	○	*Pleasant*

My committing to my company exporting is…

	1	2	3	4	5	6	7	
Dull	○	○	○	○	○	○	○	*Exciting*

I feel a personal obligation to do whatever I can to commit my company to exporting.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

Most people who are important to me think I should commit to my company exporting.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

Most people whose opinion I value would approve my commitment to export.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

Most managers like me are committed to export

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

Being committed to export is a common practice among managers like me

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

More and more managers of business like mine are committing to export

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

My commitment to export depends on my decision

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

The decision to commit myself to export is beyond my control

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

Whether I commit to my company's export is mainly up to me

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

I think I possess the capabilities to commit to my company exporting.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

I believe I have the resources to commit to my company exporting.

	1	2	3	4	5	6	7	
Strongly disagree	○	○	○	○	○	○	○	*Strongly agree*

My commitment to my company exporting is…

	1	2	3	4	5	6	7	
Difficult	○	○	○	○	○	○	○	*Easy*

CONTROL QUESTION

In the next 3-5 years, how do you see your company?

- ○ *My company will initiate its export activities*
- ○ *My company will increase its export activities*
- ○ *My company will maintain existing export levels*
- ○ *My company will reduce its export activities*
- ○ *My company will not be involved in any export activities*

How pleasant is the thought of the following situations?

	Extremely unpleasant	Moderately unpleasant	Slightly unpleasant	Neither pleasant nor unpleasant	Slightly pleasant	Moderately pleasant	Extremely pleasant
Doing business with people from other cultures	○	○	○	○	○	○	○
Spending my time planning international operations	○	○	○	○	○	○	○
Working in unknown situations	○	○	○	○	○	○	○
Working flexibly and putting in more hours	○	○	○	○	○	○	○
Traveling abroad for business purposes	○	○	○	○	○	○	○
Feeling proud of my accomplishments	○	○	○	○	○	○	○

EXPERIENCE BLOCK

In your entire career as a manager, how many years have you worked overseas?

- ○ None
- ○ 1-2
- ○ 3-4
- ○ 5-7
- ○ 8-10
- ○ 11-20
- ○ 20+

In your entire career as a manager, how many years' experience do you have in export or international business activities?

- ○ No experience
- ○ 1-2
- ○ 3-4
- ○ 5-7
- ○ 8-10
- ○ 11-20
- ○ 20+

In your entire career as a manager, how many countries have you traded with?

- ○ None
- ○ 1-2
- ○ 3-4
- ○ 5-7
- ○ 8-10
- ○ 11-20
- ○ 20+

DEMOGRAPHIC BLOCK

DEMOGRAPHIC QUESTIONS

What is the highest level of education you have attained?

- ○ High school - GCSE (or equivalent)
- ○ High school - A levels (or equivalent)
- ○ Bachelor's degree (BSc, BA or equivalent)
- ○ Master's degree (MSc, MA or equivalent)
- ○ MBA (Master Business Administration or equivalent)
- ○ Doctoral degree (PhD or equivalent)

Please, select your age

- ○ Younger than 20
- ○ 20 - 29
- ○ 30 - 39
- ○ 40 - 49
- ○ 50 - 59
- ○ 60 - 69
- ○ 70 - 79
- ○ 80 or older

QUALITY_OF_RESPONDENTS and MARKER VARIABLES

Please indicate the degree of your:

	Very low	Low	Slightly low	On average	Slightly high	High	Very high
Knowledge of the topics covered by the survey questions (compared to other people in your company)	○	○	○	○	○	○	○
Direct involvement in answering the above questions	○	○	○	○	○	○	○
Confidence in answering the above questions	○	○	○	○	○	○	○

How far do you agree with the following statements?

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I prefer blue to other colors	○	○	○	○	○	○	○
I like the color blue	○	○	○	○	○	○	○
I like blue clothes	○	○	○	○	○	○	○

Thank you very much

Your contribution is really appreciated

In recognition of the help you have given me, I would be happy to share my research findings with you. Please indicate your preference from the options below (you can select more than one option):

☐ *I wish to receive an **individual report** of my responses (Please, type your email)*

☐ *I wish to receive the results in form of the **academic publication** (Please, type your email)*

☐ *I wish to receive the results in form of the **report** (Please, type your email)*

☐ *I am not interested in the research findings*

Exhibit 4 *Invitation letter*

Dear [manager first name] [manager last name],

You are invited to participate in a research study conducted at Leeds University Business School and you can obtain a short summary that describes your decision-making style. The study is conducted by Marica Grego (postgraduate research student). The aim of the project is exploring the factors that influence managers when making strategic decisions (ethic reference LTLUBS-223). More information about the project can be found here.

