Internationalization Processes of SMEs: Foreign Market Entry Mode Choice, Experiential Learning, and Host-Country Selection

Dissertation

to obtain the degree of Doctor of Business Administration
(doctor rerum politicarum – Dr. rer. pol.)

submitted to the
Faculty of Business Administration and Economics at the
Heinrich Heine University Düsseldorf

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April 2017

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List of Abbreviations

CEO……………………….……. chief executive officer

CFA………………………………… confirmatory factor analysis

CFI…………………………………. Comparative fit index

CMB……………………………. common method bias

CMV…………………...……….. common method variance

DivEQ…………………………... diversity of equity experience

DivNEQ…………………………. diversity of non-equity experience

e.g. …..…………………………. exempli gratia / for example

EM…………………………………. entry mode

et al. ……………………………. et alii / and others

FDI……………………………....foreign direct investment

FO………………………………... family ownership

i.e. ..……………………….……. id est / that is

IE…………………………………… international experience

IFI……………………………….... incremental fit index

IntEQ……………………………. intensity of equity experience

IntNEQ…………………………. intensity of non-equity experience

mMNE………………………….. micromultinational enterprise

MNE……………………………. multinational enterprise

n………………………………… sample size

p……………………….………... significance level

p. ……………………..……..…... page

PA………………………………... product adaptation

POLCON………………………... Political Constraints Index

RBV……………………………... resource-based view

RMSEA…………………………. root mean square error of approximation

R^2 ……………………………..… R-squared

R&D……………………………….. research and development

SD……………………………..…… standard deviation

SEW……………………………….... socio-emotional wealth

SME……………………………….. small and medium-sized enterprise

TCE………………………………… transaction cost economics

TLI…………………………………. Tucker-Lewis Index

TMT………………………………... top management team

VIF……………………………… variance inflation factor

χ^2 …………………………...…… chi-squared

Δ………………………………… delta

%……………………………...… percent

A Introduction

1 Focus of the Dissertation

Internationalization refers to the activities through which firms expand their operations across borders (Lu & Beamish, 2001). This process may prove beneficial for firms in order to achieve a sustained competitive advantage (Chen, Hsu, & Chang, 2014), to diversify risks, and to facilitate learning (Kim, Hwang, & Burgers, 1993). However, internationalization may also impose severe risks on firms, such as environmental uncertainties present in the host country or behavioral uncertainties arising from the unpredictable behavior of actors in the host market (Brouthers & Nakos, 2004).

Firms first need to overcome these risks before they may fully reap the benefits of internationalization. This is especially true for small and medium-sized enterprises (SMEs) that are not smaller copies of large multinational enterprises (MNEs), but are very peculiar in many regards (Brouthers & Nakos, 2004; Maekelburger, Schwens, & Kabst, 2012). These peculiarities include limited foreign market knowledge due to SMEs' greater domestic focus (Brouthers & Nakos, 2004), scant managerial and financial resources, and a lack of capabilities to exploit these scant resources effectively (Nakos & Brouthers, 2002). In addition, the majority of SMEs in Europe is to some extent family-owned (European Commission, 2009), which may fortify SMEs' resource limitations and increase risk aversion (Boellis et al., 2016). These particularities influence SMEs' strategic decision-making, including internationalization decisions, and make them an interesting object of scholarly investigation (Fernández & Nieto, 2005; 2006).

Entering foreign markets involves at least two key strategic decisions to be made by the firm. First, firms need to select the most appropriate *entry mode* for entering the new country (Nakos & Brouthers, 2002). Entry modes include exporting, contractual agreements (e.g., franchising or licensing), joint ventures, acquisitions of companies in the foreign market, and the establishment of greenfield subsidiaries (Pan & Tse, 2000). Entry mode decisions determine not only the amount of resources a firm needs to commit but may also influence the potential returns a firm can expect (Anderson & Gatignon, 1986). The *entry mode and foreign venture performance* relationship therefore is worthy of scholarly inquiry.

Among these returns is the potential for *learning through experience*, i.e. a business practice allowing firms to build up knowledge, routines, processes, and to generate a competitive advantage (Haleblian, Kim, & Rajagopalan, 2006; Levinthal & March, 1993; March, 1991). Experiential learning is crucial for internationalizing firms as it may help mitigate liabilities of foreignness (Zaheer, 1995). In the context of their expansion, firms may learn from the geographic scope (Barkema & Vermeulen, 1998; Slangen & Van Tulder, 2009) or the length of time they have been active internationally (Brouthers, Brouthers, & Werner, 2003; Cho & Padmanabhan, 2005; Mutinelli & Piscitello, 1998). Other sources of learning comprise the time spent in a target country (Delios & Beamish, 1999) or region (Meyer & Estrin, 1997), the frequency in which the same entry mode is adopted in different countries (Dikova & Van Witteloostuijn, 2007; Slangen & Van Tulder, 2009), or the length of time a specific mode type has been used (Cho & Padmanabhan, 2005; Padmanabhan & Cho, 1999).

The second strategic decision refers to the target country a firm chooses for its internationalization as this choice constitutes a trade-off between the risks and the growth potentials associated with entering a particular market (Douglas & Craig, 1989). A common classification of countries is that of developing and developed markets (e.g., Galan, Gonzalez-Benito, & Zuñiga-Vincente, 2007; Huett et al., 2014). The former are associated with both great potentials and risks for internationalizing firms (Pangarkar & Yuan, 2009), whereas the latter provide significantly lower business potentials but considerably lower risks (Hitt et al., 2000). *Host country selection* thus plays an important role in SME internationalization (e.g., Coviello & Munro, 1997; Sakarya, Eckman, & Hyllegard, 2007) as the expansion into developing countries provides SMEs with the opportunity to considerably enlarge their internationalization portfolio while at the same time enhancing the risks related with internationalization.

This dissertation focuses on three aspects related to SME internationalization. First, it analyzes the performance implications of entry mode choices under resources and capabilities as boundary conditions. Second, it investigates aspects related to learning from different entry modes. That is, entry modes involving lower amounts of resources (such as exporting or licensing) expose firms to fewer and less extensive learning opportunities than do entry modes with high resource demands (e.g., acquisitions or greenfield operations). Third, this study investigates the influence of family ownership in SMEs on host country selection and the moderating effect of network tie strength on this relationship.

In so doing, the present dissertation draws on pertinent theoretical frameworks. One of the key theoretical perspectives in the international business and management literature constitutes the *resource-based view (RBV)* which suggests that firms choose their foreign market entry modes according to their firm-specific resource base (Peng, 2001). The present dissertation advances the RBV by developing a theoretical model tailored to SMEs. It shows that international experience as a resource and product adaptation as a capability increase the performance of non-equity entry modes by alleviating liabilities of smallness inherent to SMEs. We also advance the *process model of internationalization* and the *international learning perspective* by suggesting that international entry mode learning is both more complex and limited than originally thought. In some cases, it appears to be non-linear, decreasing with more experience, while in other cases, firms seem to be learning from entry mode experience only if they also have prior international experience. Finally, we advance theories relating to *family ownership* (FO) in SMEs and *social network theory* (Coleman, 1988; Granovetter, 1973; Mitchell, 1969; Rogers & Kincaid, 1981) by showing that the relationship between FO and internationalization varies in the presence of network tie strength.

In terms of methodological approaches, this dissertation draws on two sets of data that were analyzed applying *multivariate statistics*. For the second data set, a questionnaire containing established items was developed and distributed among German SMEs and afterwards complemented with secondary data from the AMADEUS database. Data was analyzed applying *moderated linear regression*, *moderated binary logistic regression* techniques, and *non-linear regression*. In addition, *descriptive data analysis* as well as various tests of reliability and validity were conducted.

2 Research Gaps

The importance of SMEs as backbone of the economy cannot be overstated. Despite the growing research interest in SMEs' particularities and internationalization processes, many research gaps remain. The present dissertation seeks to investigate three specific research questions:

1. How do entry mode decisions influence foreign venture performance?
2. What are the limits to learning from (equity and non-equity) entry modes?
3. How does family ownership influence SMEs' host country selections?

The first gap identified in the literature refers to *performance implications of entry mode choices*. While equity entry modes are resource-demanding (Sharma & Erramilli, 2004), they provide great closeness to local markets and customers (Zahra, Ireland, & Hitt, 2000). In contrast, non-equity entry modes are less resource intense and offer high flexibility (Brouthers & Nakos, 2004), yet they do not provide the same market closeness and hence make it difficult for firms to monitor foreign markets (Yeoh, 2004). Although many studies investigated the performance implications of specific entry modes, *there is no consent in the literature as to which entry modes yield the best performance outcomes*. This lack of consistency may be due to the illustrated advantages and disadvantages of non-equity and equity entry modes. Scholars therefore began investigating the boundary conditions of this relationship; however, *there is an obvious need to contextualize the entry mode and performance relationship* even further.

Moreover, literature to date mainly focused on investigating the performance implications of MNEs' entry mode choices (Anand & Delios, 1997; Pan & Chi, 1999) with only few studies focusing on SMEs (e.g., Lu & Beamish, 2001; Rasheed, 2005). Yet SMEs suffer from three liabilities of smallness (Aldrich & Auster, 1986; Maekelburger et al., 2012) that make their entry mode choices peculiar. These liabilities refer to resource limitations (Nakos & Brouthers, 2002) whereby SMEs are more prone to costly failures in the international market place (Buckley, 1989), lower degrees of international diversification and the resulting lack of foreign market knowledge (Lu & Beamish, 2001), and sensitivity to external challenges associated with internationalization (Brouthers & Nakos, 2004; Buckley, 1989). Extant literature thus has *insufficiently considered the particularities of SMEs with regard to the entry mode and performance relationship.* The inconclusiveness of the performance effects of entry modes types and the role of SMEs' liabilities in this context warrant further scholarly inquiry.

While SMEs learn from their entry mode experiences, this learning appears to be limited. Hence, the *limits to learning from entry mode experiences* constitute the second research gap. Prior research assumes learning from investment decisions to be equivalent to learning from production experience (Anand, Mulotte, & Ren, 2015). This offers an incomplete view on international experiential learning as entry mode choices are often made infrequently and never identical to previous investment situations

(Jones, 1999). These shortcomings give *leeway for research into the limits of learning from entry mode experience.*

Additionally, the international learning literature tends to suggest that learning appears in a linear way and independent of other experiential activities (e.g., Cho & Padmanabhan, 2005; Guillén, 2003; Padmanabhan & Cho, 1999). Much of this research suggests that experience accumulation is synonymous of learning, whereas recent studies show that there are limits to learning and that different types of experiences serve as complements to each other (Li & Meyer, 2009; Powell & Rhee, 2016). There appear to exist *more complex learning mechanisms within the firm than originally thought* (Barkema & Vermeulen, 1998; Powell & Rhee, 2016), necessitating further investigation.

Research into experiential learning and consequences for entry mode choice mainly focuses on MNEs (Madhok, 1998; Sanchez-Peinado, Pla-Barber, & Hébert, 2007; Slangen & Van Tulder, 2009; Vermeulen & Barkema, 2001). Yet resource limitations influence SMEs' internationalization strategies and may fortify the need for learning in these firms as opposed to large MNEs (Coviello & McAuley, 1999; Erramilli & D'Souza, 1993; Shuman & Seeger, 1986). Moreover, both large and small firms adopt non-equity modes when expanding to foreign markets (Erramilli & D'Souza, 1993), yet *past international learning studies has tended to ignore the impact of learning from non-equity modes*. This dissertation sheds light on the learning generated from non-equity entry mode experiences in combination with firms' country and region-specific international experience.

The third research gap refers to *family ownership and host country selection*. Even though the majority of SMEs is to some extent family-owned, *the SME internationalization literature has largely tended to ignore the influence of FO* (Chen et al., 2014; Sciascia et al., 2012). Resource limitations associated with SMEs are aggravated in the presence of FO as family-owned firms avoid giving influence to outside experts, yet such expertise would be highly needed for internationalization (Gomez-Mejia, Makri, & Kintana, 2010; Sanchez-Bueno & Usero, 2014). In addition to resource issues, family-owned firms suffer from increased risk aversion in order to protect their socio-emotional wealth (SEW) (Gomez-Mejia et al., 2010) as well as large shares of monetary family wealth invested in these firms (Boellis et al., 2016; Pukall & Calabrò, 2014). Studies investigating the influence of FO on SME internationalization have produced heterogeneous findings as to whether FO exerts a positive or negative influence on firms' strategies. This heterogeneity demonstrates the to date *insufficient understanding of the underlying mechanisms determining the influence of FO in SME internationalization processes.* In an attempt to contribute resolving previously inconsistent findings, few studies began analyzing moderators of the FO and internationalization relationship (e.g., Arregle et al., 2012; Chen et al., 2014). These studies show that external expertise in the form of institutional ownership may prove beneficial for family firm internationalization (Chen et al., 2014) and that heterogeneous environments exert increased pressure on family firms' resource bases (Arregle et al., 2012). These findings indicate that *adding contextualizing factors to the FO and internationalization association* is worthy of further inquiry in order to better understand the influence of FO on SME internationalization.

3 Research Objectives and Contributions

3.1 Overview of Studies

The present dissertation consists of three studies relating to the common theme of SME internationalization. These studies were conducted independently and each contribute to illustrate which factors determine SMEs' internationalization decisions, and how these decisions affect firm performance.

Table A – 1 gives an overview of the three studies in terms of title, research objectives, contribution, theoretical perspective, the constructs and methodology applied, as well as the sample on which the analyses were conducted.

Table A – 1: Characteristics of the Three Studies Constituting the Dissertation

	Title	Research Objective	Contribution	Theoretical Perspective	Core Constructs	Methodology	Sample
Study 1	SME Foreign Market Entry Mode Choice and Foreign Venture Performance: The Moderating Effect of International Experience and Product Adaptation	Investigate the effects of SMEs' entry mode choices on foreign venture performance, and how international experience as a resource and product adaptation as a capability as well as a combination of both moderate this relation.	1. Advance theory in the SME foreign market entry mode choice literature by drawing on the RBV 2. Establish a link between the possession of resources and their exploitation by including a three-way interaction to investigate the joint influence of international experience and product adaptation 3. Provide a more detailed understanding of the boundary conditions under which SMEs' entry mode choices enhance performance and this way contribute to reducing previous inconsistencies	Resource-based view	Dependent variable: Foreign venture performance Independent variable: Foreign market entry mode choice Moderators: International experience Product adaptation	Linear regression	133 German SMEs
Study 2	Limits to International Entry Mode Learning	Theoretically and empirically investigate the limits of international entry mode learning of SMEs by showing how non-equity mode experience influences subsequent mode choice if coupled with complementary experience, and by showing that high levels of equity mode experience create complexities that overburden SMEs.	1. Advance international learning research that to date tended to ignore learning from non-equity experiences by showing that non-equity entry mode experience in tandem with learning from more general country and region-specific international experience influences subsequent entry mode choice 2. Explore the limits of international entry mode learning by showing that equity mode learning is not linear, but has a decreasing marginal effect on subsequent mode choice 3. Advance the international experiential learning and mode choice literatures that tended to concentrate on MNEs but largely ignored SMEs	International process theory; international learning	Dependent variable: Entry mode choice Independent variable: Intensity of equity experience Diversity of equity experience Intensity of non-equity experience Diversity of non-equity experience Moderator: International experience	Binary logistic regression	187 German SMEs
Study 3	Family Ownership and SME Internationalization: The Moderating Role of Formal and Informal Network Tie Strength	Investigate the influence of family ownership on SMEs' host country selection and show how the tie strength of informal and international formal ties moderate the focal relation.	1. Develop theory that introduces risk aversion and resource limitations as two particularities of family-owned SMEs and how these influence family SMEs' host-country selection 2. Advance knowledge concerning the role of network ties in family firm internationalization and contribute to reducing previously inconsistent findings of the influence of FO by studying network tie strength as a boundary condition of the focal relation	Family firm literature, social network theory	Dependent variable: Host country selection Independent variable: Family ownership Moderators: Strength of international formal ties Strength of informal ties	Binary logistic regression	161 German SMEs

3.2 Study 1: SME Foreign Market Entry Mode Choice and Foreign Venture Performance: The Moderating Effect of International Experience and Product Adaptation

The first study sheds light on the impact of SMEs' entry mode choice on foreign venture performance and seeks to further clarify the moderating influence of international experience and product adaptation on this relationship.

Drawing on the RBV (Barney, 1991; Wernerfelt, 1984) as theoretical framework, the study deduces hypotheses for the positive impact of SMEs' equity entry mode choices on foreign venture performance, the moderating influence of international experience and product adaptation on the focal relation, as well as a joint moderating effect of these (i.e., triple interaction). Applying hierarchical linear regression analysis on a sample of 133 German SMEs, the study does not find a direct effect of entry mode on foreign venture performance owing to the various advantages and disadvantages of each mode type. However, the study results indicate that both international experience and product adaptation improve the performance of non-equity entry modes as they mitigate SMEs' liabilities of smallness. The same effect can be found for the joint effect of the two moderators on the focal relationship.

The study contributes to the SME foreign market entry mode literature by utilizing the RBV as theoretical foundation as resource-based studies are very rare in this field of literature. Moreover, by including a configurational effect (i.e., the joint effect of international experience and product adaptation on the entry mode and foreign venture performance relationship), the study contributes to advancing recent developments that identify a missing link between the possession of resources and their effective exploitation. The study's third contribution consists in reducing previously inconsistent findings concerning the performance effects of firms' entry mode choices. By contextualizing this relationship, the study provides a more comprehensive understanding of the boundary conditions under which SMEs' entry mode selections yield increased performance outcomes.

3.3 Study 2: Limits to International Entry Mode Learning

The second study aims at delving deeper into the limits of entry mode learning in the context of internationalizing SMEs.

Drawing on the process model of internationalization (Johanson & Vahlne, 1977), the study argues that learning from past entry mode choices influences subsequent mode choices. Using a sample of 187 German SMEs, the study finds that greater non-equity entry mode experience in tandem with target market/region-specific experience provides SMEs with sufficient learning of how to operate in foreign environments, resulting in the choice of an equity entry mode. The study also shows that high levels of equity entry mode experience and the associated complexities of handling multiple foreign operations internationally tend to overburden SMEs in their ability to identify, value, select, and assimilate knowledge. This effect results in an inverted U-shaped effect of equity entry mode experience on future equity entry mode choices.

The second study contributes to both the entry mode and experiential learning literatures by developing theory which suggests that learning from non-equity entry modes influences subsequent entry mode choices if coupled with country/region-specific international experience. This way, the study advances research based on the internationalization process model that to date focused on non-equity modes as a means to obtain target market knowledge, but neglected potential learning effects on subsequent mode choices. The study thus also follows recent calls for investigating potential complementarities of different types of experience. By showing that learning from equity entry mode experience is not linear, but has decreasing marginal effects on subsequent entry mode choices, the study further contributes to knowledge. It thereby advances prior studies that have begun questioning the linearity of learning and suggested that cognitive restrictions may limit experiential learning. The study's third contribution refers to the generation of knowledge on SME internationalization and learning. By taking into consideration the liabilities inherent to SMEs, the study contributes to a better understanding of SME internationalization and extends the international experiential learning and mode choice literatures that largely concentrated on MNEs.

3.4 Study 3: Family Ownership and SME Internationalization: The Moderating Role of Formal and Informal Network Tie Strength

The third study's research objective is to investigate the influence of FO on SMEs' host country selection. To this end, the study differentiates between developed and developing countries and shows how the idiosyncrasies of FO influence SMEs' choice of host countries for expansion. In addition, it introduces network tie strength as moderator of the focal relation.

The study elucidates that two idiosyncrasies inherent to FO determine SMEs' host country selection. By introducing resource restrictions and risk aversion as two underlying mechanisms determining strategic decisions of family-owned SMEs, the study contributes to enriching knowledge on the role of FO in SME internationalization. Building on social network theory, the study adds network tie strength as contextual factor to the focal relation and this way advances extant research.

Drawing on a sample of 161 German SMEs, the study applies binary logistic regression analysis and finds that higher degrees of FO increase SMEs' tendency of choosing developed countries for expansion. These countries offer less business potential, but are characterized by stable economic conditions and low business risks. The findings also show that strong informal ties increase SMEs' preference for developed countries. In contrast, SMEs with greater degrees of FO tend to opt for risky developing countries in the presence of strong formal ties, indicating that these ties mitigate the liabilities of FO, and enable SMEs to tap into the business potentials inherent to developing countries.

4 Additional Remarks

Three publication projects form the body of the present dissertation. As these studies were conducted in separate projects, their states of publication differs.

Study 1: Hollender, Lina; Zapkau, Florian B. and Schwens, Christian (2017), "SME foreign market entry mode choice and foreign venture performance: The moderating effect of international experience and product adaptation", International Business Review, 26(2), 250-263, doi: 10.1016/j.ibusrev.2016.07.003.