As a manager of [name of the company] you are invited to complete an online survey. The survey should only take about 15-20 minutes. You can choose to terminate the survey at any time or save your progress so that you can continue later if necessary. Your participation in this study is voluntary. Your responses should reflect your personal opinion. The information collected is completely confidential and all identifying information will be removed from the results and destroyed as soon as the data has been collected.

Your contribution to this study is essential and I sincerely appreciate your time and dedication. In recognition of the help you are giving me, I would be happy to share my research findings with you. At the end of the survey, you can choose to obtain a copy of the findings in the form of academic publication, business report or individual report describing your decision-making style.

To start the survey, please select the option that best describes your company:

How would you define your company in terms of export?

1) We export regularly

2) We export occasionally

3) We use to export but we don't at the moment

4) We have never exported

Should you have more comments or require further information about the research, please do not hesitate to contact me.

Kind regards,

Marica Grego

Postgraduate research student at Leeds University Business School
Address: Maurice Keyworth Building, LS29JT, Leeds
E-mail: bn13m3g@leeds.ac.uk
Linkedin URL
You can access the survey at the following link:
[SurveyLink]
Or copy and paste the URL below into your internet browser:
[Survey URL]
Follow the link to opt-out of future emails:
[Opt Out Link]

Exhibit 5 *Fit statistics and cut off points commonly reported*

Measure	Name	Description	Cut-off for good fit
χ2	Model Chi-Square	Assesses the overall fit and the discrepancy between the sample and fitted covariance matrices. Sensitive to sample size. H0: The model fits perfectly.	$\chi 2/df < 2.00$
df	Degrees of freedom	The numbers of knowns minus the number of free parameters	
CFI	Comparative Fit Index	A revised form of NFI. Not very sensitive to sample size. Compares the fit of a target model to the fit of an independent, or null, model.	CFI ≥.90
RMSEA	Root Mean Square Error of Approximation	A parsimony-adjusted index. Values closer to 0 represent a good fit.	RMSEA <0.08
(S)RMR	(Standardized) Root Mean Square Residual	The square-root of the difference between the residuals of the sample covariance matrix and the hypothesized model. If items vary in range (i.e. some items are 1-5, others 1-7) then RMR is hard to interpret, better to use SRMR.	SRMR <0.08
IFI	Incremental fit Index	A value of zero indicates having the worst possible model and a value of one indicates having the best possible. The worst possible model is called the null or independence model and the usual convention is to allow all the variables in the model to have variation but no correlation.	IFI>0.9
Cronbach's α	Cronbach's α	It is a measure of internal consistency, that measures how closely related a set of items are as a group.	α > 0.7
CR	Composite reliability	Similarly to Cronbach's α, CR is a measure of internal consistency in scale items. It is equal to the total amount of true score variance relative to the total scale score variance.	CR > 0.07
AVE	Average variance extracted	AVE is a measure of convergence among a set of items representing a latent construct. It is the average percentage of variation explained (variance extracted) among the items of a construct.	AVE > 0.5

Exhibit 6 *Outcomes elicitation*

Behavioural beliefs (cognitive)

- **Economic benefit**
  - Profit expansion (Felício et al., 2015; Johnston and Czinkota, 1985; Yu and Lindsay, 2016)
  - Sales expansion (Questions from Yu and Lindsay, 2016)
  - Increase return on investment (Jaffe and Pasternak, 1994)
  - Internationalization had a positive effect on the firm's financial results (Felício et al., 2012; Nummela et al., 2004)
- **Growth/Survival**
  - Reduce dependence on existing markets, market diversification (Jaffe and Pasternak, 1994)
  - Competitiveness
  - Sacrifice profitability to increase market share (Adapted from Felício et al., 2015)
  - Revenue diversification (decreasing domestic growth opportunity) (Jaffe and Pasternak, 1994)
  - Larger market power
  - Long term expansion (Jaffe and Pasternak, 1994)
  - Internationalization had a positive effect on the firm's image (Felício et al., 2015; Felício et al., 2012; Nummela et al., 2004)
  - Internationalization is the only way to achieve the firm's growth objectives (Felício et al., 2015; Felício et al., 2012; Nummela et al., 2004)
  - Growth potential in the domestic market (Felício et al., 2012)
  - The growth we are aiming at can be achieved mainly through internationalisation (Nummela et al., 2004)
- **Knowledge**
  - Knowledge acquisition (Felício et al., 2015; Ganotakis and Love, 2012; García et al., 2012)
  - Knowledge exploitation (Jaffe and Pasternak, 1994)
- **Foreign competencies**
  - Innovation
  - Firm competencies (Gao et al., 2010)
  - Increases experience (Jaffe and Pasternak, 1994)
  - Internationalization had a positive effect on/ the firm's specialization and know-how development/ development of our company's expertise (Felício et al., 2015; Felício et al., 2012; Nummela et al., 2004)
  - Explore market resources (Felício et al., 2015)
  - Create/maintain contacts with customers/suppliers (Felício et al., 2015)
- **Enhance potential**
  - Extend the life cycle of existing products (Jaffe and Pasternak, 1994)
  - Stabilize seasonal market fluctuation (Jaffe and Pasternak, 1994)
  - Increasing economies of scales (Jaffe and Pasternak, 1994)
  - Dispose of excess inventories (Felício et al., 2015; Jaffe and Pasternak, 1994)

- Export is an important opportunity for my firm (Acedo and Galán, 2011)

- **External effect**
  - I believe that export operations of my company provide a clear benefit to the local economy (UK economy) (Adapted from Murtha et al., 1998)

- **Adaptation**
  - Effort and additional costs to develop new promotional material and adapt the products to the external market (Cavusgil et al., 1993)

- **Complexity**
  - I generally consider internationalization to be a complex process (Felício et al., 2012)
  - Selling products in foreign markets implies a high risk (Acedo and Galán, 2011)

Behavioural beliefs (affective)

- **Tolerance of ambiguity**
  - Enjoy/Dislike working in uncertain situations such as international markets (Questions adapted from Acedo and Galán, 2011)
  - Enjoy/Dislike the challenges of my job (Questions adapted from Acedo and Galán, 2011)
  - I tend to take risk related to the market (Felício et al., 2015)

- **Proactiveness measure**
  - Looking for new things that will improve my company for me is very exciting (Acedo and Galán, 2011)
  - Turning my ideas into a real project is very exciting (Acedo and Galán, 2011)
  - The best part of my job is to identify new opportunities (Acedo and Galán, 2011)

- **Other questions**
  - I enjoy travelling (Acedo and Jones, 2007)
  - I enjoy finding myself in a new cultural setting (Gupta and Govindarajan, 2002)
  - I am proud to belong to an internationally operating company (Arora et al., 2004)
  - I feel comfortable with change, surprise and ambiguity (Arora et al., 2004)
  - I enjoy trying food from other countries (Arora et al., 2004)
  - I find people from other countries to be boring (Arora et al., 2004)
  - I enjoy working on world community projects (Arora et al., 2004)
  - I get anxious around people from other cultures (Arora et al., 2004)
  - I am at my best when I travel to worlds that I do not understand (Arora et al., 2004)
  - I get very curious when I meet somebody from another country (Arora et al., 2004)
  - I enjoy reading foreign books or watching foreign movies (Arora et al., 2004)
  - I find the idea of working with a person from another culture unappealing (Arora et al., 2004)

- When I meet someone from another culture I get very nervous (Arora et al., 2004)
- Travelling in lands where I can't read the street names gives me anxiety (Arora et al., 2004)
- I enjoy spending my time in planning international operations (Adapted from Felício et al., 2015; Nummela et al., 2004)
- I am open to the opportunity to work abroad (Felício et al., 2015)

Exhibit 7 *Ambivalence scoring*

As an example, suppose that both positive and negative components range from 1 to 4 as shown in the table below. Applying the above formula, ambivalence shows the highest score (lowest value) when attitude presents the combinations of P=4 and N=1 or P=1 and N=4. Whereas, ambivalence shows the lowest score (highest value) when both P=4 and N=4.