Study 2: Hollender, Lina; Brouthers, Keith D. and Schwens, Christian, "Limits to International Entry Mode Learning", Unpublished Working Paper, currently under review and resubmit with Journal of International Business Studies.

Study 3: Hollender, Lina and Schwens, Christian, "Family Ownership and SME Internationalization: The Moderating Role of Formal and Informal Network Tie Strength", Unpublished Working Paper.

Table A – 2 outlines the studies' current state in the publication process, the conferences they were presented at, and the share each author contributed to the study.

Table A – 2: State of Publication of the Three Studies

	Current State	Conferences	Share of Contribution
Study 1	Published in International Business Review (IBR)	18th Annual Interdisciplinary Entrepreneurship Conference (G-Forum), Oldenburg, Germany, November 13-14 2014 40th Annual Conference of the European International Business Academy (EIBA), Uppsala, Sweden, December 11-13, 2014	Lina Hollender 55% Florian B. Zapkau 35% Christian Schwens 10%
Study 2	Unpublished working paper	75th Annual Meeting of the Academy of Management (AOM), Vancouver, Canada, August 7-11, 2015 19th Annual Interdisciplinary Entrepreneurship Conference (G-Forum), Kassel, Germany, October 8-9, 2015 41st Annual Conference of the European International Business Academy (EIBA), Rio de Janeiro, Brazil, December 1-3, 2015 *(Best Paper Award in the track "SMEs, international new ventures and international entrepreneurship")*	Lina Hollender 50% Keith D. Brouthers 30% Christian Schwens 20%
Study 3	Unpublished working paper	42nd Annual Conference of the European International Business Academy (EIBA), Vienna, Austria, December 2-4, 2016	Lina Hollender 95% Christian Schwens 5%

B Study 1: SME Foreign Market Entry Mode Choice and Foreign Venture Performance: The Moderating Effect of International Experience and Product Adaptation

1 Introduction

Foreign market entry mode choice is an important strategic decision determining a firm's organizational structure when initially entering a host country market (Nakos & Brouthers, 2002). This choice can be classified into two categories: equity entry modes encompass direct investments into the host country (e.g., joint ventures or wholly-owned subsidiaries). Non-equity entry modes include direct and indirect exporting as well as contractual agreements such as licensing (Pan & Tse, 2000). Extant literature demonstrates that entry mode choices can have major performance implications (Brouthers, 2002; Chen & Hu, 2002). To this end, the advantages and disadvantages of the respective modes have to be taken into consideration (Shrader, 2001). That is, equity entry modes demand a higher level of initial resource commitment (Sharma & Erramilli, 2004), but facilitate greater closeness to host country markets and customers (Zahra et al., 2000). Non-equity entry modes are less resource intense and provide greater flexibility to the firm (Brouthers & Nakos, 2004), while firms simultaneously lack market closeness impeding the monitoring of foreign market developments (Yeoh, 2004).

Two research deficits motivate the present paper. First, given the advantages and disadvantages of different entry modes, studies examining the foreign market entry mode choice and performance association obtain largely inconclusive findings. For example, a study finds joint ventures to be the best performing mode (Beamish & Banks, 1987), while other studies reveal greenfield operations to perform best (Nitsch, Beamish, & Makino, 1996; Woodcock, Beamish, & Makino, 1994), or do not find a significant direct influence on performance at all (Brouthers & Nakos, 2004; Rasheed, 2005). To contribute resolving inconsistent findings, prior literature began to examine the influence of moderating factors on the relationship between foreign market entry mode choice and performance incorporating the industry context (Anand & Delios, 1997), R&D and advertising intensity (Shrader, 2001), or environmental factors (Rasheed, 2005). While these studies provide valuable insights into the boundary conditions of the entry mode choice – performance relationship, there is a need to contextualize this association even further to advance existing theorizing regarding firms' resource deployment in internationalization (Crook et al., 2008).

Second, extant literature has largely focused on the performance implications of the foreign market entry mode choice of large MNEs (Anand & Delios, 1997; Pan & Chi, 1999) with comparably fewer studies focusing on SMEs (e.g., Lu & Beamish, 2001; Rasheed, 2005). However, SMEs differ from large MNEs in at least three specific liabilities of smallness (Aldrich & Auster, 1986; Maekelburger et al., 2012) that are likely to stress the entry mode choice – performance relationship. First, SMEs suffer from limited financial and personnel resources and the respective capabilities to employ these resources (Nakos & Brouthers, 2002), making them highly vulnerable to costly failures in foreign markets (Buckley, 1989). Second, SMEs often lack foreign market knowledge as they are less internationally diversified and possess fewer international engagements compared to their larger counterparts (Lu & Beamish, 2001). Third, SMEs are particularly sensitive to external challenges arising in the host country market (Brouthers & Nakos, 2004; Buckley, 1989).

The aim of the present paper is to investigate the relationship between SMEs' foreign market entry mode choice and foreign venture performance by drawing on the resource-based view (RBV; Barney, 1991; Wernerfelt, 1984). According to the RBV, resources and capabilities contribute to a firm's competitive advantage if they are valuable, rare, and hard to imitate or substitute (Barney, 1991; Barney, Wright, & Ketchen, 2001). The paper's main premise is that such resources and capabilities enable the firm to pursue strategies with greater efficiency (Ainuddin et al., 2007) by reinforcing the benefits of a firm's strategy while mitigating potential drawbacks (Ortega, 2010). Therefore, we study the efficiency (in terms of foreign venture performance) of foreign market entry mode choice (as a strategy) under particular consideration of the moderating impact of 1) *prior international experience* as a resource and 2) *product adaptation* as a capability enabling SMEs to mitigate their liabilities of smallness (i.e., drawbacks). International experience reflects the extent to which a firm and its management team have been previously engaged in international business (Burgel & Murray, 2000; Maekelburger et al., 2012) and constitutes tacit, firm-specific knowledge (Barney et al., 2001; Hennart & Park, 1993). Product adaptation is a firm's ability to adapt its products to foreign markets' idiosyncrasies (Cavusgil & Zou, 1994). We establish that international experience and product adaptation allow mitigating SMEs' lack of foreign market knowledge as well as their high sensitivity to external challenges in host country markets without overstretching their limited (personnel and financial) resources. To study the boundary conditions of the entry mode choice and performance relationship comprehensively, we examine the moderating influences of international experience and product adaptation (i.e., by employing separate two-way interactions) as well as their joint effect in a configurational model (i.e., by employing a three-way interaction).

Our paper offers three contributions to extant research. First, we contribute to theory advancement in the SME foreign market entry mode choice literature by drawing on the RBV and developing arguments for the moderating effect of international experience and product adaptation on the relationship between entry mode choice and performance. Prior SME entry mode choice studies drawing on resource-based argumentations are scant as recently identified as a research deficit (Laufs & Schwens, 2014). Given SMEs' liabilities of smallness (Aldrich & Auster, 1986; Maekelburger et al., 2012), the yet limited consideration of a resource-based perspective is surprising. We contribute to reducing this deficit by grounding our work in the RBV and developing theoretical mechanisms that are directly tailored to SMEs overcoming their liabilities of smallness.

Second, we advance extant literature by including a three-way interaction showing how a resource and a capability *jointly* affect the relation between entry mode choice and performance. By this means, we adhere to more recent advances of the RBV identifying a missing link between the possession of resources and their exploitation so as to impact a firm's competitive advantage (Eisenhardt & Martin, 2000; Newbert, 2007; 2008; O'Cass & Sok, 2012; Sok & O'Cass, 2011). This literature suggests that resources may only fully unfold their potential to increase firms' competitive advantage when coupled with appropriate capabilities to effectively exploit resources – an argument that we incorporate in our work by theorizing and empirically validating a configurational effect.

Third, contextualizing the relationship between entry mode choice and foreign venture performance contributes to reducing the inconclusive findings prevailing in the field. That is, we offer a more detailed understanding of the boundary conditions under which SMEs' entry mode choices enhance performance. In this regard, our study is consistent with and enhances prior literature contextualizing the relationship between foreign market entry mode choice and performance (Anand & Delios, 1997; Rasheed, 2005).

2 Theory

2.1 The Resource-Based View, Entry Mode Choice, and the Particularities of SMEs

The RBV considers a firm's valuable, rare, hard to imitate or substitute resources and capabilities as foundation of sustainable competitive advantages and, in turn, superior firm performance (Barney, 1991; Wernerfelt, 1984). According to Wernerfelt (1984), resources encompass the tangible or intangible strengths or weaknesses tied semipermanently to the firm. In contrast, capabilities are firm-specific abilities that combine firm resources to achieve a desired outcome (Amit & Schoemaker, 1993). Hence, capabilities constitute complex combinations of skills and knowledge that are embedded in firms' processes and routines with the purpose of directly or indirectly creating value for the firm (Grant, 1996; O'Cass & Sok, 2012). Capabilities are idiosyncratic due to their inertness (Kogut & Zander, 1992) and cannot be readily provided by markets (Teece & Pisano, 1994; Teece, 1982). Consequently, a major tenet of the RBV is that firms are heterogeneous regarding the resources and capabilities they possess while both are imperfectly mobile across firms (Barney, 1991). In turn, resources and capabilities enable firms to pursue strategies with greater efficiency (Ainuddin et al., 2007).

The foreign market entry mode choice determines a firm's organizational structure when initially entering a host country market (Nakos & Brouthers, 2002). One important distinction is between equity and non-equity entry modes (Pan & Tse, 2000), as both types differ regarding their inherent advantages and disadvantages (Shrader, 2001). That is, equity entry modes allow firms a greater closeness to foreign markets and customers (Zahra et al., 2000), but require significant managerial and financial resources in order to set up such foreign operations (Sharma & Erramilli, 2004). In contrast, non-equity entry modes require lower amounts of resources and provide greater flexibility (Brouthers & Nakos, 2004), but lack foreign market closeness (Yeoh, 2004). Entry mode decisions are critically important strategic decisions (Brouthers, 1995), as such choices are hardly reversible (Root, 1987) and have considerable performance implications (Brouthers, 2002; Chen & Hu, 2002).

Despite the importance of resources in SME entry mode choice, a recent literature review reveals a dearth of studies applying a resource-based perspective (Laufs & Schwens, 2014). This lack of RBV studies is particularly surprising given that SMEs typically suffer from liabilities of smallness (Aldrich & Auster, 1986; Maekelburger et al., 2012). First, they generally face scant financial and managerial resources and also lack the adequate capabilities to exploit these resources effectively (Nakos & Brouthers, 2002). Second, smaller firms typically have limited foreign market knowledge, as they often have a domestic focus with fewer international activities (Brouthers & Nakos, 2004). Hence, SMEs often lack familiarity with international business affairs and the firm's domestic competencies are not fully applicable to its operations in foreign markets (Lu & Beamish, 2001). Third, SMEs are characterized by a strong sensitivity to external challenges in foreign countries (Brouthers & Nakos, 2004; Buckley, 1989), as they are more easily affected by their environment than larger firms (Cheng & Yu, 2008). SMEs' limited ability to predict future events implies increased vulnerability to changes in market conditions or in the institutional and technological environment (Buckley, 1989).

2.2 International Experience and Product Adaptation

International experience represents an intangible organizational resource (Barkema, Bell, & Pennings, 1996), as it provides specialized experiential knowledge on how to organize and manage the firm in international environments (Dow & Larimo, 2011; Eriksson et al., 1997). This knowledge is tied semipermanently to the firm mostly in the form of its employees' human capital (Carpenter, Sanders, & Gregersen, 2001). International experience represents tacit and firm-specific knowledge that is difficult to obtain in disembodied form (Hennart & Park, 1993). International experience is valuable as it enables firms to anticipate and respond to changes in host countries as well as to better understand foreign markets and customers (Lages, Jap, & Griffith, 2008). Prior research also considers international experience "a critical, but often scarce skill" in the context of a firm's foreign market entry mode choice (Dow & Larimo, 2011, p. 325). Internationally experienced managers are rare and this rareness is intensified as such experience is often coupled to specific firms or industries (Carpenter et al., 2001). This also makes international experience firm-specific, and, hence, difficult to imitate or substitute, especially as experience often is a result of unique historical circumstances (Daily, Certo, & Dalton, 2000; Peng, 2001). Therefore, international experience as a resource lies at the core of the RBV (Andersen, 1997).

Product adaptation refers to firms' ability to adapt the physical characteristics as well as the attributes of products in order to better meet the needs of foreign customers (Calantone et al., 2004). Product adaptation represents a capability as it combines knowledge and competences from various functions such as product design, branding, or labelling (Lages et al., 2008) thereby constituting a complex combination of skills and knowledge. The firm-specific ability to adapt products creates value for the firm, as customizing product offerings helps firms to better position their products in foreign markets (Filipescu et al., 2013) and, in turn, represents a major source of competitive advantage (Cooper & Kleinschmidt, 1985; Shoham, 1999). The capability to adapt products enhances innovation and idea creation specifically tailored to changes in foreign customers' needs (Leonidou, 1996). Thus, firms possessing this capability can achieve a competitive advantage abroad without overly compromising their resource base (O'Cass & Julian, 2003; Rundh, 2007).

The present paper studies the moderating impact of international experience and product adaptation on the relationship between foreign market entry mode choice and foreign venture performance of SMEs. We argue that international experience and product adaptation enable SMEs to mitigate their liabilities of smallness and, in turn, to pursue their foreign market entry mode strategy with greater efficiency (leading to an improved foreign venture performance) (Ainuddin et al., 2007; Ortega, 2010). More concrete, the theoretical mechanisms (as developed in the hypotheses section) are specifically tailored to the particularities of SMEs in such that we explain how international experience and product adaptation enable SMEs to mitigate their liabilities in terms of limited foreign market knowledge (Brouthers & Nakos, 2004; Lu & Beamish, 2001) and a strong sensitivity to external challenges in foreign countries (Schwens, Eiche, & Kabst, 2011), without overly compromising their scant resources (Nakos & Brouthers, 2002).

According to Andersson et al. (2014), the theoretical rationale for a potential direct effect of a moderator on the dependent variable should differ from the rationale explaining the moderating effect in within-level interaction models. Adhering to this condition, we explain how prior literature argued for the direct influence of international experience and product adaptation on performance. Prior research investigating international experience's direct impact on performance mainly argues from an organizational learning perspective in such that experience is a key source of learning (Barkema & Vermeulen, 1998). According to this literature, performance effects are achieved through cost savings and productivity gains when experience is reapplied (Luo & Peng, 1999). Consistently, some studies find a positive effect of international experience on performance (e.g., Carlsson, Nordegren, & Sjöholm, 2005; Carpenter et al., 2001; Luo & Peng, 1999). However, others find no significant effect (e.g., Autio, Sapienza, & Almeida, 2000; Brouthers, 2002; Chao & Kumar, 2010). These ambiguous findings lead some researchers to model international experience as a moderator to explain international performance (e.g., Hultman, Katsikeas, & Robson, 2011) as is consistent with the premise of our paper. To explain the direct influence of product adaptation on performance, studies primarily use institutional theory (North, 1990). That is, firms need to adapt their products to prevailing norms in foreign markets to obtain legitimacy and achieve better performance (Brouthers, O'Donnell, & Keig, 2013; Hultman, Robson, & Katsikeas, 2009). Consistent with this argument some studies report significant positive effects between product adaptation and performance (e.g., Brouthers et al., 2013; Calantone et al., 2004). Others, however, report significant negative or non-significant results (e.g., Hultman et al., 2009; Zou, Andrus, & Norvell, 1997). Based on these inconclusive direct effects, several studies argue for a contingency perspective requiring a fit between the firm's underlying (internationalization) strategy with the degree of product adaptation to enhance firm performance (Schmid & Kotulla, 2011), which is similar to our paper's premise. Comparing the above arguments for the direct influences of international experience and product adaptation on performance with the moderator arguments developed in the present paper, we conclude that the rationales are different and, hence, fulfill the requirement by Andersson et al. (2014). Moreover, we note that several studies emphasize a moderating influence of international experience and product adaptation as is consistent with our perspective.

Recent assessments of RBV research strongly urge not to consider resources in isolation, but rather to investigate combinations of resources and capabilities so as to solve empirical inconsistencies concerning performance effects (Kraaijenbrink, Spender, & Groen, 2010; Newbert, 2007). Building on Penrose (1959), Mahoney and Pandian (1992) state that the pure possession of resources is not sufficient for firms to achieve superior performance. Instead, competitive advantages may be achieved through distinctive capabilities in exploiting resources effectively (Kraaijenbrink et al., 2010; Makadok, 2001). Resources hence contain a latent value that needs to be exploited through capabilities in order to realize their full potential (Eisenhardt & Martin, 2000; Newbert, 2007). From an empirical stance, this view is consistent with authors stating that configurational models (containing three-way interactions) add explanatory power beyond moderator models (containing only two-way interactions), especially when studying firm performance (e.g., Dess, Lumpkin, & Covin, 1997; Dimitratos, Lioukas, & Carter, 2004; Kotabe, Srinivasan, & Aulakh, 2002).

3 Hypotheses

3.1 The Direct Effect of Foreign Market Entry Mode Choice on Foreign Venture Performance

Non-equity entry modes require a relatively low upfront resource commitment making such modes especially viable for SMEs whose resource pool is restricted (Nakos & Brouthers, 2002). Because of their short-term nature (Pan & Tse, 2000), non-equity entry modes provide great flexibility. For example, SMEs may easily renegotiate contractual arrangements, switch business partners, or even exit the market (Brouthers & Nakos, 2004). Non-equity entry modes are contract-based suggesting that no physical presence in the host country is required, as firms typically collaborate with local agents or business partners who handle most direct interactions in the foreign market (Erramilli, Agarwal, & Dev, 2002). This way, SMEs do not run the risk of overstretching their managerial capacity (Brouthers & Nakos, 2004). However, this lack of direct market presence even aggravates the usually limited foreign market experience of SMEs and makes it difficult for firms to monitor foreign markets (Yeoh, 2004). If firms cannot closely observe foreign market developments, they become more vulnerable to external challenges such as changes in the institutional set-up, in the foreign market environment, or in customer demands and market conditions (Lu & Beamish, 2001). This issue is particularly detrimental for SMEs' foreign venture performance given their high sensitivity to external challenges (Brouthers & Nakos, 2004; Buckley, 1989). Moreover, non-equity modes yield relatively low potentials for return (Anderson & Gatignon, 1986). For example, in the case of licensing, the licensee owns all turnover generating assets, whereas the SME only receives a lump-sum payment and royalty fees (Hill, Hwang, & Kim, 1990). In addition, non-equity modes may even increase the risk of losses as local partners (such as distributors) may behave opportunistically (Beamish & Banks, 1987; Lu & Beamish, 2001).

Equity entry modes enable SMEs to achieve greater market closeness through physical presence, whereby firms may better monitor markets, customers, and competitors, as well as gather information (such as feedback from suppliers) and detect new trends (Zahra et al., 2000). This aspect is fostered by the ongoing direct interaction abroad with local parties (Pan & Tse, 2000), whereby firms get a detailed understanding of local markets and customers, which in turn facilitates product design, marketing, and, in turn, performance (Yeoh, 2004). However, equity entry modes demand significant financial and managerial resource commitments to the foreign operation (Anderson & Gatignon, 1986). This is particularly tenuous because greater resource commitment implies reduced flexibility (Lu & Beamish, 2001) and the risk of losing increasing amounts of resources in the course of foreign operations (Hill et al., 1990). Yet these risks may be outweighed when considering the significantly greater potential for returns of equity entry modes (Anderson & Gatignon, 1986). For example, firms may enhance their performance by moving their production to countries where factor inputs are cheap, while simultaneously benefiting from efficiency gains in the form of scale economies (Li & Rugman, 2007).

In sum, SMEs may yield a higher foreign venture performance through equity entry modes compared to non-equity entry modes. Specifically, through equity entry modes, SMEs benefit from direct market monitoring and efficiency gains despite greater resource commitments. In contrast, the lower resource demands and the flexibility of non-equity modes do not outweigh the lack of market closeness, the higher vulnerability to external challenges and the greater risk for opportunistic behavior of foreign partners as well as the generally lower return potential of such modes. Hence, we hypothesize:

> ***H 1:*** *SMEs that choose an equity entry mode achieve a higher foreign venture performance.*

3.2 The Moderating Effect of International Experience

We argue that international experience helps SMEs that employ non-equity entry modes to overcome their lack of foreign market knowledge as well as their sensitivity to external challenges in foreign markets. In turn, overcoming these liabilities of smallness improves the performance of such modes.