This measure takes into account both the polarization of beliefs and the intensity of beliefs (Thompson et al., 1995). Therefore: (1) the score for P=3 and N=3 is less than for P=4 and N=4 (3.0<4.0, although identical in terms of polarisation, attitude in the second case shows more intensity); (2) the score for P=3 and N=4 is less than for P=3 and N=3 (2.5<3.0, although superior in terms of intensity, attitude in the second case shows more polarisation).

Ambivalence scoring

Negative components (N)	**Positive components (P)**			
	1	**2**	**3**	**4**
1	1.0	0.5	0	-0.5
2	0.5	2.0	1.5	1.0
3	0	1.5	3.0	2.5
4	-0.5	1.0	2.5	4.0

Source: (Thompson et al., 1995)

Exhibit 8 *Managers' beliefs across different segments*

Cognitive beliefs	**Non-intenders**	**Intenders**	**Non-reg exporters**	**Regular exporters**	**Non-Owners**	**Owners**
b1	-0.003 (0.048)	**0.029 (0.012)***	0.032 (0.029)	**0.03 (0.012)***	**0.05 (0.018)****	**0.064 (0.028)***
b2	**0.071 (0.036)+**	**0.026 (0.012)***	0.041 (0.026)	**0.031 (0.012)***	**0.037 (0.016)***	0.048 (0.029)
b3	**0.093 (0.045)***	0.017 (0.011)	0.054 (0.028)	**0.014 (0.01)+**	**0.034 (0.016)***	0.013 (0.023)
b4	0.004 (0.042)	0.006 (0.01)	0.027 (0.027)	0.013 (0.01)	0.016 (0.016)	0.024 (0.022)
b5	-0.044 (0.030)	**-0.022 (0.01)***	-0.026 (0.022)	-0.01 (0.01)	**-0.049 (0.014)*****	0.03 (0.02)
b6	0.042 (0.034)	**0.027 (0.009)*****	0.007 (0.023)	**0.017 (0.008)***	**0.041 (0.014)****	0.024 (0.017)
χ2 (df)	14.592 (12)	17.447 (12)	16.005 (12)	17.784 (12)	12.104 (12)	20.467 (12)
CFI	0.989	0.991	0.988	0.989	0.999	0.984
RMSEA	0.066	0.050	0.064	0.056	0.008	0.090
Affective beliefs	**Non-intenders**	**Intenders**	**Non-reg exporters**	**Regular exporters**	**Non-Owners**	**Owners**
b7	0.018 (0.026)	0.008 (0.011)	0.017 (0.02)	0.008 (0.012)	0.02 (0.015)	0.005 (0.021)
b8	0.022 (0.020)	0.003 (0.009)	-0.001 (0.017)	0.013 (0.01)	0.009 (0.013)	0 (0.016)
b9	**0.091 (0.028)*****	**0.035 (0.011)*****	**0.068 (0.021)*****	**0.037 (0.011)*****	**0.058 (0.014)*****	0.04 (0.021)
b10	-0.018 (0.026)	**0.028 (0.012)***	0.025 (0.02)	0.021 (0.014)	**0.028 (0.016)+**	**0.05 (0.021)***
b11	-0.004 (0.024)	0.017 (0.01)	0.011 (0.023)	0.013 (0.011)	0.007 (0.014)	0.028 (0.02)
b12	0.005 (0.024)	**0.022 (0.011)***	0.018 (0.018)	0.02 (0.012)	0.023 (0.015)	**0.034 (0.02)+**
χ2 (df)	15.545 (12)	21.218 (12)	7.902 (12)	29.945 (12)	26.468 (12)	14.948 (12)
CFI	0.984	0.987	0.999	0.974	0.982	0.993
RMSEA	0.077	0.065	0.001	0.099	0.091	0.053
Cognitive beliefs	**Non-Family**	**Family**	**Low experience**	**High experience**	**Micro-small**	**Medium**
b1	0.022 (0.02)	**0.083 (0.023)*****	**0.045 (0.023)***	0.023 (0.017)	0.035 (0.022)	**0.047 (0.02)***
b2	0.026 (0.019)	**0.053 (0.021)***	0.025 (0.019)	**0.06 (0.018)*****	0.007 (0.021)	**0.053 (0.019)****
b3	**0.038 (0.018)***	0.023 (0.019)	**0.056 (0.023)***	**0.025 (0.013)+**	**0.088 (0.021)*****	0.021 (0.017)
b4	**0.039 (0.019)***	0.005 (0.017)	0.014 (0.021)	0.019 (0.013)	-0.017 (0.018)	**0.036 (0.017)***
b5	**-0.035 (0.016)***	0.003 (0.017)	-0.006 (0.017)	-0.031 (0.012)	0.012 (0.019)	**-0.026 (0.015)+**
b6	**0.034 (0.014)***	0.021 (0.016)	**0.031 (0.016)+**	**0.012 (0.012)***	**0.026 (0.015)+**	**0.029 (0.014)***
χ2 (df)	14.390 (12)	10.609 (12)	18.252 (12)	19.888 (12)	21.114 (12)	8.729 (12)
CFI	0.996	0.999	0.991	0.982	0.979	0.999
RMSEA	0.041	0.001	0.063	0.080	0.092	0.000
Affective beliefs	**Non-Family**	**Family**	**Low experience**	**High experience**	**Micro-small**	**Medium**
b7	0.015 (0.017)	0.022 (0.017)	0.015 (0.017)	0.018 (0.015)	0.035 (0.022)	0.01 (0.015)
b8	0.01 (0.014)	-0.006 (0.014)	0.017 (0.013)	-0.002 (0.013)	0.007 (0.021)	0.004 (0.012)
b9	**0.043 (0.017)***	**0.065 (0.015)*****	**0.063 (0.016)*****	0.037 (0.014)	**0.088 (0.021)***	**0.062 (0.014)*****
b10	0.024 (0.018)	**0.05 (0.018)****	**0.032 (0.017)+**	**-0.003 (0.018)***	-0.017 (0.018)	**0.04 (0.016)****
b11	0.02 (0.015)	0.008 (0.017)	0.018 (0.017)	0.006 (0.013)	**0.012 (0.019)***	0.002 (0.014)
b12	0.025 (0.016)	**0.031 (0.017)+**	0.013 (0.015)	**0.053 (0.015)*****	**0.026 (0.015)+**	**0.026 (0.014)+**
χ2 (df)	13.262 (12)	22.234 (12)	12.266 (12)	25.510 (12)	6.261 (12)	32.518 (12)
CFI	0.998	0.985	0.999	0.975	0.999	0.974
RMSEA	0.029	0.087	0.013	0.105	0.000	0.109

To avoid congestion p values are not reported. *** p=0.001, ** p=0.01, * p=0.05 + p=0.1

Cognitively beliefs
b1. Contribution to my company long-term profit
b2. Sacrifice my company's short-term profitability
b3. Contribution to my company's growth
b4. Develop new expertise
b5. Change my company's products and/or packaging
b6. Allocate personnel for business travel
Affective beliefs
b7. Working in unknown situations
b8. Travel abroad
b9. Spend time planning international operations
b10. Work with persons from other cultures
b11. Work flexibly and put in more hours
b12. Makes me feel very proud of my accomplishments

GLOSSARY

Affect

According to APA's dictionary, affect is "any experience of feeling or emotion, ranging from suffering to elation, from the simplest to the most complex sensations of feeling". Affective reactions include actions like liking, disliking, preference, evaluation, or the experience of pleasure or displeasure. Affective reactions are:

- Primary: meaning that the first reaction to the external environment has an emotional nature;
- Basic: affect is the first link in the evolution of complex adaptive functions and is universal among animal species;
- Inescapable: these reactions cannot always be voluntarily controlled;
- Irrevocable: affective judgement is less subject to persuasion;
- Implicate subjective evaluation: deal with stimuli that come from the individual;
- Difficult to verbalize: feelings are not always precise and often are experienced unconsciously;
- Separated from the content: affective impressions remain readily accessible in individuals' memory and can easily be recalled and applied to new a situation;
- Independent from cognition: judgement of pleasantness (unpleasantness) can be independent from the objective qualities of a particular object/behaviour.

The term affect in the context of the research only includes experiential evaluations leaving aside somatic responses characterized by some degree of arousal.

Affective attitude

(See attitude)

Ambivalence

The individual state of having mixed feelings or contradictory ideas about something or someone; the presence of simultaneous positive and negative evaluations about an object.

Attitude

Latent disposition or tendency to respond with some degree of favorableness or unfavorableness to a psychological object. It can be differentiated into cognitive attitude (refers to the expected consequences or outcomes of an object provide information about how valuable or beneficial is performing the behaviour) and affective attitude (refers to the anticipatory feelings associated with the object and provides information generated by the elaboration of past experience)

Autonomy

One of the two dimensions of perceived behavioural control. It represents the degree to which one believes that has control over the behaviour.