International experience includes knowledge about foreign markets, competitors, governments, institutions, rules, norms, and values (Eriksson et al., 1997), providing SMEs with processes and routines to handle international business activities (Blomstermo, Sharma, & Sallis, 2006; Luo, 2001). We argue that non-equity entry modes that involve the collaboration with local associates (Erramilli et al., 2002) are particularly beneficial if combined with international experience, as it helps SMEs to better choose foreign partners and predict their behavior. This reduces uncertainty (Brouthers & Nakos, 2004) and enhances efficiency as well as performance (Sorenson & Sørensen, 2001). In contrast, equity entry modes already involve greater market presence (Zahra et al., 2000) facilitating a rapid understanding of foreign market peculiarities (Lord & Ranft, 2000). Hence, the additional benefit of international experience in equity entry modes is rather marginal compared to non-equity foreign market entries.

International experience also helps to mitigate SMEs' sensitivity to external challenges in foreign markets (Brouthers & Nakos, 2004; Buckley, 1989). Comprehensive knowledge about foreign markets and international business practices enhances firms' ability to strategically position their organization and respond to specific international conditions (Cieślik, Kaciak, & Thongpapanl, 2015). In turn, SMEs with abundant international experience are better able to identify and exploit arising opportunities while simultaneously avoiding threats in turbulent environments (Bloodgood, Sapienza, & Almeida, 1996; Zou & Stan, 1998). Barkema and Drogendijk (2007, p. 1135) call this an enlargement of firms' and managers' "opportunity horizon". In contrast, equity entry modes that are associated with direct exposure to foreign markets and customers allow for close market observations (Zahra et al., 2000). Thus, the additional benefit of international experience is comparatively negligible if coupled with equity entry modes. Instead, international experience particularly helps reducing SMEs' sensitivity to external challenges if combined with non-equity entry modes, as these modes involve only low levels of market closeness (Yeoh, 2004). Plus, the more flexible non-equity entry modes coupled with international experience allow SMEs to quickly respond to and capitalize on arising opportunities in changing environments (Brouthers & Nakos, 2004; Zou & Stan, 1998). Hence, we hypothesize:

> ***H 2:*** *The relationship between foreign market entry mode choice and foreign venture performance is moderated by international experience in such that non-equity entry modes*

enhance SMEs' foreign venture performance in the presence of high levels of international experience.

3.3 The Moderating Effect of Product Adaptation

We argue that product adaptation is an important capability when entering foreign markets through non-equity entry modes helping SMEs to overcome their liabilities of smallness by taking full advantage of their flexibility.

In non-equity entry modes, SMEs experience a particular lack of foreign market knowledge due to a want of market closeness (Yeoh, 2004). However, if SMEs combine the flexibility of non-equity entry modes with the capability to adapt products, they are able to mitigate this deficit and, in turn, to achieve higher performance. The capability to adapt products to demand differences across customer groups enables SMEs to flexibly adapt their products to foreign market needs even if detailed foreign market knowledge is missing. Brouthers (1995) supports this rationale by emphasizing that firms choose non-equity modes when foreign customer tastes significantly differ from those in the domestic market. This hints at the importance of coupling product adaptation with the flexibility of non-equity entry modes. In contrast, SMEs choosing equity entry modes are already closer to the market and, hence, benefit from this capability to a lesser extent.

The capability to adapt products to new markets in combination with non-equity entry modes also helps SMEs to overcome their sensitivity to external challenges in foreign markets. Product adaptation capabilities fully exploit SMEs' flexibility advantage enabling them to quickly react to environmental changes (Nieto & Rodríguez, 2011; Nooteboom, 1994). SMEs with strong capabilities in adapting products to new markets possess a good understanding of customers' needs, which enables them to better cope with changing customer demands (Blesa & Ripollés, 2008). As tailored products enhance customer loyalty (Samiee & Roth, 1992), SMEs with strong product adaptation capabilities are well suited to mitigate fluctuating market conditions resulting in higher foreign venture performance. Particularly non-equity entry modes allow to take full advantage of the benefits of product adaptation, as these modes allow the SME to retain greater flexibility, for example, in terms of switching partners (Brouthers & Nakos, 2004). In contrast, SMEs employing equity entry modes will benefit to a lesser extent from product adaptation capabilities. Such modes are more costly (Sharma & Erramilli, 2004) and facilitate closer market observations due to the direct presence in the foreign market (Zahra et al., 2000) making quick reactions to unanticipated changes in market conditions less necessary. Hence, we hypothesize:

> ***H 3:*** *The relationship between foreign market entry mode choice and foreign venture performance is moderated by product adaptation in such that non-equity entry modes enhance SMEs' foreign venture performance in the presence of high levels of product adaptation.*

3.4 Joint Effect of International Experience and Product Adaptation

We argue that product adaptation is an important capability when entering foreign markets through non-equity entry modes helping SMEs to overcome their liabilities of smallness by taking full advantage of their flexibility.

Consistent with recent calls in the RBV literature to consider the interplay of resources and capabilities (Newbert, 2007; O'Cass & Sok, 2012), we argue that international experience and product adaptation jointly help SMEs to mitigate liabilities of smallness particularly when employing non-equity entry modes increasing the performance of such modes.

An advanced understanding of international business contexts and foreign markets through international experience enables SMEs to better appreciate and consider foreign customers' needs by means of product adaptation (Cavusgil & Zou, 1994; Lages et al., 2008). Hence, abundant international experience coupled with the capability to adapt products to foreign markets enables SMEs to compensate their lack of foreign market knowledge more effectively. Several studies support this notion by suggesting that international experience supports product adaptation (Calantone et al., 2004; Cavusgil & Zou, 1994; O'Cass & Julian, 2003). We expect the interplay of international experience and product adaptation to particularly increase the performance of non-equity entry modes. In contrast, the proposed mechanism is less beneficial for firms employing equity entry modes, as these more costly modes already include a direct market presence (Zahra et al., 2000).

SMEs possessing both international experience and the capability to adapt products may be particularly able to overcome their sensitivity to external challenges by flexibly responding to market changes.

International experience caters to identifying and exploiting arising opportunities in turbulent foreign market environments (Zou & Stan, 1998). Coupling such experience with the capability to quickly adapt products to new market opportunities enables SMEs to mitigate their sensitivity to external challenges particularly in combination with flexible non-equity entry modes. In contrast, less flexible equity entry modes that already include direct exposure to foreign markets and, hence, closer market observations (Zahra et al., 2000), benefit comparatively less from the interplay of international experience and product adaptation.

In hypothesizing a joint effect of international experience and product adaptation, we adhere to Eisenhardt and Martin (2000), Newbert (2007; 2008), and O'Cass and Sok (2012) stressing the importance of investigating resources and capabilities in combination. Moreover, we adhere to Dess et al. (1997) who emphasize that three-way interactions are able to explain firm performance even beyond moderation effects. Hence, we hypothesize:

> ***H 4:*** *A configuration of non-equity entry modes coupled with high levels of international experience and product adaptation will positively influence SMEs' foreign venture performance.*

4 Methods

4.1 Data

We test our hypotheses on a sample of German SMEs, defined in accordance with the German Institute for SMEs as firms with up to 500 employees (Günterberg & Kayser, 2004). Contact details of 1,730 internationally active SMEs were obtained from the AMADEUS database. In order to investigate the internationalization of SMEs, we conducted an online survey among their CEOs. We chose this target group because of its crucial influence on strategic decisions, as is consistent with prior research (Maekelburger et al., 2012; Mesquita & Lazzarini, 2008). We sent out emails to our target group containing a direct link to the web-based survey. Our questionnaire included German questions and was sent to German firms only. Adhering to back-translation recommendations (Brislin, 1970; Hui & Triandis, 1985; Van de Vijver & Hambleton, 1996), we used established items.

The survey was conducted in 2012 and achieved 192 responses (11.1% response rate). However, 59 cases were excluded prior to the empirical analysis. That is, 15 firms indicated that they were in fact no longer internationally active. Moreover, 33 cases did not disclose values for the dependent variable foreign venture performance reflecting respondents' unwillingness to report performance data, which is rather common in SME research (e.g., Brouthers, 2002; Brouthers & Nakos, 2004). Further 11 cases were excluded as they displayed missing values across the control, independent, and/or moderator variables. Our final sample for analysis includes 133 firms with an average firm size of 173 employees. The drop-out rate of 30.7% (59 of 192 cases) is consistent with prior studies employing web-based surveys (Boehe & Cruz, 2010; Oetzel & Getz, 2012; Shi et al., 2010). Prior literature notes several possible explanations for drop-outs in web-based surveys. For example, respondents might not have been familiar with web forms such as pull-down menus (Sheehan, 2002). Plus, keeping respondents' attention high until the end of the web-based questionnaire constitutes a challenge for researchers (Schonland & Williams, 1996). Lastly, a comprehensive comparison of research techniques by Bosnjak and Tuten (2001) notes that drop-out rates are generally higher in web-based designs than in paper-based questionnaires.

In accordance with Armstrong and Overton (1977), we tested for nonresponse bias comparing early and late respondents (first and last 20%). To this end, we used a t-test as suggested by Miller and Smith (1983) with regard to key firm characteristics, such as firm age or firm size, but did not find significant differences between early and late respondents.

4.2 Measurements

Our dependent variable *foreign venture performance* refers to the firm's performance in the foreign market entered most recently. We used established items (e.g., Brouthers & Nakos, 2004; Brouthers, Brouthers, & Werner, 1999) measured on 5-point Likert scales to assess respondents' satisfaction with firm performance (e.g., with regard to sales volume, sales growth, profitability, market share, or marketing). We supplemented this scale with two items measured on 5-point Likert scales referring to respondents' satisfaction with their firm's overall performance and with their firm's overall performance relative to competitors with regard to the most recent foreign market entry (adapted from Jaworski &

Kohli, 1993). The latter items are of particularly relevance for SMEs that may consider their overall performance to be satisfactory despite single performance dimensions, such as market share, not being high in absolute terms (Lumpkin & Dess, 1996). A factor analysis showed that all items loaded onto a single factor with no factor loading below .657. A Cronbach's alpha of .923 suggests a high reliability of this construct.

The use of subjective performance measures has been debated in prior literature. While objective performance measures are less susceptible to common method bias (Stam & Elfring, 2008), subjective measures are common in strategy research and advised where objective financial data are not available or inaccurate (Dess & Robinson, 1984). As extant research demonstrates that firms are rather unwilling to provide objective performance measures (Woodcock et al., 1994), especially when they are privately owned (Dess & Robinson, 1984) as in the case of many SMEs, we decided to employ such a subjective measure. Prior studies suggest high correlations of subjective performance measures with objective measures (Dawes, 1999; Dess & Robinson, 1984; Geringer & Herbert, 1991; Glaister & Buckley, 1998), which indicates that subjective measures are suitable as valid and reliable measures also in the SME context (Zapkau, Schwens, & Kabst, 2014). This receives support by authors finding strong convergent validity between subjective and objective measures (Wall et al., 2004). Moreover, subjective performance measures can potentially reveal dimensions of performance otherwise not expressible in financial terms (Brouthers, 2002; Brouthers & Nakos, 2004) and performance and profit differences across industries make the use of subjective performance measures more advisable (Bettis, 1981).

Our independent variable *foreign market entry mode choice* was dichotomized according to the classification by Pan and Tse (2000) with non-equity entry modes coded "0" (i.e., direct export, export through distributors, franchises, and licensing) and equity entry modes coded "1" (i.e., joint ventures, equity participations, acquisitions, and wholly-owned subsidiaries). The measure refers to a firm's entry mode when initially entering a foreign market and is widely established in the entry mode literature (e.g., Brouthers & Nakos, 2004).

International experience (Cronbach's α = .876) is a two-item measure that was adapted from prior studies (Brouthers & Nakos, 2004; Schwens et al., 2011). While prior research tends to focus on the effect of organizational experience but mainly disregards the effect of managerial experience (Sapienza et al., 2006), we composed a variable of items measuring both the firm's and its top management's international experience. To this end, we employed the items "Our firm had prior and long standing international experience" and "The management team had prior and long standing international experience" (5-point Likert scale; 1=fully disagree, 5=fully agree). Both items loaded onto a single factor with factor loadings of .943 in a factor analysis. *Product adaptation* (Cronbach's α = .751) is a two-item measure adapted from prior studies (e.g., Knight & Cavusgil, 2004; Lee & Griffith, 2004) comprising the adaptation of products or services to foreign markets in comparison with competitors and the consideration of foreign customers' needs in the context of product development. We asked respondents to assess these facets of product adaptation on a 5-point Likert scale (1=fully disagree, 5=fully agree). The precise items read "Compared to our competitors, we adapt our products/services to foreign markets" and "When developing new products/services, we consider foreign customers' tastes and preferences". Both items loaded onto a single factor with factor loadings of .896 in a factor analysis.

We furthermore included several control variables in our analysis. We controlled for *firm age*, measured as the year of data collection less the year of firm foundation. Research suggests that firm age can potentially influence international operations and their performance (Zahra et al., 2000). *Firm size* tends to increase firms' propensity to choose equity entry modes (Contractor, 1984). We hence included it as control variable, measured by the number of employees. We obtained this measure from the AMADEUS database. In addition, prior research shows that family firms differ from non-family firms in various aspects influencing firms' strategies (Block, 2010; Stavrou, Kassinis, & Filotheou, 2007). Hence, we controlled for firms that represent a *family business* (coded "1" for family-owned firms and "0" for non-family firms). Prior research also identifies *international scope* as important determinant of firm performance (Delios & Beamish, 2001; Zahra et al., 2000). We included this as control variable measured by the number of countries in which the firm sells its products. We also controlled for the *time elapsed since the firm's most recent foreign market entry*. We measured this time span by the year of data collection less the year in which the last foreign market was entered (Ghauri & Buckley, 2003). The rationale for this control variable is that the most recent market entry might have occurred several years ago giving firms the opportunity to generate higher returns over a longer time period, whereas in the case of more recent market entries, firms may still have to deal with starting losses from initial investments. We controlled for a firm's industry affiliation, as prior studies emphasize industry differences in entry mode choices (e.g., Brouthers & Brouthers, 2003; Erramilli & D'Souza, 1993). Moreover, in some industries it may be easier to adapt products than in other industries. We therefore included an *industry* dummy variable, coded "1" for high-tech firms and coded "0" otherwise. Due to the assumption that strategic motives influence entry modes (Sarkar & Cavusgil, 1996), we included the *motive cost advantages,* the *motive market exploitation*, and the *motive risk diversification*. Respondents were asked to assess the importance of each motive for their most recent foreign market entry on 5-point Likert scales (1=very unimportant, 5=very important). Likewise, *overall performance* was measured on a 5-point Likert scale tapping managerial satisfaction with the overall firm performance (irrespective of the most recent foreign market entry). We included this variable as high overall performance has been shown to influence strategic decision-making (Hayward & Hambrick, 1997).

4.3 Assessing Common Method Variance

Survey-based research may face the problem of common method variance (CMV) due to self-reported measures from a single source. However, we do not consider CMV to be a major problem in our study. First, we conducted Harman's one factor test as suggested by Podsakoff and Organ (1986). Entering all variables into a principal component analysis produced six factors with the biggest factor accounting for only 15.5% of the variance. Second, our dependent variable is a subjective measure asking respondents to assess their satisfaction with foreign venture performance. We compared the measures from our questionnaire with objective performance data in order to achieve validation for our measurement (Chandler & Lyon, 2001). We found a significant positive correlation between firms' operating revenue obtained from the AMADEUS database and firms' level of turnover from our survey ($r = .248$, $p = .043$, $n = 67$). The magnitude of this correlation is consistent with prior studies comparing subjective with objective performance measures (Morgan, Vorhies, & Mason, 2009; Stam & Elfring, 2008). Third, we included interaction terms in our analyses which are likely to reduce potential CMV, as such complex constructs are not likely to belong to a respondent's theory-in-use (Chang, van Witteloostuijn, & Eden, 2010).

5 Analysis and Results

Table B – 1 displays the means, standard deviations, variance inflation factor values and correlations of the variables in our analyses. We do not find evidence of multicollinearity as all correlations are below .7 (Dormann et al., 2013) and the highest variance inflation factor (VIF) amounts to 1.80 which is below the critical threshold of 2.5 (Allison, 1999).

The mean value of .46 for the independent variable foreign market entry mode choice indicates that 46% of the SMEs in our sample chose an equity entry mode for their most recent internationalization, while 54% opted for non-equity entry modes. This proportion is consistent with prior entry mode studies. For example, 43% of the firms studied by Maekelburger et al. (2012) and 36% of the SMEs in the Brouthers and Nakos (2004) study chose equity entry modes.

Table B – 2 reports the results of the hierarchical linear regression analysis. Presenting regression results in five different models allows for comparisons of model fit and explanatory power between models (Aiken & West, 1991). Consistent with Andersson et al. (2014), we report in the following the direct effects of the control, independent and moderator variables before analyzing the interaction effects. Model 1 shows the effect of the control variables on foreign venture performance. None of the controls is significant and the model's R^2 value is .041.

Table B – 1: Mean Values, Standard Deviations, Variance Inflation Factor Values, and Correlations

	Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Mean	3.21	.46	3.85	3.85	58.86	172.68	.63	.42	28.66	1.44	2.28	4.08	2.97	3.80
	SD	.65	.50	.91	.70	45.26	122.87	.48	.50	31.93	2.80	1.02	.93	1.09	.68
	VIF	-	1.33	1.80	1.49	1.34	1.32	1.24	1.12	1.39	1.17	1.23	1.13	1.15	1.12
1	Foreign venture performance	1													
2	Foreign market entry mode choice (0=non-equity, 1=equity)	-.115	1												
3	International experience	.278**	-.105	1											
4	Product adaptation	.171*	.015	.488**	1										
5	Firm age	.023	-.096	.033	-.065	1									
6	Firm size	.046	.175*	.083	.010	.290**	1								
7	Family business	-.086	-.048	-.015	.115	.322**	-.010	1							
8	Industry	.015	-.113	.192*	.031	-.087	.021	-.043	1						
9	International scope	.032	-.099	.375**	.083	.206*	.294**	.084	.086	1					
10	Time elapsed since the firm's most recent foreign market entry	.005	.200*	-.270**	-.125	.026	-.031	.082	-.119	-.212*	1				
11	Motive cost advantages	-.028	.343**	-.065	.113	-.084	.001	.087	.006	.026	.148	1			
12	Motive market exploitation	.121	.072	.207*	.082	.063	-.007	-.005	.145	.121	-.048	-.063	1		
13	Motive risk diversification	.143	.012	.079	.168	-.095	-.102	-.150	.163	-.067	.009	.076	.189*	1	
14	Overall performance	.008	.043	.197*	.058	-.110	-.158	.033	.066	-.018	-.117	-.019	.048	.012	1

$^{**}p \leq 0.01$; $^{*}p \leq 0.05$

n=133

Model 2 additionally includes the direct effects of foreign market entry mode choice and the two moderator variables (i.e., international experience and product adaptation) on foreign venture performance whereby the R^2 increases to .136. Contrary to hypothesis 1, entry mode choice has no significant direct effect on foreign venture performance (-.156, $p > .1$), which implies that no type of entry mode yields better performance per se. It appears that the respective benefits of non-equity entry modes and equity entry modes as well as the respective shortcomings counterbalance each other. This implies that neither mode of entry is more beneficial in all situations. Instead, the non-significant effect emphasizes the need to contextualize the entry mode choice and foreign venture performance relationship. Of the moderators, international experience significantly ($p \leq .05$) and positively affects foreign venture performance indicating that SMEs with more extensive international experience have greater satisfaction with their firms' performance in the foreign market entered most recently. In contrast, product adaptation does not significantly influence foreign venture performance.

Model 3 additionally includes the effect of the interaction between foreign market entry mode choice and international experience. The R^2 of the model increases to .182 ($\Delta R^2 = .046^*$ compared to model 2 without interaction terms). The interaction term's standardized regression coefficient is negatively significant (-.330; $p \leq 0.05$), which supports hypothesis 2 as it shows that the performance of non-equity entry modes improves in the presence of high international experience. Similarly, we find a significant and negative effect of the second interaction term between foreign market entry mode choice and product adaptation (-.297, $p \leq .05$) in Model 4. This finding lends support to our hypothesis 3 proposing that non-equity entry modes lead to higher performance in the presence of high levels of product adaptation. The inclusion of this interaction term in Model 4 enhances the R^2 value significantly to .173 ($\Delta R^2 = .037^*$ compared to model 2 without interaction terms).