Belief

A subjective probability that an object carries a certain outcome (see the entry outcome).

Bounded rationality

Bounded rationality means that individuals are rational, but only limitedly. Bounded rationality reflects the limited cognitive capacity of individuals to make optimal choices. These limitations arise from two sources: the impossibility to access all possible information and the limited capacity to process and interpret all information in terms of relevance and implications.

Capacity

Capacity denotes the degree to which one believes to possess the capability to perform the behaviour. Capacity is conceptually similar to *self-efficacy* which is the judgement of one's ability to organize and execute given types of performance.

Cognition

Comes from the Latin word *cognitio*, that means knowledge. According to the Dictionary of Psychology, cognition is an item of knowledge or belief that includes all mental activities involved in acquiring and processing information. The term "cognition" encompasses at least two meanings: first, it refers to mental activities also termed mental processes or mental operations; second, it refers to individuals' mental structures or representations or schema.

Cognitive attitude

(See attitude)

Cold cognition

Mental process or activity that does not involve feelings or emotions.

Descriptive norms

Perceived social pressure to either perform or not to perform the behaviour. Generally speaking, people tend to perform a behaviour if they perceive that the reference group with whom they are motivated to comply would approve and/or encourage the behaviour.

Hot cognition

Mental process or activity influenced by two main factors. The first is conscious, deliberative, and led by cognition. The second is more automatic and unconsciously led by affect and emotions.

Inconsistency

arises when cognitive evaluations of an object contrast the affective evaluation (negative cognitive evaluations with positive affective evaluations and vice-versa).

Intention

It captures the conative part of behaviour. It is an indication of the individual commitment, that is how much of an effort an individual is planning to exert to obtain the desired outcome. The main characterising aspect of intention (or intentionality) is the purposeful or voluntaristic orientation towards outcomes defined as goals. Intentionality is the quality of all actions, thoughts and beliefs that are consciously directed toward something defined as a goal. Intentionality represents the foundation of social cognition and summarises mental categories of awareness, desire, and belief. The awareness dimension is grounded in dimensions of knowledge and cognition. The desire dimension is not simply an expectation or a prediction about the future, instead, it is grounded in the individual ability to represent a future course of action with a proactive commitment to the goal achievement. The belief that a certain behaviour will lead to the desired consequence will activate and/or maintain the commitment towards the predetermined goal.

Intentionality

(See intention)

Mental map

Cognitive representations (also called mental maps or schema or small-world representations) that help managers to frame the world and simplify the complexity of the external environment

Mental model

(see mental map)

Microfoundations

A set of heuristics concerning theory building and theory-based empiricism that locates the explanation of a phenomenon at a level of analysis lower than the phenomenon itself.

Negativity bias

A tendency of human behaviour according to which individuals tend to attribute more importance to negative events by showing greater cognitive activity and better memory. As a consequence, a negative attitude has a stronger correlation with intention compared to a positive attitude.

Outcome

Expected consequences or implications of carrying out the behaviour. An outcome can be cognitively (gains, losses) or affectively assessed (pleasure, excitement, boredom).

Perceived behavioural control

Takes into account the availability of internal and external resources (information, skills, and opportunities) and the presence of possible barriers or obstacles that may facilitate or impede the behaviour. It is made of two dimensions autonomy (see autonomy) and capacity (see capacity).

Rationality

In economic terms, rationality entails that each individual possesses a coherent set of preferences that allow them to place alternative courses of action in a consistent order according to the desirability of the expected outcome. Rationality is also defined as the lack of complete information or a limited ability to process a big amount of information.

Reasoned action approach (RAA)

The RAA is a new revised version to the old TPB. The RAA has been advanced by Fishbein and Ajzen (2010) to address the criticism of an overreliance on cognitive aspects and bring more detailed conceptualisation of a variety of factors predicting human behaviour. With the RAA, the proponents acknowledged the long-standing finding that the decision process is influenced by both cognitive and affective factors.

Schema

(see mental map)

Small world representation

(see mental map)

Subjective norms

(see descriptive norms)

Theory of Planned Behaviour (TPB)

(see Reasoned action approach)