Model 5 additionally includes the three-way interaction between entry mode choice, international experience, and product adaptation. Correct interpretation of higher-order interactions requires that all lower-order interactions and all direct effects are included in the model (Brambor, Clark, & Golder, 2006). The inclusion of the three-way interaction significantly increases the R^2 value to .233 ($\Delta R^2 = .097^*$ compared to model 2). The standardized regression coefficient of the three-way interaction is positively significant (.357; $p \leq .05$) lending support to hypothesis 4 stating that a configuration of non-equity entry modes together with high levels of international experience and product adaptation will positively influence SMEs' foreign venture performance. This finding further supports the notion that resources and capabilities need to be studied in combination (Newbert, 2007; 2008).

Table B – 2: Linear Regression Analysis

	Model 1	Model 2	Model 3	Model 4	Model 5
Control variables					
Firm age	.034	.023	-.020	.044	.043
Firm size	.046	.081	.093	.084	.109
Family business	-.080	-.090	-.096	-.108	-.120
Industry	-.021	-.070	-.075	-.075	-.085
International scope	.023	-.095	-.072	-.115	-.095
Time elapsed since the firm's most recent foreign market entry	.024	.096	.077	.077	.096
Motive cost advantages	-.025	.036	.052	.042	.056
Motive market exploitation	.094	.078	.035	.041	.027
Motive risk diversification	.127	.099	.131	.096	.168
Overall performance	.019	-.017	-.029	-.016	-.048
Direct effects					
Foreign market entry mode choice (0=non-equity, 1=equity)		-.156	-.164	-.151	-.248*
Moderator variables					
International experience		.291*	.514***	.322**	.454**
Product adaptation		.038	.060	.249	.182
Interaction effects					
EM x IE			-.330*		-.153
EM x PA				-.297*	-.149
IE x PA					-.148
Configuration					
EM x IE x PA					.357*
Model fit					
R^2	.041	.136	.182	.173	.233
ΔR^2 (vs. model 2)			.046*	.037*	.097*
F	.517	1.442	1.873*	1.765*	2.057*

Note: dependent variable = foreign venture performance; standardized regression coefficients; EM = foreign market entry mode choice; IE = international experience; PA = product adaptation

***$p \leq 0.001$; **$p \leq 0.01$; *$p \leq 0.05$

n=133

Interaction effects need to be plotted to facilitate meaningful interpretation (Dawson, 2014). Figures B – 1 and B – 2 hence display the plots of the two-way interactions. Figure B – 1 illustrates the relationship between a firm's foreign market entry mode choice and its foreign venture performance moderated by international experience. For equity entry modes, high or low levels of international experience do not have a strong influence on foreign venture performance. For non-equity entry modes, however, higher international experience significantly improves firm's foreign venture performance. The plot in Figure B – 2 reveals a similar picture. That is, the effect of foreign market entry mode choice on foreign venture performance is largely unaffected by the level of product adaptation in the case of equity entry modes. In contrast, non-equity entry modes have significantly higher foreign venture performance in the presence of high product adaptation. Additionally, we conducted simple slope tests as suggested by Aiken and West (1991). These tests display significant results for each interaction lending support to the direction and significance of the interactions' effects.

Figure B – 1: Foreign Market Entry Mode Choice x International Experience

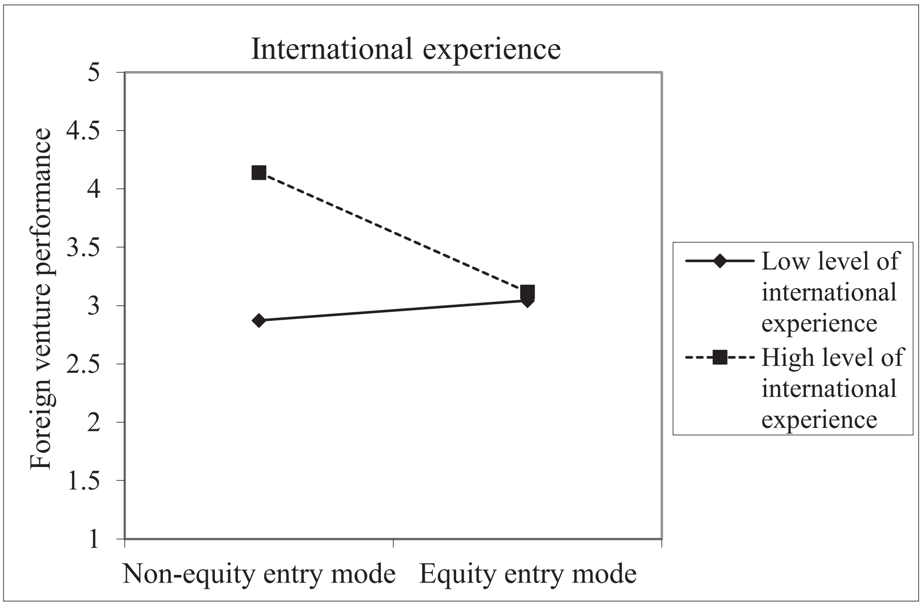


Figure B – 2: Foreign Market Entry Mode Choice x Product Adaptation

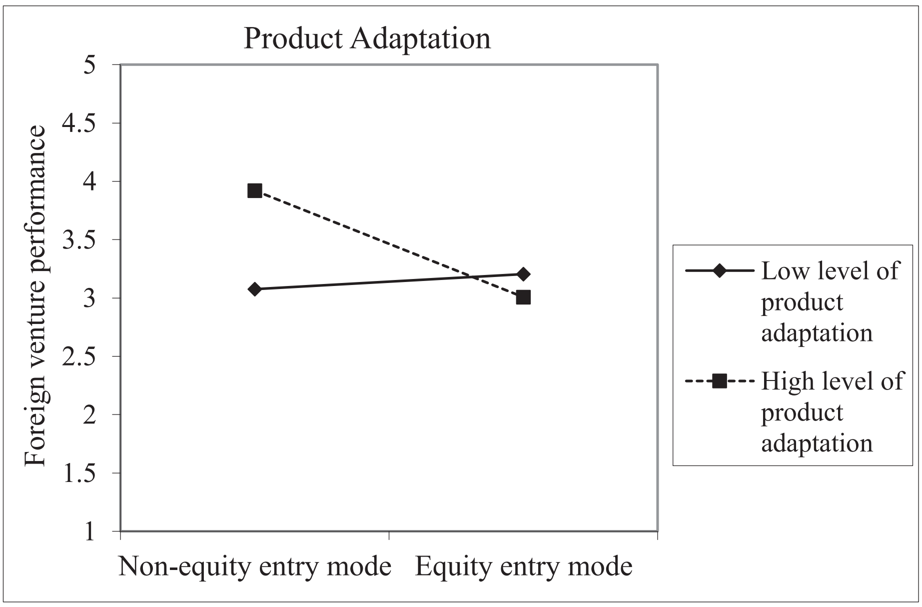
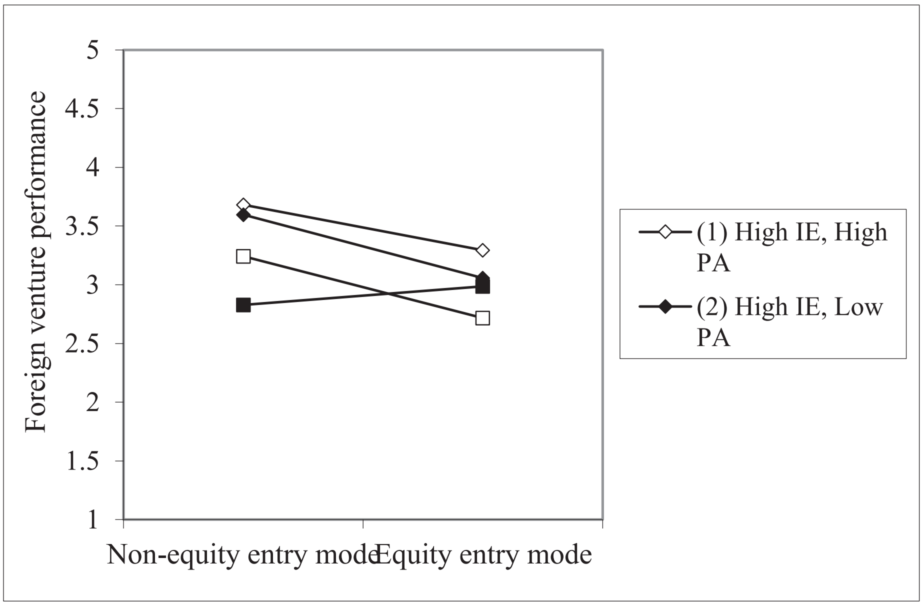


Figure B – 3 displays the joint effect of foreign market entry mode choice, international experience, and product adaptation on foreign venture performance. Firms' entry mode choice is depicted on the x-axis and foreign venture performance on the y-axis. Simple slope testing (Aiken & West, 1991) reveals that slope 1 (which is relevant for hypothesis testing) is significantly different from zero in predicting foreign venture performance. This slope depicts a configuration with high levels of international experience and product adaptation suggesting that foreign venture performance is highest in the case of non-equity entry modes.

Figure B – 3: Three-Way Interaction



6 Discussion

Drawing on the RBV (Barney, 1991; Wernerfelt, 1984), the present study investigates the relation between SME foreign market entry mode choice and foreign venture performance. Besides analyzing the direct influence, the study accounts for the moderating impact of international experience and product adaptation on this relationship. Except for the non-significant direct effect, we find empirical support for our research model. Following recommendations on how to discuss findings from analyzing within-level interaction effects (Andersson et al., 2014), we first discuss the direct relationship before reflecting on the findings from the moderator analysis and the configurational model.

According to our results, SMEs' foreign market entry mode choice has no direct effect on foreign venture performance. This finding is consistent with prior research (Brouthers & Nakos, 2004; Rasheed, 2005) and suggests that the benefits and shortcomings of equity and non-equity entry modes compensate each other. Equity entry modes require a higher initial resource commitment (but have a higher return potential), whereas non-equity entry modes are comparatively less costly (but have a lower return potential) and provide greater flexibility (Brouthers & Nakos, 2004; Sharma & Erramilli, 2004). While equity entry modes facilitate greater closeness to host country markets, non-equity entry modes impede foreign market monitoring (Yeoh, 2004) and expose SMEs to external challenges as well as to potential opportunistic behavior of foreign partners (Beamish & Banks, 1987; Lu & Beamish, 2001).

The insignificant direct effect of entry mode choice on foreign venture performance further emphasizes the context-dependency of the performance outcomes of firms' entry mode choices (Anand & Delios, 1997; Rasheed, 2005) particularly in resource-based contexts (Brouthers, Brouthers, & Werner, 2008; Shrader, 2001). As Brouthers and Nakos (2004, p. 235) put it in the context of SMEs, "(…) there is not one best performing mode choice (otherwise all firms would always use this mode), but (…) managers hope to make contingency model-based mode choice decisions that they expect will provide them with the best performing mode choice". Thus, the performance effects of entry mode choices must not be investigated in isolation, but rather under consideration of contextualizing factors (Brouthers, 2013; Woodcock et al., 1994). To this end, prior research emphasizes the need to align a firm's strategy (i.e., entry mode choice) with such moderating factors (Rasheed, 2005).

The latter notion is consistent with our RBV-based argumentation that resources and capabilities help SMEs to pursue (entry mode) strategies with greater efficiency (Ainuddin et al., 2007), as we find international experience and product adaptation to help SMEs mitigate their liabilities of smallness and to overcome the disadvantages of non-equity entry modes. Beyond the role of international experience as a predictor of foreign market entry mode choice (e.g., Delios & Beamish, 1999; Schwens et al., 2011), we advance the literature by emphasizing its performance enhancing mechanism for non-equity entry modes. Our results indicate that international experience provides knowledge and routines for international activities (Blomstermo et al., 2006; Eriksson et al., 1997), which is particularly useful to reduce liabilities of smallness and to overcome the disadvantages of non-equity entry modes such as lacking foreign market closeness. Our findings even suggest that in flexible non-equity entry mode settings, SME may use international experience to strategically position their firm as well as to identify and exploit arising opportunities reducing their sensitivity to changes in foreign market conditions (Cieślik et al., 2015; Zou & Stan, 1998).

Given that international experience particularly improves the relation between non-equity entry modes and performance, future research may also investigate experience-related mechanisms that also enhance the performance of equity entry modes. For example, Gaur and Lu (2007) find a negative effect of host country experience on subsidiary survival that diminishes with increasing ownership levels. Moreover, future research may investigate the influence of specific sub-dimensions of international experience to understand which specific aspects of international experience make SMEs' foreign market entries more successful. For example, Luo and Peng (1999) find that intensity and diversity of experience positively influence subsidiary performance, yet with diminishing returns of experience intensity over time. The claim to disentangle international experience receives additional support by scholars who trace inconsistent findings in the literature back to different international experience measures (Brouthers & Hennart, 2007; Dow & Larimo, 2009).

Product adaptation as a capability also significantly influences the entry mode choice and performance relationship. This result expands findings from Blesa and Ripollés (2008) who emphasize that the adaptation of products helps firms to overcome liabilities of foreignness, by showing that such adaptation also enables SMEs to mitigate liabilities of smallness. Product adaptation helps SMEs to take full advantage of the flexibility of non-equity entry modes by quickly responding to changing customer demands without the need for extensive foreign market knowledge or the closeness to foreign markets provided by equity entry modes (Yeoh, 2004; Zahra et al., 2000). In contrast to Anderson and Gatignon (1986) who consider equity entry modes to be more suitable for adapted products, we show that adapting products improves the foreign venture performance particularly of non-equity entry modes. From a resource-based stance, adapting products to foreign markets represents an alternative way of resource commitment (Leonidou, 1996; Petersen, Welch, & Nielsen, 2001), which is beneficial for resource-constrained SMEs (Zacharakis, 1997).

To build on our findings, future scholars may investigate varying degrees of product adaptation in foreign markets to better understand this capability. This issue could be of high relevance for SMEs, which are often niche market players (Yap & Souder, 1994), and would also add to prior research finding a "systematic under-adaptation" of export products (Dow, 2006, p. 212). Future research should also consider that adapting products may also negatively influence the performance of certain entry modes, for example, as it increases the complexity of managing foreign operations (Contractor, Kundu, & Hsu, 2003).

Although it is accepted that well-planned strategies (e.g., entry mode choices) influence organizational performance (Brouthers, 2013; Dess & Davis, 1984), the direct theoretical relation of international experience (based on organizational learning theory) and product adaptation (based on institutional theory) with foreign venture performance warrants the discussion of reverse interaction (i.e., entry mode choice moderates the influence of international experience and product adaptation on performance) (Andersson et al., 2014). The premise of such a view would be that resources and capabilities unfold their value only in the context of certain strategies (Lynch, Keller, & Ozment, 2000). However, even though such a theoretical rationale exists in principle, there is a dearth of studies applying this perspective in the entry mode field. In contrast, a body of research holds that a better fit between a firm's strategy and specific characteristics increases firm performance (Carter et al., 1994; Covin & Slevin, 1989; McDougall et al., 1994). Prior entry mode research adopts this view and likewise investigates under which boundary conditions firms' foreign market entry mode strategies become more successful (Anand & Delios, 1997; Rasheed, 2005; Shrader, 2001), which is consistent with our paper's premise. However, the lack of studies mirrors a general deficit in strategy research, as "[…] those who have attempted to link capabilities and firm performance have not incorporated strategy" (Lynch et al., 2000, p. 47). In fact, research advises not to view both perspectives as conflicting, but rather to integrate them, as neither strategies nor resources/capabilities alone create variance in firm performance (Barney & Zajac, 1994; Edelman, Brush, & Manolova, 2005). We fully concur with this notion and suggest that the different arguments should be considered complementary rather than contradictory in order to advance extant knowledge. Therefore, we encourage future scholars to go beyond our configurational analysis (that provides a first step in this regard) and to delve deeper into the interdependencies between resources, capabilities, firm strategy, and performance.

The present study also advances extant research by studying the joint effect of international experience and product adaptation on the entry mode choice and foreign venture performance relationship. This approach concurs with the notion that resources and capabilities should best be investigated in combination in order to explain variances in firm performance (Newbert, 2007; 2008). Our findings support the notion that SMEs develop a better understanding of international business contexts (Eriksson et al., 1997), which also includes a deeper and more comprehensive understanding of foreign customers' needs as reflected in product adaptation (Cavusgil & Zou, 1994; Lages et al., 2008). These mechanisms compensate SMEs' lack of foreign market knowledge effectively, especially in combination with flexible non-equity entry modes (Brouthers & Nakos, 2004). Therefore, our findings advance studies suggesting that international experience supports product adaptation (Calantone et al., 2004; Cavusgil & Zou, 1994; O'Cass & Julian, 2003). Greater flexibility in responding to market changes by means of product adaptation also enables SMEs to mitigate their sensitivity to external challenges by additionally benefiting from international experience. International experience in combination with product adaptation increases firms' ability to identify and quickly exploit opportunities (Barkema & Drogendijk, 2007; Bloodgood et al., 1996). Given the complementarity of resources and capabilities, we encourage future scholars to investigate other resource-capability configurations to explain variances in firm performance even beyond moderating effects (Dess et al., 1997).

Finally, we believe that the interplay of resources and capabilities is worth being investigated in a promising field of research, i.e. that of micromultinational enterprises (mMNEs). This firm type has been identified by Dimitratos et al. (2003) and represents SMEs that internationalize through advanced entry modes beyond exporting (Prashantham, 2011). While our research design was not targeted at this specific firm type, the proportion of firms choosing equity entry modes in our sample (46%) emphasizes the relevance of SMEs that operate through advanced market servicing modes. Nevertheless, research on mMNEs to date comprises a limited number studies. Most researches investigate determinants or characteristics of mMNEs, such as social capital (Prashantham, 2011), industries in which mMNEs operate (Ibeh et al., 2004), or international entrepreneurship, networks, and learning processes

(Dimitratos et al., 2014). We encourage scholars to advance this promising field of research by investigating which resources and capabilities are of particular importance for mMNEs (as opposed to SMEs) and how performance gains can be achieved.

7 Limitations and Implications

Like most empirical research, our study suffers from limitations. First, the choice of a particular entry mode type might be regarded as endogenous (subject to self-selection) (Brouthers & Hennart, 2007; Shaver, 1998). Shaver (1998) points to the danger of endogeneity especially when employing unobservable variables. This could potentially be the case in our study, as we mostly use self-reported measures. Yet, we do not believe that this constitutes a major problem to our study. In order to validate the subjective performance estimates provided by the respondents of our study, we ran correlation analyses with objective indicators obtained from the AMADEUS database and found significantly positive correlations. Plus, selecting our sample could have introduced endogeneity. However, given the respectability and the representativeness of the AMADEUS database, an adequate response rate, and no significant tests for nonresponse bias, we believe that sample selection did not cause endogeneity issues (Maekelburger et al., 2012).

Second, one should be aware that other resources and capabilities beyond international experience and product adaptation exist that may also address the idiosyncrasies inherent to SMEs with regard to the entry mode choice and foreign venture performance relationship. While we theorize that international experience and product adaptation are highly relevant moderators in our study's context, investigating further resources and capabilities was beyond the scope of our work, constituting a promising area for future research.

Third, other limitations refer to our dependent variable. Performance is subject to development, while our study provides rather static results. We thus encourage future research to implement longitudinal studies. Moreover, the use of a perceptual performance measure might have introduced biases. For example, respondents could have had a lower (or higher) risk perception, which accordingly would have led to over-optimism (or over-pessimism) (Keil et al., 2000). While we cannot fully rule out such bias, the significant correlations between our subjective performance measure and objective performance data from the AMADEUS database lend support to the robustness of our performance measure.

Fourth, the sampled firms last entered a foreign market on average 1.44 years ago. CEOs make errors when retrospectively assessing strategic decisions (Golden, 1992). While this rather short period of time elapsed fosters respondents' ability to recall strategic decisions, it may also mean that many CEOs may not have had time to adequately reflect on their firms' performance in the respective market (Vermeulen & Barkema, 2002). We therefore encourage future research to conduct longitudinal studies in order to corroborate our results and rule out any potential bias stemming from retrospective evaluations.

Lastly, our findings have implications for SME managers. Most SMEs are limited in their strategic choices due to resource deficiencies and therefore often prefer non-equity entry modes (Brouthers & Nakos, 2004). Our results indicate that managers and firms should try to acquire international experience, as it enhances the performance of particularly non-equity entry modes. Moreover, firms should consider combining non-equity entry modes with the adaptation of their products to foreign markets' demands. Similar to international experience, our findings indicate that adapted products enhance foreign market performance in the case of non-equity entries. Hence, pairing non-equity entry modes with international experience and product adaptation enables resource-constrained SMEs to compensate the performance disadvantages of non-equity entry modes compared to the more resource-intense equity entry modes.

C Study 2: Limits to International Entry Mode Learning

1 Introduction

Experiential learning is a business practice that allows firms to develop knowledge, routines and processes and generate a competitive advantage (Haleblian et al., 2006; Levinthal & March, 1993; March, 1991; Powell & Rhee, 2016). Learning through experience is critically important for firms expanding abroad as it helps them deal with the liabilities of foreignness (Zaheer, 1995). Much of the research exploring international experiential learning has focused on the diversity of learning that occurs from the number of different countries in which the firm does business (Barkema & Vermeulen, 1998; Slangen & Van Tulder, 2009) and the intensity of learning that is generated by the length of time a firm has been active internationally (Brouthers et al., 2003; Mutinelli & Piscitello, 1998), or time spent in a target country (Delios & Beamish, 1999) or region (Meyer & Estrin, 1997). Others have explored the diversity of learning from the repeated adoption of the same entry mode structure in different countries (Dikova & Van Witteloostuijn, 2007; Slangen & Van Tulder, 2009) or the intensity (length of time) a specific mode type has been used (Cho & Padmanabhan, 2005; Padmanabhan & Cho, 1999).

Despite the growing interest in how experiential learning impacts a firm's international operations, especially its entry mode choice, this research suffers from several shortcomings. First, researchers tend to assume that firms learn from investment decisions in the same way they learn from production experience (Anand et al., 2015). Yet many international decisions, like entry mode choice are made infrequently and are never exactly the same from one investment situation to another (Jones, 1999). In addition, mode choice decisions like other corporate development activities involve high levels of causal and outcome ambiguity (Anand et al., 2015; Brouthers & Hennart, 2007). Because of this, learning from mode experience might be limited.

The second shortcoming of prior international learning research, including entry mode research, is that it tends to suggest that learning is linear and independent of other activities (e.g., Cho & Padmanabhan, 2005; Guillén, 2003; Padmanabhan & Cho, 1999). Theoretically these studies suggest that the more experience a firm accumulates, the more it learns. But research indicates that cognitive processes limit learning (Levitt & March, 1988) and that different types of experience may complement each other to generate more complex learning (Li & Meyer, 2009; Powell & Rhee, 2016).

In this paper, we theoretically and empirically investigate the limits of international entry mode learning, concentrating on small and medium sized enterprises (SMEs). In particular, expanding on the internationalization process model (Johanson & Vahlne, 1977) we theorize and test the idea that learning from non-equity mode experience can have an impact on future mode choices in new locations. We maintain that SMEs possessing greater non-equity mode experience plus target market/region-specific experience will have learned how to operate in foreign locations and deal with liabilities of foreignness. As a result these firms will be more inclined to invest in equity modes when expanding to new markets. We also theorize and test the notion that high levels of equity mode experience create complexities that overburden SMEs' abilities to identify, value, select, and assimilate knowledge. This leads to a decline in learning and an inverted U-shaped effect of equity mode experiential learning on future mode decisions.

Taking this approach, we make three important contributions to knowledge. First, most international learning literature concentrates on the use of non-equity modes to obtain knowledge about the target market or new technologies (Burpitt & Rondinelli, 2000; Salomon & Jin, 2008). This research tends to ignore the impact of non-equity mode learning on subsequent mode choices. One exception is work based on the Uppsala internationalization process model (Johanson & Vahlne, 1977). The Uppsala model suggests that firms learn from non-equity modes in a particular market and over time move to equity modes in those markets (Forsgren, 2002). We extend this work by exploring how non-equity mode learning impacts mode choices in new locations. Our theory suggests that knowledge obtained through non-equity entry mode experience in tandem with learning generated by more general country and region-specific international experience influences subsequent entry mode choice in new locations. This perspective is based on recent research suggesting that various types of experience-based learning may potentially complement each other (Li & Meyer, 2009; Powell & Rhee, 2016). In this way, we advance both entry mode and experiential learning literatures by extending non-equity mode learning to the choice of subsequent modes in new locations and show how non-equity mode learning is only useful for such decisions when combined with other general international experience.

Second, we explore the limits of research that focuses on learning through international equity modes of entry – joint ventures and wholly owned subsidiaries (e.g., Chang & Rosenzweig, 2001; Dikova & Van Witteloostuijn, 2007; Vermeulen & Barkema, 2001). These studies suggest that greater experience leads to improved learning. But there is growing evidence that cognitive restrictions limit potential leaning (Barkema & Vermeulen, 1998; Maitland & Sammartino, 2015). Building on these ideas, we theoretically and empirically show that the benefits of equity mode experiential learning are non-linear; there comes a point at which firms have difficulty absorbing and using new knowledge or handling the complexity of higher levels of experiential opportunities. We make a contribution to knowledge in this area by showing that equity mode learning is not linear, but has a decreasing marginal effect on subsequent mode choice.

Finally, we contribute to the growing literature exploring SME internationalization (D'Angelo, Majocchi, & Buck, 2016; Laufs & Schwens, 2014). In most countries SMEs make important contributions to economic growth and prosperity and represent an increasing proportion of international business activities (Wakkee, Van Der Veen, & Eurlings, 2015). Yet the international experiential learning and mode choice literatures have, for the most part, tended to pay scant attention to these firms; concentrating instead on large MNEs (e.g., Salomon & Jin, 2008; Slangen & Van Tulder, 2009). Because SMEs tend to suffer from resource constraints, the need for learning is critically important in those organizations (Coviello & McAuley, 1999). Thus, by focusing on SMEs we extend our knowledge of international learning and improve our understanding of SME internationalization.

2 Theoretical Background

Given that the organizational learning literature regards businesses as routine-based systems (Khanna & Palepu, 2000), firms not only need to absorb and integrate new knowledge, but they also have to modify existing routines or create new procedures, as well as spread the knowledge across the organization to efficiently make use of it (Khanna & Palepu, 2000; Martin & Salomon, 2003). This is a gradual process (Eriksson et al., 1997) by which firms become more confident over time and are hence better able to fulfill customer needs (Davidson, 1980). Therefore, learning often results from the accumulation of experience and the application of this knowledge to future decisions (Sapienza et al., 2006; Wang & Poutziouris, 2010).

For example, the international learning literature suggests that learning from repeatedly adopting the same entry mode structure represents deep knowledge as accumulated experience can result in the development and refinement of specific processes or routines on which the organization can draw in subsequent operations (Gao et al., 2008). Yet this research provides mixed results. Some studies find that prior experience with a specific entry mode increases the propensity of adopting the same mode in the future (Cho & Padmanabhan, 2005; Dikova & Van Witteloostuijn, 2007; Padmanabhan & Cho, 1999; Slangen & Van Tulder, 2009; Slangen & Hennart, 2008; Yiu & Makino, 2002). Other studies, however note that this learning might only be applicable to entries in the same line of business (Chang & Rosenzweig, 2001), restricted to certain industries (Lu, 2002; Sanchez-Peinado et al., 2007), generate a negative influence on the level of equity ownership in subsequent operations (Delios & Beamish, 1999), or is not significantly related to subsequent mode choices at all (Kogut & Singh, 1988). These inconsistencies suggest that our understanding of international entry mode learning needs to be rethought and the limitations of this learning more carefully considered.

Another troubling issue in this literature is the almost total neglect of SMEs. SMEs suffer from resource restrictions (Lu & Beamish, 2001) and are more sensitive to institutional pressures compared to larger MNEs (Cheng & Yu, 2008; Schwens et al., 2011). These factors have an impact on SME strategic decision making, especially regarding internationalization processes (Erramilli & D'Souza, 1993; Prater & Ghosh, 2005). Because of this, learning from past experiences, especially international experiences, is especially important for SMEs (Coviello & McAuley, 1999; Lu & Beamish, 2001). But we have little understanding of how SMEs learn from past international entry mode experiences. Below we develop theory that suggests SMEs can learn from international entry mode experience but that this leaning is limited.

3 Hypotheses

3.1 Learning from Non-Equity Modes of Entry

Non-equity entry modes include (indirect) exporting, licensing, franchising, or other contractual agreements. These modes are not very resource-intensive (Pan & Tse, 2000) and are associated with low levels of control and risk exposure in foreign markets (Anderson & Gatignon, 1986; Pan & Tse, 2000). SMEs often prefer non-equity entry modes because this structure does not require significant managerial or financial resources (Brouthers & Nakos, 2004). Instead, non-equity modes can simply be set up by specifying a contractual agreement between two parties (Pan & Tse, 2000; Wang & Nicholas, 2005).

But these contractual arrangements mean that the focal firm will have few if any managers/employees in the foreign market. The lack of any direct market interaction restricts the amount of information available to the SME and reduces potential learning opportunities (Gao et al., 2008; Sirmon & Hitt, 2009). Sparse learning opportunities and less diverse information in turn restrict the breadth, depth, and speed of learning (Zahra et al., 2000). The breadth of learning is narrow as non-equity entry modes expose firms to only a small set of information sources. A narrow breadth of experience implies low amounts of new knowledge and, in turn, low levels of alertness towards opportunities (Sharma, Young, & Wilkinson, 2006). Likewise, the associated depth of learning is comparably low as firms experience few direct or comprehensive interactions with foreign market actors. Because of these sparse and less extensive interactions, SMEs are not able to develop deep relationships, which in turn reduces the depth of knowledge acquired (Wright et al., 2014). This results in a reduction in the speed of learning for firms using non-equity entry modes (Zahra et al., 2000).

Learning from non-equity mode experience is impaired because the focal firm is often dependent on the local partner for market information. Firms typically choose non-equity entry modes if they lack foreign market experience (Erramilli & Rao, 1990; Johanson & Vahlne, 1977). Local business partners therefore provide knowledge about local markets and customers, but these partners control the extent and content of information that flows from the market to the focal firm (Wang & Nicholas, 2005; Wu et al., 2007). This power over the information channel can be problematic as the information provided by the local operator tends to be biased. Salomon (2006) explains how these information flows are subject to distortion on grounds of misunderstandings and/or self-interest of the local partner. Misunderstandings may occur if the local intermediary simply forgets to pass on important information or if they do not recognize the relevance of certain pieces of information. Self-interest refers to the deliberate dissemination of misinformation through local agents or their failure to release important information. For example, research indicates that local partners tend to underestimate local market sales potential in order to increase their perceived sales contribution (Petersen, Welch, & Welch, 2000). In addition, local intermediaries are aware of the fact that their access to and knowledge of the respective market constitutes a competitive advantage and for these reasons they are reluctant to share this knowledge, making it difficult for the focal firm to learn about local markets, business conditions, or customers (Wu et al., 2007). The internationalization process model acknowledges such limitations but suggests that overtime firms learn how to do business in a particular market and will then move from non-equity to equity ownership structures in a particular market (Forsgren, 2002; Johanson & Vahlne, 1977). We extend this concept to explore how non-equity mode learning influences the mode choice decision for new markets.

While opportunities for learning from non-equity entries are restricted, firms may still benefit from non-equity mode experience as they are able to access information that would not be available in the domestic market (Love & Ganotakis, 2013; Salomon & Shaver, 2005). Firms may study the business behavior of their local partners in order to indirectly learn how to do business in a particular foreign location (Barkema & Drogendijk, 2007). In addition, firms learn how to collaborate with foreign partners and how to obtain valuable information from international collaborations (Eriksson & Chetty, 2003). Firms may gather feedback from intermediaries concerning unmet demand or changes in customer preferences (Eriksson & Chetty, 2003). This knowledge may feed back into domestic production processes, i.e. by adapting technologies or production facilities in order to better meet local requirements (Salomon & Shaver, 2005). Hence, non-equity mode experience provides some knowledge about managing foreign ventures, but this knowledge is limited reducing a firm's ability to overcome liabilities of foreignness which would lead to the choice of a more resource-intensive entry mode in new locations.

Recently scholars have suggested that learning mechanisms might be more complex than simple one-way learning (Barkema & Vermeulen, 1998; Powell & Rhee, 2016). Building on these ideas we theorize that non-equity mode experience might influence future mode choices in new locations if complemented with another type of experience; target market/region-specific international experience. Target market/region-specific international experience refers to general international knowledge that SMEs gather when operating abroad. Target market/region-specific experience complements non-equity mode experience by providing knowledge about foreign markets and customers, their culture and idiosyncrasies (Delios & Henisz, 2003). This experience supplements diverse and long-term non-equity mode experience by helping firms to better estimate potential threats and returns in the respective foreign markets (Anderson & Gatignon, 1986), whereby the overall risk stemming from liabilities of foreignness can be extenuated (Henisz & Delios, 2002). Firms with experience in the target area not only gain general internationalization knowledge, but also more idiosyncratic market or region specific experience (Brouthers & Brouthers, 2003; Dow & Larimo, 2009). Dow and Larimo (2009) argue that firms with prior experience in countries within the same cluster actually have both more general international experience as well as culture-specific experience. Culture-specific experience provides firms with greater familiarity of languages, customs, institutions, and religions, which helps lower the risk of misunderstandings. Thus target market/region-specific experience helps firms learn about foreign markets, competitors and customers adding to the operating knowledge that firms obtain through non-equity mode experience.

We suggest that through the combination of non-equity mode and target market/region-specific experience SMEs gain knowledge that reduces the perceived risk of making investments in new markets. This occurs for several reasons. First, target market/region specific experience as well as non-equity mode experience helps firms to build or change routines whereby they learn how to organize and handle internationalization processes (Eriksson et al., 1997). Firms with such experience become familiar with specific settings and situations as well as with typical problems confronted in similar settings, whereby they become routinized in intuitively detecting relevant information (Blume & Covin, 2011). Likewise, internal information flows, management administration, and coordination across international setting becomes more effective (Luo, 2001). Target market/region specific experience thus helps firms to build and refine the routines and processes needed to operate internationally, thereby complementing non-equity mode experience (Yeoh, 2004; Zahra et al., 2000).

Second, non-equity mode experience provides knowledge on managing in foreign locations. With this knowledge SMEs will want to take more control over the next foreign operation. Regional experience provides firms with better network access to organizations and individuals that are highly familiar with regional business practices (Khanna & Palepu, 2000). With this network access SMEs can locate potential joint venture partners as well as identify suppliers and distribution channels. Thus regional/target market experience can supplement non-equity experience making up for the lack of market interaction and market closeness that accompany non-equity modes (Yeoh, 2004; Zahra et al., 2000).

In sum, SMEs may benefit from the learning opportunities provided by multiple information sources which can increase the firm's knowledge base (Fernhaber, Mcdougall-Covin, & Shepherd, 2009; Zahra & George, 2002). By combining the knowledge obtained through non-equity mode experience with target market/region-specific experience, firms can overcome liabilities of foreignness in new locations (Khanna & Palepu, 2000) which will lead to an increase in market commitment. We therefore argue that both the diversity and intensity of non-equity entry mode experience will result in refinements of organizational processes, structures, or strategies (as reflected in the choice of an equity mode) only if complemented with target market/region-specific experience. Hence our first hypothesis states:

> *Hypothesis 1: SMEs with a combination of greater non-equity entry mode and target market/region-specific experience will have an increased propensity of using an equity entry mode in the future.*

3.2 Learning from Equity Modes of Entry

Equity entry modes represent the most comprehensive way of gaining experience abroad (Gao et al., 2008). Equity entry modes include both wholly owned and joint venture subsidiary units (Pan & Tse, 2000). These modes of entry require significant resource commitments and managerial time (Anderson & Gatignon, 1986). Because of this, they are accompanied by increased risks (Pan & Tse, 2000). But equity modes of entry make available several avenues to enhance international learning. First, these modes supply closeness to the market. Being close provides an effective means to acquire information about customers, institutions, business partners, and competitors. This breadth of knowledge acquisition leads to an improved understanding of foreign customers, which in turn facilitates marketing and product design (Yeoh, 2004) as well as new product development and targeting of new segments (Zahra et al., 2000). Through interaction with business partners, firms learn how to meet local customer expectations and requirements that are important for the respective market (Zahra et al., 2000). Acquiring knowledge about local competitors (Eriksson et al., 1997; Musteen, Datta, & Butts, 2014) allows firms to more effectively differentiate themselves from rivals (Yeoh, 2004). In this way, SMEs gather richer and more complex knowledge which results in the development of a more effective foreign operation.

Second, because equity entry modes necessitate high managerial involvement and decision-making (Wang & Nicholas, 2005), they offer the potential for more radical and complex learning (Zahra et al., 2000). This notion relates to the breadth, depth, and speed associated with learning. The aforementioned information sources (i.e. customers, institutions, business partners, and competitors) demonstrate the breath of information to which firms are exposed if they chose equity entry modes (Casillas & Moreno-Menéndez, 2013). In terms of depth, equity entry modes allow for closer market observations (such as competitors' strategic moves), which in turn increases understanding and promotes learning by doing (Zahra et al., 2000). This is particularly important as new knowledge often consists of tacit knowledge, which can only be learned by doing (Levitt & March, 1988). Finally, equity entry modes accelerate learning in the sense that feedback from customers, rivals, and the institutional environment is obtained directly, which induces rapid learning (Zahra et al., 2000).

Building on these ideas, past international entry mode literature tends to suggest that the use of equity modes of entry facilitate learning (Yeoh, 2004; Zahra et al., 2000). Firms learn to operate in foreign locations and gather, process and utilize knowledge to become more successful (Gao et al., 2008). With more equity mode experience firms develop and refine routines that make the implementation of future equity modes more efficient and effective. Thus the literature tends to suggest that learning from equity modes of entry is linear and that with more experience firms refine systems to overcome liabilities of foreignness, reducing the costs and risk of using equity modes in future new locations.

Despite the potential learning opportunities available through equity modes of entry, we suggest that these benefits might be limited, especially for SMEs. According to Levitt and March (1988), learning through experience is subject to organizational limitations. If the amount of information exceeds an organization's cognitive capacity, the firm suffers from 'information overload' that hampers learning (Barkema & Vermeulen, 1998; Yeoh, 2004), thereby reducing or eliminating potential benefits. The underlying rationale for this effect refers to information exchange processes. Organizational learning rests upon individual learning and subsequent information sharing across the organization (Huber, 1991). If firms have to handle multiple businesses, the information processing requirements might reach a point where it exceeds the organization's capacity, i.e. hampering the firm's learning because of this complexity (Barkema & Vermeulen, 1998).

From an administrative perspective, equity operations involve significant financial and managerial resources (Anderson & Gatignon, 1986). Besides the set-up effort, the direct and intensive exposure to institutions requires firms to continually dedicate resources to equity operations. The more of these subunits a firm administers (i.e., high intensity) in different markets (i.e., high diversity), the more complex the organization becomes (Holmlund & Kock, 1998; Tihanyi, Griffith, & Russell, 2005). This complexity arises from the organizational effort required to handle a variety of operations under differing conditions, as is the case in new foreign markets that differ in terms of culture or institutions (Tihanyi et al., 2005). Such differences also exist in terms of trade laws and barriers, government regulations, or currency fluctuations, which all lead to an increase in information exchange processes. This ultimately increases organizational and managerial complexity (Chen & Chen, 1998; Holmlund & Kock, 1998). Firms then need to allocate their resources to both exploiting established routines as well as to exploring new routines gained through new equity mode experiences (Ingram & Baum, 1997; March, 1991). This has a particular impact on SMEs given that these firms suffer from significant resource constraints that restrict their ability to manage multiple complex operations abroad (Lu & Beamish, 2001).

For this reason, we suggest that learning from equity operations is not linear but that firms, especially SMEs, are subject to two types of constraints that limit such learning. First, as the number and diversity of equity mode investments increase, firms face increasingly complex managerial demands that can overwhelm the cognitive capacity of the management team (Barkema & Vermeulen, 1998). Second, for SMEs in particular, resource constraints (Lu & Beamish, 2001) mean that they have few managers available to handle this intensity and diversity of equity operations. Our theory suggests that as a SME gains equity entry mode experience it will tend to increase its use of equity entry modes in the future until it reaches a point at which the complexities of managing all these operations becomes too great. At this point firms will shift to less resource intensive modes of entry. Therefore, we suggest that the relation between equity mode experience and the future use of equity modes takes an inverted U-shape. Our second hypothesis suggests:

Hypothesis 2: Equity entry mode experience will have an inverted U-shaped relation with subsequent equity mode choice such that SMEs with low equity mode experience will increase its use of equity modes in the future while SMEs having higher equity mode experience will decrease its subsequent use of equity modes.

4 Methods

4.1 Sample

We test our hypotheses on a sample of German SMEs. German SMEs are a good place to explore these ideas since they are widely recognized as the 'engine' of the German economy (Schwens et al., 2011)). More than 99% of all German firms are SMEs, employing roughly 60% of all German employees (Oesterle, Richta, & Fisch, 2013). About 36.5% of German SMEs engage in international business activities, thereby contributing to economic stability and growth in Germany (Kay, Holz, & Kranzusch, 2014).

According to the German Institute for SMEs (Institut für Mittelstandsforschung), we define SMEs as firms with up to 500 employees. We accessed the AMADEUS database in order to identify SMEs suitable for our study. To qualify for this study the SME had to be internationally active and have no more than 500 employees. Based on these criteria we obtained contact details of 2,021 internationally active SMEs. In early 2014, we mailed paper-based questionnaires to the CEOs of these firms as this group of managers exerts decisive influence on strategic decisions (Maekelburger et al., 2012) and therefore formed the basis of our survey. After the first wave of questionnaires, we sent out two reminders, and then we made follow-up phone calls. We received 267 responses (13.2% response rate).

Because of missing data, our usable sample includes 187 firms with an average firm size of 137 employees.

Our questionnaire was originally written in English and then translated into German; adhering to back-translation standards. We sent the German version of our questionnaire to the CEOs as they are likely to be most knowledgeable about the internationalization actions of their firm.

4.2 Variables

Our dependent variable, *entry mode choice* was obtained by asking respondents to indicate the type of entry mode for the most recent foreign market entry. Respondents were given a choice of 12 different mode types adapted from Brouthers and Nakos (2004) and Maekelburger et al. (2012). Following Pan and Tse (2000), we created a dichotomous dependent variable *entry mode choice*, with non-equity entry modes (i.e. exporting, using a distributor, franchising, licensing, or other long-term contractual agreements) coded 0, and equity entry modes (i.e. minority or majority joint ventures, minority, majority or full acquisitions, or wholly-owned subsidiaries with or without production facilities) coded 1. This classification scheme is similar to that used in previous studies (e.g., Brouthers & Nakos, 2004; Maekelburger et al., 2012; Nakos & Brouthers, 2002; Schwens et al., 2011).

We included four independent variables in our analyses: *intensity of equity experience, diversity of equity experience, intensity of non-equity experience,* and *diversity of non-equity experience*. For intensity of equity and non-equity experience we asked respondents to indicate how many years of experience their firm had with each of the 12 different types of entry mode. This measure was adopted from prior studies which measured the count years of experience for each foreign operation (e.g., Cho & Padmanabhan, 2005; Padmanabhan & Cho, 1999). According to the classification offered by Pan and Tse (2000), we added the number of years of experience with the respective types of entry modes to create our aggregate measures of intensity of equity experience and intensity of non-equity experience. To measure the diversity of equity and non-equity entry modes we asked respondents to indicate the number of countries in which their firm had used each of the 12 different types of entry mode (e.g., Anderson & Gatignon, 1986; Guillén, 2003). Again we summed the number of countries in which the firm used equity modes and the number of countries in which it used non-equity modes to create our diversity of equity and diversity of non-equity mode experience measures.

Our moderator variable *international experience* consists of two items. Respondents were asked to indicate their agreement with the statements “Our company had prior and long standing experience in the target country” and “Our company had prior and long standing experience in the target region”. Both items were adapted from Schwens et al. (2011) measured on 5-point Likert scales (1=fully disagree, 5=fully agree) and loaded onto one factor (Cronbach’s α = .83).

We also included numerous control variables that have been shown to influence SME entry mode choices. Previous research shows that younger firms are more restricted in their resources than older firms (Erramilli & D'Souza, 1993). This age effect may influence the entry mode decision since younger firms may not have the resources needed to establish equity modes of entry. Thus, we included *firm age* as a control variable, calculated as the year of data collection less the firm’s founding year. *Firm size* is another proxy used to note the resource endowment of a firm. Research suggests that larger firms have greater resources and therefore tend to prefer equity entry modes (Pan & Tse, 2000). We measured firm size as the total number of employees worldwide (e.g., Brouthers & Nakos, 2004) and obtained the respective data from a secondary source, i.e. the AMADEUS database.

In addition, SMEs are often family-owned. Prior research highlights the influence of family ownership on strategic decision-making (D’Angelo et al., 2016). We hence included *family ownership* by asking respondents to indicate the percentage of family ownership of their firm. Furthermore several scholars have shown how research intensity can influence entry mode choice (Brouthers & Hennart, 2007)

(Brouthers & Hennart, 2007; Delios & Beamish, 1999). Consequently, we asked respondents to specify their *research intensity*, i.e. expenditure on R&D in proportion of sales for the last fiscal year. Previous studies also show that industry sector differences may affect entry mode choice (Brouthers & Brouthers, 2003; Erramilli & Rao, 1993). Services are characterized by inseparability and lower integration cost, which is why service firms often tend to establish equity entry modes (Erramilli & Rao, 1993). We therefore asked respondents to indicate whether their firm mainly operates in manufacturing or services, and included a *sector* dummy variable (1=services, 0=other).

Prior research furthermore indicates a strong relation between transaction cost economics (TCE) factors and mode choice (Zhao, Luo, & Suh, 2004). For this reason, we included three TCE variables referring to the time of the firms’ most recent market entry: Asset specificity, internal uncertainty, and external uncertainty. We measured *asset specificity* using a multi-item scale (Brouthers & Brouthers, 2003), that included five items: “Our firm made significant investments that are specific to the needs of the foreign country”, “Our products/technologies are tailored to meet the requirements of this foreign country”, “Our training program in terms of preparing personnel to provide our service or produce our product is well above average compared to our competitors”, “Our firm’s potential to create new and creative products or services is well above average compared to our competitors”, and “The number of technological resources to handle in international expansion by our firm are well above average compared to our competitors”. Respondents indicated their agreement on a 5-point Likert scale (1=fully disagree, 5=fully agree). Confirmatory factor analysis indicated that all five items loaded onto a single factor (Cronbach’s $\alpha = .68$).

Internal uncertainty was captured as international experience (Zhao et al., 2004). We included two measures of international experience, obtained from Cavusgil and Zou (1994). The length of international experience (*IE intensity*) was calculated by subtracting the year of a firm’s first foreign market entry from the year of data collection. The diversity of international experience (*IE diversity*) was a single item in our questionnaire asking respondents to indicate the total number of markets in which their products or services are currently marketed. The third TCE variable *external uncertainty* included two items “It was difficult to forecast the sales quotas of our products in the foreign market” and “It was difficult to forecast the competitive advantage of our products in the foreign market” that were measured on a 5-point Likert scale as in (Lu et al., 2010). The two items loaded onto one factor with good reliability (Cronbach’s $\alpha = .75$). In addition, with respect to the market entered most recently, we controlled for *cultural distance* which is another measure of external uncertainty (Brouthers & Hennart, 2007; Zhao et al., 2004). Moreover, *political constraints* may influence firms’ entry mode choices, which is why we included the POLCON index for the time of firms’ most recent market entry in our analysis (Henisz, 2000).

Finally, we included three motives for internationalization as control variables, i.e. *know-how access, following customers,* and *following competitors*. This is in line with prior research (e.g., Maekelburger et al., 2012; Schwens & Kabst, 2009) and rests on the assumption that strategic motives exert an influence on entry mode decisions. We asked respondents to assess the extent to which these motives influenced their most recent foreign market entry mode decision on a 5-point Likert scale (1=unimportant, 5=important).

4.3 Tests for Non-Response and Common Method Bias

Response bias was assessed following the recommendations of Armstrong and Overton (1977). We first compared early and late respondents on a large number of variables. For this purpose, we identified the first and last 10% of all respondents and compared their responses regarding all variables used in our analysis. A t-test was used to assess response bias concerning our key variables but did not produce significant differences between early and late respondents for any of the variables (Foreign market entry mode choice F=1.958, p=.168; intensity of non-equity experience F=2.477, p=.122; diversity of non-equity experience F=.289, p=.594; intensity of equity experience F=.558, p=.459; diversity of equity experience F=2.197, p=.145; International experience F=.340, p=.563). To further validate that nonresponse bias does not impose a threat to our analyses, we obtained secondary data for all 2,021 firms contacted. For this purpose, we looked up the firms' founding years and number of employees in AMADEUS and compared non-respondents with respondents. This additional analysis confirmed that our study does not suffer from nonresponse bias (Founding year obtained from AMADEUS F=.241, p=.623; Number of employees obtained from AMADEUS F=.287, p=.593).

Since most of our measures were self-reported, our data could be subject to common method bias (CMB). We hence took action in order to minimize this risk. First of all, the measurement of our dependent variable (capturing entry mode) and independent variables (i.e., intensity and diversity of equity and non-equity experience) is more objective than subjective as the respondents were simply asked which entry mode has been used in the most recent foreign expansion (dependent variable) and for how many years and in how many countries the respective experience was collected (independent variables). Second, the inclusion of interaction effects presumably reduces CMB as such interaction terms are likely to go beyond a respondent's cognitive map due to their complexity (Chang et al., 2010). Finally, we conducted a confirmatory factor analysis (CFA) using a latent common "method" factor as suggested by Podsakoff et al. (2003). The resulting model fit was poor (TLI = .344; CFI = .413; IFI = .428; RMSEA = .119), suggesting that common method bias is not an issue with our data.

5 Results

We began our analysis by testing for multicollinearity. The correlation results, mean values, and standard deviations are displayed in Table C – 1. With one exception, all correlations are well below 0.7, indicating that multicollinearity does not constitute a major threat to our results. Only diversity of international experience displays a high correlation with diversity of non-equity entry mode experience (0.750). However, this is not surprising given SMEs' preference for non-equity entry modes from which they gain experience. In order to determine if our results remain stable despite the high correlation between these two variables (diversity of non-equity experience with diversity of international experience) we ran the regressions with and without the variable diversity of international experience and obtained very similar results.

Prior to conducting our analyses, we standardized all predictor variables in order to facilitate interpretation of our results as well as to reduce the potential threat of multicollinearity (Cohen et al., 2013).

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Mean	.47	22.62	5.42	40.04	29.49	2.30	50.50	137.27	70.81	4.24	.39	2.21	41.49	31.31	3.22	2.20	.28	2.26	2.86	2.19
SD	.50	23.67	6.39	40.49	33.43	1.02	41.06	113.41	42.26	4.95	.49	.72	143.54	30.08	1.03	1.08	.30	1.14	1.35	1.13
1 Entry mode choice	1																			
2 IntEQ	.28 ***	1																		
3 DivEQ	.42 ***	.66 ***	1																	
4 IntNEQ	-.16 *	.33 ***	.06	1																
5 DivNEQ	-.05	.27 ***	.21 **	.47 ***	1															
6 International experience	.23 **	.26 ***	.29 ***	.10	.22 **	1														
7 Firm age	.07	.34 ***	.16 *	.50 ***	.25 ***	.12	1													
8 Firm size	.17 *	.29 ***	.33 ***	.19 **	.26 ***	.13	.25 ***	1												
9 Family ownership	.07	.21 **	.11	-.06	-.12	.05	.05	-.05	1											
10 Research intensity	.02	.16 *	.04	.09	.13	.00	-.03	.20 **	.06	1										
11 Sector	.03	-.17 *	-.04	-.33 ***	-.18 *	.04	-.17 *	-.19 **	-.10	-.19 *	1									
12 Asset specificity	.32 ***	.11	.17 *	-.13	-.12	.14	.04	.14	.00	.17 *	.09	1								
13 IE intensity	-.09	-.03	-.05	.13	.04	-.02	.16 *	.02	.04	-.04	-.09	-.08	1							
14 IE diversity	-.07	.30 ***	.25 ***	.42 ***	.75 ***	.11	.29 ***	.28 ***	-.06	.18 *	-.21 **	-.03	.04	1						
15 External uncertainty	-.15 *	-.09	-.15 *	.14	.00	-.10	.13	-.06	-.10	-.01	-.01	.02	.05	.09	1					
16 Cultural distance	-.13	.11	-.03	.22 **	.18 *	.00	.11	-.05	-.01	-.04	.03	.02	-.05	.14	.19 **	1				
17 Political constraints	-.03	.19 *	.20 **	.13	.12	.09	.10	.01	.01	.10	-.10	.08	-.04	.21 **	.16 *	.31 ***	1			
18 Motive know-how access	.04	.03	-.04	.00	-.03	.17 *	.10	-.02	.11	-.01	.11	.22 **	.11	-.05	.12	.14	.02	1		
19 Motive following customers	.06	.01	.09	-.07	.02	.01	-.14	.11	-.06	.08	.15 *	.06	-.06	.04	-.20 **	-.06	.22 **	.05	1	
20 Motive following competitors	.10	.12	.12	.07	.06	.14	.10	.09	.05	-.10	.00	.17 *	.12	.02	-.02	.08	.17 *	.26 ***	.22 **	1

***p ≤ 0.001; **p ≤ 0.01; *p ≤ 0.05
N=187

Table C – 1: Mean Values, Standard Deviations, Factors, and Correlations

Table C – 2: Logistic Regression Results: Foreign Market Entry Mode Choice

	Model 1	Model 2	Model 3	Model 4	Model 5
Constant	-.84	-1.98	-2.01	-.74	-.57
Control variables					
Firm age	.01	.01	.01	.01	.01
Firm size	.00	.00	.00	.00	.00
Family ownership	.00	.00	.00	.00	.00
Research intensity	-.01	.00	-.01	-.01	-.02
Sector	-.47	-.44	-.59	-.46	-.48
Asset specificity	.92 **	.96 **	.99 **	.92 **	.91 **
IE intensity	-.02	.00	-.01	-.02	-.02
IE diversity	-.02	-.01	-.02	-.02	-.03
External uncertainty	-.02	.12	.16	-.02	.01
Cultural distance	-.10	-.08	-.12	-.10	-.10
Political constraints	-1.07	-1.65 *	-1.51	-1.09	-1.21
Motive know-how access	-.03	-.13	-.13	-.04	-.03
Motive following customers	.01	.01	.04	.01	.02
Motive following competitors	.08	.06	.13	.08	.08
International experience (IE)	.27	.70 *	.75 *	.27	.28
Direct effects					
Intensity of equity experience (IntEQ)	.43	.20	.27	.48	.36
Diversity of equity experience (DivEQ)	1.58 ***	1.68 ***	1.71 **	1.57 ***	1.98 ***
Intensity of non-equity experience (IntNEQ)	-.86	-1.22 *	-.77	-.83	-.88
Diversity of non-equity experience (DivNEQ)	.16	-.18	-.57	.18	.30
Interaction effects					
IntNEQ x IE		1.19 **			
DivNEQ x IE			1.37 **		
Nonlinear terms					
$IntEQ^2$				-.05	
$DivEQ^2$					-.35 *
Model fit					
Chi square	82.85 ***	92.86 ***	93.87 ***	82.92 ***	85.33 ***
Correct classification rate	74.33	77.01	78.07	74.87	74.87

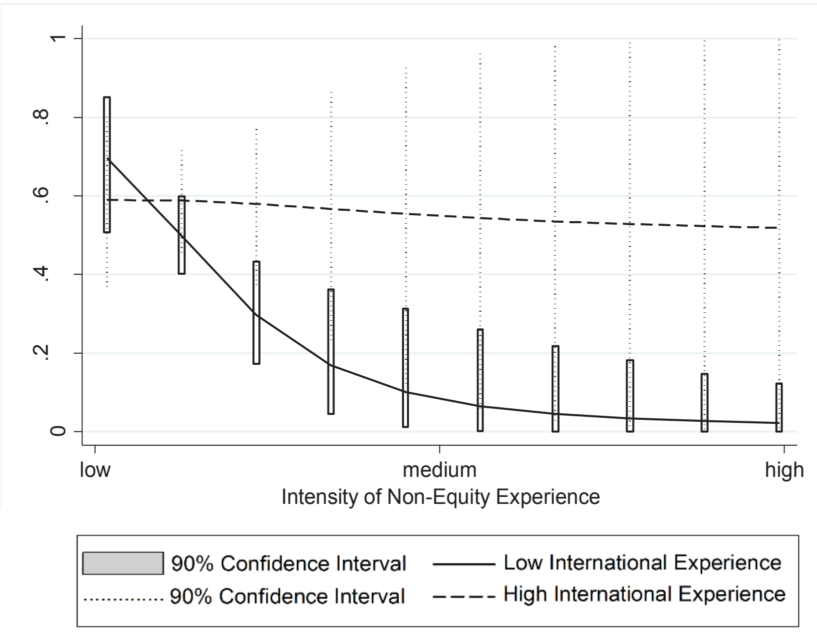
Note: Dependent variable 1 = equity entry mode;
logit coefficients
***p ≤ 0.001; **p ≤ 0.01; *p ≤ 0.05
N=187

Applying hierarchical logistic regression analysis, we tested our hypotheses as shown in Table C – 2. Model 1 includes all control variables, the direct effects of the mode experience variables, and the moderator variable. The model is significant (p = .000) with a high chi square (82.85) and correctly classified 74.3 percent of all entry modes, which is substantially better than the chance rate of 50.18%[1]. Of the control variables, only asset specificity significantly increases SMEs' propensity of using an equity entry mode (p=.002), which is consistent with studies applying transaction cost economics in the entry mode choice literature (e.g., Brouthers & Nakos, 2004; Maekelburger et al., 2012). Furthermore, one of the equity experience variables exerts a direct effect on entry mode choice. The significant positive sign (p=.001) of diversity of equity mode experience indicates that greater diversity of equity entry mode experience leads to the further use of equity entry modes, consistent with prior studies that found that equity mode experience leads to the equity mode choice in the future (Dikova & Van Witteloostuijn, 2007; Slangen & Van Tulder, 2009).

Models 2 and 3 (Table C – 2) test hypothesis 1, which suggests that the interaction between non-equity entry mode experience and target market/region-specific experience will have a positive relation with the propensity of using an equity entry mode in the future. Model 2 (chi square = 92.86, p = .000) shows a significantly positive effect for the interaction of the intensity of non-equity experience and international experience (p=.005). Similarly in model 3 (chi square = 93.87, p = .000) we find a significant and positive effect for the interaction of the diversity of non-equity experience and international experience (p=.001). This implies that these different types of non-equity experience increase the probability of a subsequent equity entry mode choice only in combination with target market/region-specific experience, hence supporting the notion of limits of learning from non-equity entry mode experience as stated in hypothesis 1.

[1] The chance rate is calculated as $a^2 + (1 - a)^2$, where a is the portion of equity entry modes in the sample (Morrison, 1969).

Figure C – 1: Interaction Plots: Intensity of Non-Equity Entry Mode Experience x International Experience (a) Predicted Probability for Low and High Levels of International Experience; (b) Delta Predicted Probability for Low and High Levels of International Experience



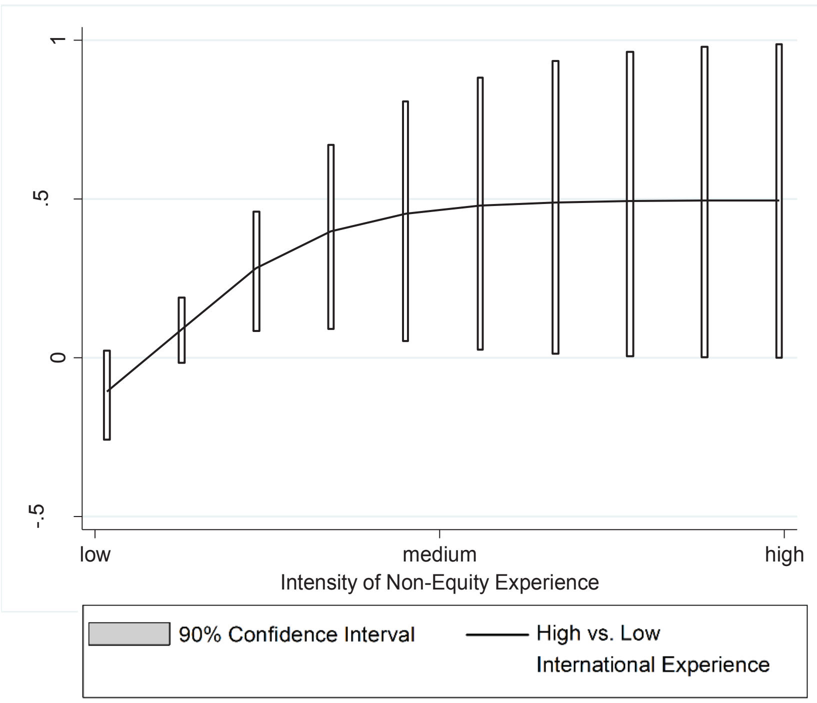
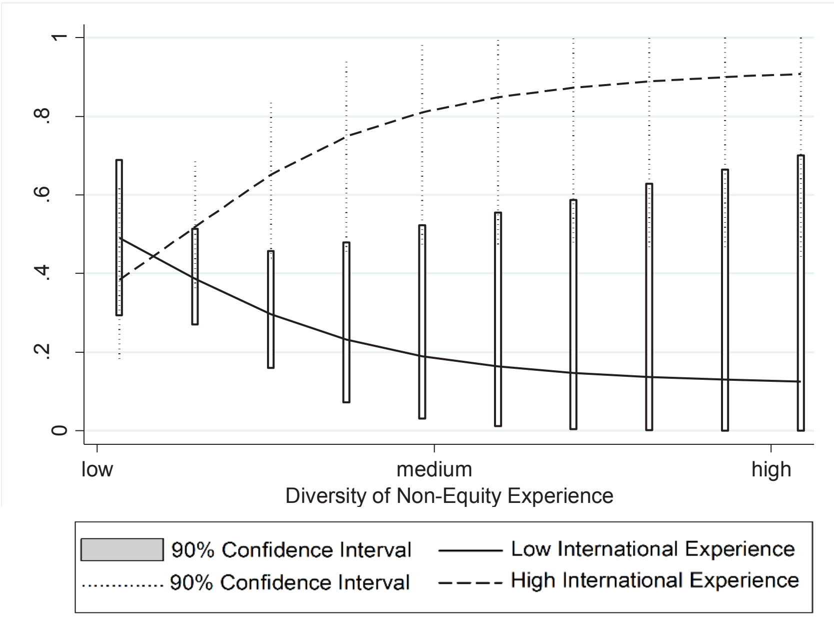
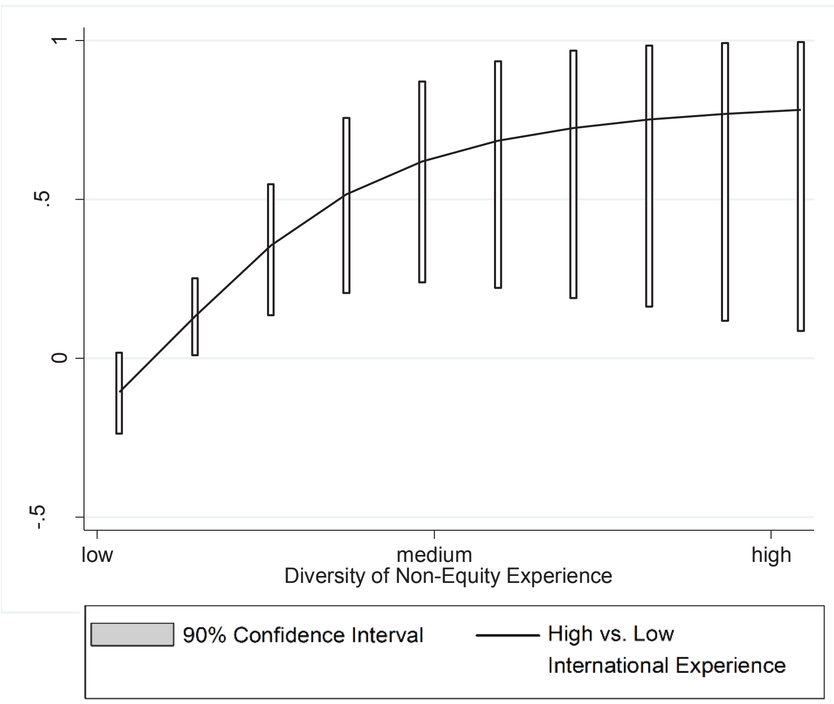


Figure C – 2: Interaction Plots: Diversity of Non-Equity Entry Mode Experience x International Experience (a) Predicted Probability for Low and High Levels of International Experience; (b) Delta Predicted Probability for Low and High Levels of International Experience

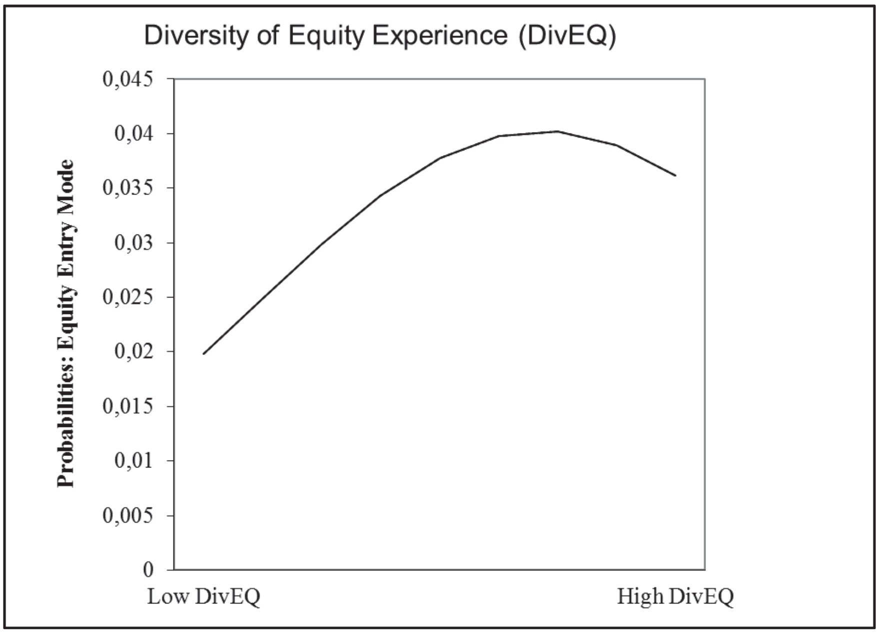




In order to gain a better understanding of the direction and significance of these interaction effects, we provide two sets of plots as suggested by Zelner (2009). The upper set of plots in Figures C – 1 and C – 2 display the predicted probability of an equity entry mode on the y-axis at low to high levels of non-equity entry mode experience on the x-axis. The solid and dashed lines represent low and high levels of international experience, respectively. Given that predicted probabilities are also estimates, we comply with Zelner (2009) by including the second set of plots. Here the y-axis displays the change in predicted probabilities for low to high values of the moderator at different values of non-equity entry mode experience. For intensity of non-equity entry mode experience, the interaction effect is significant at low to medium levels of the independent variable as the confidence interval (represented by the bars) does not include zero. As the effects are entirely significant except for very low and very high levels of intensity of non-equity experience (Figure C – 1) and very low levels of diversity of non-equity experience (Figure C – 2), the graphs lend additional support to our hypothesis.

Models 4 and 5 (Table C – 2) test for the limited effects of equity mode experiential learning. In hypothesis 2 we predicted a non-linear relation between equity mode experience and mode choice. We thus expected the linear terms to display a positive sign, while the quadratic terms should have a negative sign. In model 4 we look at the intensity of equity experience. Model 4 was significant ($p = .000$) with a chi square of 82.92, but we did not find a significant non-linear effect. In model 5 we looked at the diversity of equity experience. The linear regression coefficient of diversity of equity experience shows a positive significant effect ($p=.000$), whereas the quadratic term is significantly negative ($p=.050$). The model displays a strong chi square (85.33) and is significant ($p = .000$). We therefore find some empirical support for our theory that learning from equity entry mode experience is limited (at least for the diversity of equity mode experience).

Figure C – 3: Non-Linear Effect of Diversity of Equity Entry Mode Experience



To obtain additional insights, we graphically display the significant non-linear effect of diversity of equity experience on future entry mode choice (Figure C – 3). The x-axis displays low and high diversity of experience, whereas the y-axis displays the predicted probabilities of future equity entry modes. As firms move from low to medium levels of diversity of equity experience the probability of using further equity entry modes increases. At high levels of diversity of equity experience, however, we find decreasing marginal effects in the form of an inverse U-shape.[2] We hence find indications for the assumption that learning from equity entry mode experience is limited, as reflected in a non-linear relationship at decreasing rates as displayed in Figure C – 3 and delineated in hypothesis 2.

[2] A few cases in our sample contained potentially tautological data. For example, a firm indicated that its most recent foreign market entry took place two years ago in the form of an acquisition. The same firm also specified that it had two years of experience with acquisitions and had overall made one acquisition. In order to make sure that tautology did not distort our results, we re-ran our regression analyses without these 14 potentially tautological cases. All direct effects, interactions, and the nonlinear effect remained stable or even improved in terms of significance levels.

6 Discussion, Limitations, and Conclusion

6.1 Discussion

This study investigated the limits of SME international entry mode experiential learning. We developed theory to suggest that SMEs only learn from non-equity modes if they also have target market/region specific experience. Our theory also suggests that learning from past equity entry mode experience is limited; SMEs at first learn from such investments but as the number of units using this mode and length of time these units have been in place increases, firms learn at a decreasing rate as complexity exceeds a firms capacity to learn. We found support for all these ideas except for learning from the intensity of equity mode experience. It appears that the length of time a SME works with equity modes has little impact on learning.

In this paper we make several important contributions to knowledge. First, we make an important contribution by exploring the impact of learning from non-equity modes of entry. Our results indicate that the diversity and intensity of non-equity mode experience does not play a direct role in learning but that this mode-based learning in combination with international experience is important for future mode decisions. It appears that SMEs are able to benefit from more comprehensive and complementary learning effects. Together with non-equity entry mode experience higher levels of international experience enable SMEs to acquire enough relevant knowledge to feel confident in selecting equity entry modes in the future. In this regard, both the intensity and diversity of non-equity entry mode experience can be beneficial. Our findings tend to substantiate the notion of context-specificity of experiences (Barkema & Drogendijk, 2007). If firms not only possess activity-related experience (i.e. non-equity mode experience), but also knowledge about the specific context of an international activity (market/region-specific international experience), they may be willing to commit increasing amounts of resources to subsequent operations. Hence our study adds to knowledge by showing that a high intensity or a high diversity of non-equity entry mode experience, in combination with international experience helps firms to learn and apply that learning to future entry mode decisions.

Second, our study adds important implications to research focusing on learning from equity modes of entry. Traditionally, this research has suggested that learning is linear; that firms learn more and more as they accumulate greater and greater experience (e.g., Chang & Rosenzweig, 2001; Dikova & Van

Witteloostuijn, 2007; Vermeulen & Barkema, 2001). Yet a recent study by Maitland and Sammartino (2015) suggests that all dominant internationalization theories share a common feature: they fail to incorporate cognitive constraints and their implications for learning and experience. By building such restrictions into our theorizing, we help further our understanding of when and how SMEs learn from equity mode investments. Our study suggests and finds that learning is limited when SMEs have a diversity of equity operations. As we theorized, learning from multiple equity modes can be beneficial at first but as the SME uses these modes more and more the ability to learn from such modes decreases. Thus, our study helps identify important limitations of experiential entry mode learning.

Third, we advance our understanding of SME internationalization. Because SMEs suffer from resource constraints (Lu & Beamish, 2001) scholars tend to assume that their mode choices are limited (Laufs & Schwens, 2014). Given this, research exploring SME mode choice tends to concentrate on TCE, institutional, and firm-specific attributes ignoring the impact of learning (Brouthers & Nakos, 2004; Maekelburger et al., 2012; Nakos & Brouthers, 2002; Schwens et al., 2011). In this study, we theorize and find that SMEs can learn from past international entry mode experiences and that this learning plays an important role in future mode choices. While resource limitations may inhibit the use of equity modes of entry, our study suggests that with experience, SMEs tend move to these more resource intensive modes. However, we note that the use of these more resource intensive entry modes is limited as SMEs can become overwhelmed with information, exceeding its ability to cope. Hence, our study suggests that entry mode learning is important for SMEs but these firms face limits in how and when such learning can be beneficial.

6.2 Limitations

Despite these important implications, our study tends to suffer from several limitations. Our sample includes only SMEs from Germany. In light of certain particularities of the traditional 'German Mittelstand', such as the importance of family owners, which we control for, our results may not be applicable to SMEs from other countries. Further the implications of limited learning may not apply, or may apply in a different way to larger firms. Future research might want to investigate entry mode related experiential learning for firms from different countries and for larger firms.

The independent and dependent variables included in our study may cause some concern as they are aggregated measures of different specific entry modes. While dichotomizing entry modes into equity and non-equity types is consistent with prior research (e.g., Brouthers & Nakos, 2004; Maekelburger et al., 2012; Nakos & Brouthers, 2002; Pan & Tse, 2000), it might blur important learning differences between, for example, joint ventures and wholly owned units. Our sample size restricted such refined distinctions but future research may help determine if such learning differences are a factor by gathering data and testing the learning mechanisms related to specific modes of entry. Furthermore, we assumed that firms learn from all entry mode experiences, but could not differentiate between positive and negative experiences. Future research might look at the potential differences in learning between good and bad entry experience.

Because our study is cross-sectional, experience effects that vary over time cannot be captured explicitly by our research design. A longitudinal study would therefore provide additional insights about the effects of experiential learning over time, especially non-linear effects because longitudinal methods would allow for concrete observations of when exactly organizational constraints limit the positive effects of experiential learning.

Finally, our study sought to follow recent research considering how various types of experience impact learning (Maitland & Sammartino, 2015; Powell & Rhee, 2016) by incorporating mode experience and target market/region-specific international experience in our analysis. While we did control for other experience measures, such as the intensity and diversity of overall international experience, there might be other aspects of experience and learning influencing the entry mode decisions of SMEs. For example, some studies show that vicarious learning (i.e., learning from others) can influence the internationalization process (Bruneel, Yli-Renko, & Clarysse, 2010). It could be that vicarious learning helps firms make better or different entry mode choices in the future.

6.3 Conclusion

In sum, the present study helps expand our knowledge of the limits of international learning. Our results clearly demonstrate the importance of a more differentiated view of the limits of international experiential learning effects, at least in the entry mode choice of SMEs. More specifically, we add to the literature by incorporating non-equity learning and the importance of complementary international experience. We further advance prior research by showing that equity mode learning is limited in the sense that SMEs struggle to handle the complexity of multiple equity operations. In addition to exploring these constraints of learning and experience, we make a contribution by focusing on SMEs that have been largely ignored by experiential learning and mode choice literatures. Thus, our study provides new insights about the limitations of experiential learning and the internationalization process of SMEs.

D Study 3: Family Ownership and SME Internationalization: The Moderating Role of Formal and Informal Network Tie Strength

1 Introduction

Family ownership (FO) refers to the extent to which a firm's equity is held by a family (Sciascia & Mazzola, 2008; Sciascia et al., 2012). Family-owned firms differ from non-family-owned firms in terms of at least two specific characteristics (Boellis et al., 2016; Fernández & Nieto, 2006): First, *risk aversion* stems from family owners being strongly interested in preserving the socioemotional wealth (SEW – i.e. non-financial factors such as the desire to maintain family values, identity, legacy, or influence (Gómez-Mejía et al., 2007) of their firms (Leitterstorf & Rau, 2014). SEW's preservation often has greater priority than purely economic objectives (Sanchez-Bueno & Usero, 2014). Second, the majority of family-owned firms are small- and medium-sized enterprises (SMEs) (European Commission, 2009) which typically suffer from liabilities of smallness such as *limited resources* (Brouthers & Nakos, 2004; Nakos & Brouthers, 2002). FO enhances SMEs' difficulties in accessing new resources, such as relevant information or managerial expertise (Boellis et al., 2016), because family firms tend to hire family members rather than external managers that are often more experienced and competent (Baronchelli et al., 2016; Boellis et al., 2016; Graves & Thomas, 2008). Plus, family-owned firms seek to stay independent by avoiding external funding (D'Angelo et al., 2016), limiting their strategic options and managerial leeway.

The above idiosyncrasies of family-owned SMEs make the internationalization of these firms peculiar. While risk aversion may prevent family SMEs from conducting more hazardous internationalization moves (Boellis et al., 2016; Zaefarian, Eng, & Tasavori, 2016), resource limitations may deter them from pursuing international growth strategies (D'Angelo et al., 2016; Fernández & Nieto, 2006). Extant studies therefore find family-owned firms to have a lower propensity to internationalize (Graves & Thomas, 2004), to diversify less internationally (Gomez-Mejia et al., 2010; Sanchez-Bueno & Usero, 2014), to have less export activities (Fernández & Nieto, 2005; 2006), and to be hesitant in undertaking overseas investments (Bhaumik, Driffield, & Pal, 2010). However, other studies show that FO positively influences internationalization (Chen et al., 2014; Zahra, 2003) or that, once family firms decide to internationalize, the geographical scope and degree of internationalization does not significantly differ from non-family firms (Cerrato & Piva, 2012). To help resolving these inconclusive results, prior research began investigating moderating factors such as firms' competitive environment, past performance (Arregle et al., 2012) or institutional ownership (Chen et al., 2014). Yet these studies are generally scarce and we still have limited theoretical knowledge regarding how FO influences SME internationalization under different boundary conditions. The present paper draws on social network theory in explaining family firm internationalization considering that FO is characterized by the unification of management and ownership. Through this unification, social aspects, including networks and social capital, take on heightened importance (Kontinen & Ojala, 2010).

We pursue two primary research objectives. First, we study the relationship between FO and internationalization in the context of German SMEs. More concrete, we study FO's impact on SME host country selection (i.e., developed versus developing host country market). Host country selection attracts attention in the SME internationalization literature (e.g., Coviello & Munro, 1997; Sakarya et al., 2007) as the expansion into developing countries provides SMEs the opportunity to considerably enlarge their internationalization portfolio while at the same time enhancing the risks related with internationalization. Thus, we consider host country selection as a particularly relevant setting in which the idiosyncrasies of family-owned SMEs play a role.

Second, we advance research studying the boundary conditions of the FO and internationalization relationship. Family-owned SMEs place a particularly strong emphasis on trustful relationships (Myers, Droge, & Cheung, 2007; Zaefarian et al., 2016), partly due to their desire to preserve their SEW (Leitterstorf & Rau, 2014), but also because of their long-term focus permitting the establishment of long-lasting relationships (Eberhard & Craig, 2013; Le Breton-Miller & Miller, 2006; Miller et al., 2009). Prior research therefore hints at the relevance of networks in overcoming both risk aversion (Julien, 1993; Yang & Zhang, 2015) and resource limitations (Jones, Makri, & Gomez-Mejia, 2008; Myers et al., 2007). We therefore investigate how the relationship between FO and internationalization varies in the presence of network tie strength. Tie strength captures the nature of a contact (Granovetter, 1973), whereby strong ties are characterized by closeness, frequent interactions, and long durations of contact (Smith, Collins, & Clark, 2005). Drawing on social network theory (Coleman, 1988; Granovetter, 1973; Mitchell, 1969; Rogers & Kincaid, 1981), we distinguish between strength of formal international ties (such as customers, suppliers, or other business-related contacts) and informal ties (such as friends, relatives, or other non-business related contacts).

We offer two contributions to extant research. First, we develop theory that introduces risk aversion and resource limitations as underlying theoretical mechanisms influencing the host country selection of family-owned SMEs. More recent studies show that family firms' desire to protect their SEW significantly influences strategic decisions (Gómez-Mejía et al., 2007; Gomez-Mejia et al., 2010). However, because of the "infancy of the SEW approach" (Berrone, Cruz, & Gomez-Mejia, 2012, p. 274) research gaps exist especially regarding internationalization strategies. The particularities of FO to date have thus been insufficiently considered leading to an incomplete theoretical understanding of how the internationalization of family-owned SMEs differs from that of non-family-owned firms. In contrast to a recent study by Boellis et al. (2016) that argues that it is risk aversion and lack of information that determines family-owned firms establishment choices, our study is particularly tailored to family-owned SMEs. We therefore contribute to knowledge by focusing on two idiosyncrasies inherent to family-owned *SMEs* influencing their host country selection.

Second, by studying network tie strength as a boundary condition of the FO-internationalization relationship, we focus on contextual factors that change the direction or magnitude in which FO influences SME internationalization. This way, we contribute to the to date limited knowledge regarding the role of networks in family firm internationalization (Kontinen & Ojala, 2010; Pukall & Calabrò, 2014). We theoretically explain and empirically validate how family SMEs benefit from formal tie strength in overcoming risk aversion and resource limitations, increasing the propensity to select developing host countries in the presence of strong formal ties. We also establish that informal tie strength reinforces risk aversion and resource limitations leading family-owned SMEs to select developed host countries. This way, we also advance research that hints at the downsides of trust (Welter, 2012; Zahra, Yavuz, & Ucbasaran, 2006) and network ties (Smith et al., 2005). Additionally, we contribute to reducing previously equivocal findings regarding FO and internationalization by validating theoretical explanations for reinforcing and mitigating effects of network ties.

2 Theory and Hypotheses

2.1 Theoretical Background

The SME internationalization literature has largely ignored the role of FO (Chen et al., 2014; Sciascia et al., 2012). This is surprising as FO is particularly pertinent in smaller firms given high levels of ownership concentration and co-alignment of ownership and management in these firms (opposed to larger enterprises where ownership is more dispersed and professional managers are more influential (Chrisman et al., 2012). Firms with higher FO are characterized by two major particularities. First, FO implies a great deal of risk aversion in order to protect large shares of monetary family wealth invested in these firms (Boellis et al., 2016; Pukall & Calabrò, 2014). It simultaneously limits the influence of outside managers or stakeholders (D'Angelo et al., 2016; Fernández & Nieto, 2006). Additionally, family firms strive to protect their SEW and consider this aim to be of greater importance than pure economic goals, which is why Gomez-Mejia et al. (2010) show that family firms tend to avoid the risks associated with international diversification, and if they opt for internationalization, they tend to prefer culturally proximate countries as a means to protect their SEW. Second, resource limitations make it difficult for family-owned SMEs to achieve a sustained competitive advantage through internationalization. Entering new markets requires resources and expertise from third parties, but family-owned firms avoid giving influence to outsiders as it could peril their independence (Gomez-Mejia et al., 2010; Sanchez-Bueno & Usero, 2014).

Given their particularities, the internationalization of family firms is special, yet there is no consent in the literature as to whether FO exerts a positive or negative influence on SME internationalization. For example, Zaefarian et al. (2016) show that because of risk aversion, family firms do not actively foster internationalization but discover international opportunities by accident and through social networks. Similarly, Claver, Rienda, and Quer (2007) find family firms to display caution in their foreign market entry mode selection as risk aversion lets family firms choose exporting over FDI in order to tie up less capital abroad. Referring to both risk aversion and resource limitations, Fernández and Nieto (2005; 2006) find that FO negatively impacts SMEs' international involvement (i.e. the propensity and intensity of export activities). Conservatism and risk aversion make it hard for SMEs to obtain the resources required for effective internationalization, such as support from outsiders or qualified staff. Sanchez-Bueno and Usero (2014) as well as Gomez-Mejia et al. (2010) find a negative influence of FO on the degree of international diversification. They attribute this finding to the fact that international diversification ultimately requires external expertise (e.g., by hiring non-family members), which is what family firms seek to avoid in order to preserve their SEW. Likewise, Graves and Thomas (2004) find that family-owned SMEs are less likely to internationalize compared to non-family-owned SMEs because of a tendency to being inward-looking and a lack of relationships that could facilitate internationalization.

Another set of studies argues in the opposite way by stating that family firms' long-term orientation and flexibility results in a proactive approach to internationalization and a greater willingness to take risks. Flexibility arises from informal structures and the ability to make quick decisions whereby family firms can respond to changing environments (Chen et al., 2014; Fernández & Nieto, 2006), representing an advantage in the international marketplace that requires firms to act and respond at an increasing pace (Ruzzier, Hisrich, & Antoncic, 2006). More lengthy tenures of family members and care for future generations foster long-term orientation (Chen et al., 2014; Le Breton-Miller & Miller, 2006) that enables family firms to invest in highly qualified, loyal staff and enduring relationships with outsiders, which may facilitate access to important resources (Le Breton-Miller & Miller, 2006) needed for internationalization. At the same time, a long-term focus helps family-owned SMEs to create an organizational culture characterized by loyalty and commitment, which in turn creates mutual trust and encourages information and experience sharing (Chu, 2009; Ensley & Pearson, 2005), both of which are crucial for successful internationalization. While research on the internationalization of family-owned SMEs is scarce, the literature presented offers various explanations for both benefits and disadvantages of FO. Yet these contrasting views demonstrate that we do not have sufficient knowledge of the underlying theoretical mechanisms that determine whether FO in SMEs encourages or restricts internationalization.

Therefore, recent advances began contextualizing the FO-internationalization relationship in order to contribute resolving previously inconclusive findings. Chen et al. (2014) show that this relationship is positively moderated by institutional ownership, indicating the relevance of external expertise for successful internationalization in family SMEs. Others show that environmental heterogeneity increases the pressure on family-owned firms' resources as they are exposed to fierce competition and quickly changing environments (Arregle et al., 2012).

In an effort to advance this literature, we investigate the influence of FO in SMEs on host country selection and how network contacts moderate this relationship. Prior research shows that networks reduce risk aversion by providing timely and reliable information (Yang & Zhang, 2015). Julien (1993) observes that networks serve as stabilizer for SMEs as they create a space of trust, thereby reducing risk aversion even in unstable environments. Similarly, a common means of mitigating resource limitations is to use the resources available through network contacts to obtain advice, managerial know-how, technologies, and finance (Chen & Chen, 1998) or to get access to the network's network whereby the pool of resources available becomes even larger (Jack, 2005). In our study, we build on recent research suggesting that by drawing on external contacts to reduce risk aversion and information disadvantages, family-owned firms may compensate their liabilities and enlarge the range of strategic alternatives available (Boellis et al., 2016).

Selecting the right country for expansion is one of the most important internationalization decision for SMEs (Douglas & Craig, 1989; Ellis, 2000). First, country selection influences the organizational structure of a firm as it affects production, distribution, financial, and managerial issues (Andersen & Strandskov, 1997; Papadopoulos & Denis, 1988). This implies that country choices significantly determine the applicability and appropriateness of firm-specific resources and capabilities (Brouthers et al., 2009; Priem & Butler, 2001), which is imperative for resource-deprived SMEs (Brouthers, 1995). Second, country selection determines a firm's competitive posture in the foreign market and globally (Ayal & Zif, 1978; Papadopoulos & Martín Martín, 2011). Gaining ground in strategically important markets can thus be a key ingredient for global competiveness and success (Papadopoulos & Denis, 1988; Papadopoulos & Martín Martín, 2011). Third, the location and dispersion of target markets influences the effort required to coordinate the firm's activities (Papadopoulos & Denis, 1988), which is crucial for SMEs that often struggle to handle the complexity and risks of internationalization (Ayob & Senik, 2015; Papadopoulos, Chen, & Thomas, 2002).

A common classification of countries is that of developed versus developing countries (e.g., Galan et al., 2007; Huett et al., 2014). Developing countries hold tremendous potentials for internationalizing firms. Because of lower GDP per capita (Huett et al., 2014), growth rates tend to be higher (Pangarkar & Yuan, 2009). Greater natural resource endowments (Galan et al., 2007), cheaper input factors (Makino, Lau, & Yeh, 2002) and less sophisticated competitors also constitute considerable benefits for expanding firms (Pangarkar & Yuan, 2009). However, institutional voids make any business activity in developing markets more risky than in developed markets (Wang et al., 2012). These voids refer to less efficient legal and financial systems and a lack of their enforcement (Tonoyan et al., 2010), increasing the cost of doing business (Pangarkar & Yuan, 2009) and creating ambiguity and uncertainty (Hitt et al., 2000). These risks thus need to be overcome in order to reap the benefits and growth potentials associated with developing countries.

In contrast, developed countries offer significantly lower growth potentials but greater relative economic and social stability (Hitt et al., 2000). The institutional environment is characterized by well-functioning and reliable capital and labor markets (Khanna & Palepu, 1999) and better and cheaper availability of capital (Hitt et al., 2000), which creates institutional trust (Welter, 2012; Zak & Knack, 1998). Firms may comparably easily access labor, capital, and customers, while enjoying good property rights protection, which in sum reduces the cost of doing business (Khanna & Palepu, 1999). Even if firms face problems in accessing desired resources, they can still draw on reliable intermediaries in developed countries that may help access the required resources and overcome contracting problems (Khanna & Palepu, 1999; 2000). In sum, developed countries are associated with low levels of risks, but offer significantly lower growth potentials than developing countries do.

2.2 FO and Host Country Selection

Family-owned SMEs have a tendency of avoiding risks (Huybrechts, Voordeckers, & Lybaert, 2013; Naldi et al., 2007), preliminary owing to their desire to preserve their SEW (Sanchez-Bueno & Usero, 2014). Additional fear of losing high shares of family wealth invested in their companies (Pukall & Calabrò, 2014) lets family-owned SMEs shy away from entering developing countries that involve higher risks. Risk aversion can potentially be exacerbated through family-induced ‘groupthink’ (Janis, 1972), i.e. a culture where family members dominate the strategic thinking, making other firm members hesitant to question strategies (Sundaramurthy, 2008). This issue is particular pertinent in SMEs with greater FO that place great emphasis on trust and trustful relationships (Myers et al., 2007; Zaefarian et al., 2016) as institutional trust (i.e. a business environment characterized by strong institutions and stable conditions) can be found in developed countries (Welter, 2012), whereas ambiguity and uncertainty dominate the business environment in developing countries (Hitt et al., 2000). Family SMEs' risk aversion thus leads to a tendency of entering developing rather than developed countries. Moreover, increasing family influence creates a mindset that tends to be more closed, whereby international expansion becomes restricted (Sundaramurthy & Dean, 2008). This may eventually lead to inertia that thwarts family firms' ability to recognize international growth potentials (Cerrato & Piva, 2012; Graves & Thomas, 2004; Zahra, Hayton, & Salvato, 2004) as existing in developing countries. This could explain why many studies indicate that FO is associated with risk-averse behavior in internationalization decisions (e.g., Chen & Hsu, 2009; Fernández & Nieto, 2006; Sanchez-Bueno & Usero, 2014). Naldi et al. (2007) corroborate this notion by demonstrating that even if family firms take risks, they do so to a lesser extent than non-family firms. Therefore, we argue that higher degrees of FO increase firms' risk aversion, resulting in the choice of a less risky developed country.

Resource limitations as a key characteristic of FO further hinder family-owned SMEs in exploiting growth potentials in riskier developing markets. Resource limitations not only refer to restricted resource endowments, but also to limited access to new resources (Lu & Beamish, 2001), including access to relevant information that could help reduce a firm's uncertainty related to foreign market entry (Boellis et al., 2016). Information access is particularly problematic in family firms as they tend to avoid the intrusion of external parties, even in the form of expertise or external financing (Gomez-Mejia et al., 2010). The refusal of accepting outside support implies that family firms typically do not benefit from the expertise associated with institutional shareholders or professional non-family managers (Tihanyi et al., 2003), yet this expertise is crucial to facilitate entry into risky developing markets. Family firms therefore tend to lag behind non-family firms in terms of managerial capabilities (Graves & Thomas, 2004; 2006), aggravating the non-implementation of complex internationalization moves (Butler, Doktor, & Lins, 2010).

To sum up, we theorize that because of risk aversion and resource limitations, SMEs with increasing FO are more to limit themselves to less risky and more slowly growing developed countries, rather than exploiting greater growth potentials that are accompanied with greater risks and the need for augmented resource expenditures in developing countries.

Hypothesis 1: The probability of choosing a developing country for international expansion decreases with higher degrees of family ownership.

2.3 Tie Strength of International Formal Ties

Firm networks are often identical to family managers' personal contacts (Wang & Poutziouris, 2010) and include other business professionals, government officials, family members, and friends (Björkman & Kock, 1995) . We therefore argue that the strength of *social ties* (rather than inter-organizational ties) moderates the influence of FO on country selection. While Coviello and Munro (1995) conclude that country selection offers opportunities created through both formal and informal contacts, we distinguish between international formal ties (customers, suppliers, export agents, and other industry-related contacts), and informal personal ties (friends, relatives, or other contacts that are not industry-related) (Musteen, Francis, & Datta, 2010) in analyzing their influence on the FO and country selection relationship. In addition to distinguishing between social and firm-level ties, the seminal work by Granovetter (1973) differentiates between weak ties (acquaintances) and strong ties (family or friends). While his theory highlights the importance of weak ties in providing new information (whereas strong ties in his work typically share redundant information), this study adheres to more recent advances in arguing that this dichotomization is inappropriate and that weak or strong ties may exist in different kinds of relationships (Anderson, 2008; Kontinen & Ojala, 2011). We thus refer to tie strength since an important differentiating characteristic of strong ties is their willingness to share knowledge and offer help (Krackhardt, 1992).

We argue that family SMEs' risk aversion and their subsequent preference for developed countries can be reduced by means of international formal ties that are prone to provide high-quality and balanced information about foreign markets (Musteen et al., 2010). By being better able to assess internationalization risks, the danger of losing family firms' SEW is reduced, resulting in reduced risk aversion and increasing the probability of entering a developing country. This effect is reinforced by formal networks offering valuable means of informal sanctions, e.g. criticism or disapproval, which reduces the cost of information search, monitoring, and potential opportunistic behavior of business partners (Manolova, Manev, & Gyoshev, 2010) as these aspects reduce the risk aversion in family SMEs, enabling them to enter developing countries. Moreover, while members of cohesive groups often share a similar way of thinking, new ideas introduced by outsiders of the group my break up groupthink (Nelson, 1989). Bettinelli (2011) and Sundaramurthy (2008) therefore argue that outside non-family members may introduce new perspectives. This in turn produces alternative strategies, reduces groupthink, and, thus, risk aversion as members of the firm develop a more balanced risk perception that will ultimately enhance firm's propensity to enter developing countries.

Strong formal ties also help mitigate resource limitations associated with increasing FO, thereby enabling family-owned SMEs to opt for developing countries when expanding. Because family SMEs cannot afford the time and finance to actively monitor the external business environment, they may require formal international ties to learn about international business potentials that would otherwise not be noticed (Myers et al., 2007; Sundaramurthy & Dean, 2008). Plus, family-owned SMEs may benefit from these contacts' business strategy expertise (Jones et al., 2008) without the need to dispense power to outsiders, which may enable these firms to enter developing countries in the presence of strong formal international ties. Moreover, these ties are likely to be geographically dispersed, whereby they enhance the range of resources a firm can access (Musteen et al., 2010). This is important as managers of resource-restricted firms tend to rely on trusted sources of information rather than on systematic analyses of alternatives (Papadopoulos & Denis, 1988). Thus with greater FO, the likelihood increases that SMEs rely on trusted international contacts, thereby facilitating access to developing countries with high growth potentials. We thus hypothesize:

> *Hypothesis 2: The probability of opting for a developed country at higher degrees of family ownership becomes lower in the presence of strong formal ties.*

2.4 Tie Strength of Informal Ties

In contrast, we argue that strong informal ties reinforce family SMEs' risk aversion and their consequent tendency of choosing developed countries for expansion. One reason for this effect is that this type of network ties comprises friends or relatives which share similar values, interests, personalities (Jackson et al., 1991; Leung et al., 2006), and risk perceptions (Scherer & Cho, 2003). Zahra et al. (2006, p. 541) therefore comprehensively discuss negative effects of an 'overreliance on relational trust' (p 541) that may increase errors of judgement and discourage risk taking, which can ultimately lead to "relational inertia, blind trust and over-trusting behavior" (Welter, 2012, p. 200). This is problematic as it means SMEs with higher FO may receive support in their desire to protect their SEW and the according tendency of shying away from risky strategic moves, as would be the case when entering a developing country. This effect is exacerbated if informal ties, consisting mainly of friends or family, are located nearby, because spatial proximity, personal cohesiveness and well-established relationship may limit the perception of new information (Grabher, 1993; Sok & O'Cass, 2011; Welter, 2012). In our study, strong informal ties will thus fortify the risk aversion associated with increasing FO, resulting in a greater propensity of family SMEs to opt for developed countries.

Considering family-owned SMEs' difficulties in accessing resources, another problem refers to the type of information provided by informal ties. Considering the fact that maintaining and developing trustful relationships is resource-demanding (Jones & George, 1998; Zahra et al., 2006), small firms may not have the capacity to maintain trustful relationships with more distant formal ties, even if these might provide information of higher quality. Familiarity or friendship among network actors may thus hamper managers' information gathering (Smith et al., 2005), thereby reinforcing resource limitations and increasing family SMEs' tendency of choosing developed countries for expansion. Moreover, Musteen et al. (2010) argue that SME managers cannot afford time-consuming risk-and-return analyses of alternative opportunities, but rather rely on trusted personal information sources when selecting foreign markets. Yet information provided by informal ties often is of inferior quality compared to information from formal international ties because of a lack of business relevance (Musteen et al., 2010). Informal ties are thus unlikely to produce new or different information (Burt, 1992; Granovetter, 1973; Zaefarian et al., 2016). Papadopoulos and Denis (1988) explain that SMEs do not apply a systematic approach in choosing countries for expansion. This is problematic as resource limitations in family SMEs also refer to managerial deficiencies, implying that family-owned SMEs rather rely on the judgement of potentially unqualified managers and weak ties. These sources of information are unlikely to hint at growth potentials outside their familiar environment, increasing family-owned SMEs' likelihood to opt for a culturally and institutionally similar (i.e., developed) country. We thus hypothesize:

Hypothesis 3: The probability of opting for a developed country at higher degrees of family ownership becomes higher in the presence of strong informal ties.

3 Methods

3.1 Sample

Our sample consisted of 2,021 German SMEs whose contact details we obtained from the well-established AMADEUS database. The vast majority of all German firms are SMEs that employ about 60% of all employees in Germany (Oesterle et al., 2013). The fact that most German firms are family-owned (Haunschild & Wolter, 2010) makes this sample particularly suitable for testing our hypotheses. We adhere to the German Institute for SMEs (*Institut für Mittelstandsforschung*) in defining SMEs as firms with up to 500 employees. In addition to this size threshold, we only selected firms that were internationally active. By applying these filters, we achieved contact details of 2,021 firms. We compiled the original version of the paper-based questionnaire in English. Conforming to back-translation standards (Brislin, 1970; Hui & Triandis, 1985; Van de Vijver & Hambleton, 1996), the final questionnaire contained only German questions. We sent out a first wave of questionnaires in 2014. The recipients of all questionnaires were the CEOs of these firms as they are the key decision-makers in SMEs and are most likely to be involved in all internationalization-related matters (Maekelburger et al., 2012; Mesquita & Lazzarini, 2008). We subsequently sent out two reminders after which we made follow-up phone calls. This procedure resulted in 267 responses (13.2% response rate). Because of missing variables, our final usable sample includes 161 firms with an average firm size of 145 employees.

3.2 Variables

Dependent Variable: Country Selection

Our dependent variable – country selection – refers to the most recent expansion process of the SMEs in our sample. We followed prior literature by grouping countries into two clusters: developing countries and developed countries (Galan et al., 2007; Huett et al., 2014; Makino et al., 2002). The latter included North America, Western Europe, and countries from the UAE (such as Dubai) and were coded “1”. In contrast, developing countries were coded “0” and comprise Middle and South America (e.g., Columbia), Eastern Europe (e.g., Romania), most Asian countries, and South Africa.[3]

Independent Variable and Moderators

Our independent variable refers to the degree of *family ownership* as is consistent with prior literature (e.g., Sanchez-Bueno & Usero, 2014; Sciascia et al., 2012; Zhang, Venus, & Wang, 2012). We hence asked respondents to indicate the percentage to which their firm is family-owned. We included two moderator variables in our study: *strength of international formal ties* and *strength of informal ties*. This division into informal (personal) and international formal (professional) ties is in line with Musteen et al. (2010). For each of the moderators, we created a formative index consisting of three items: frequency, duration, and intimacy; all of which were identified by Granovetter (1973) as being essential for high tie strength. All items were adapted from prior literature (Collins & Clark, 2003; Smith et al., 2005; Zimmerman, Barsky, & Brouthers, 2009). We asked respondents to indicate the frequency in which they interact with their international formal contacts (i.e., customers, suppliers, or other business-related contacts), and their informal contacts (i.e., friends, relatives, or other non-industry-related contacts), respectively. Each question was designed as 5-point Likert scale, ranging from 1 = several times per week to 5 = less than several times per year. The second dimension refers to the length of time that the respondents have known their international formal and informal contacts, respectively. Again, we used 5-point Likert scales (1 = only recently, 5 = for a long time). Finally, we asked respondents how “intimate” their knowledge-sharing is with these ties, measured on a 5-point Likert scale (1 = mostly

[3] In order to validate our measurement, we implemented additional cluster analysis. We followed Huett et al. (2014) in using the Economic Feedom Index, the United Nations Human Development Index, and the GLOBE study as clustering criteria. The results confirmed our approach of using only two clusters.

superficial information, 5 = mostly intimate information). As comprehensively explained by Anderson (2008), the three dimensions of tie strength build a formative index, which is why traditional checks for internal validity and reliability do not apply (Diamantopoulos & Winklhofer, 2001).

Control Variables

We included ten control variables that have been identified to influence SME internationalization and especially their country selection. *Firm age* represents a common proxy for resource endowment and legitimacy of the firm – aspects that are important for SME internationalization (Baum, Schwens, & Kabst, 2011; Huett et al., 2014), as both could hamper firms' country selection. We used secondary data, i.e. the firms' founding years as obtained from the AMADEUS database, and measured firm age by subtracting the firm's founding year from the year of data collection (2014). Similarly, *firm size* was obtained from AMADEUS, measured by the total number of full-time employees. This variable typically represents a proxy for resource endowment or prior performance in SME internationalization research (Lei & Chen, 2011; Lin, 2010). We also controlled for industry or sector differences that have been shown to influence internationalization decisions (Brouthers & Brouthers, 2003; Erramilli & Rao, 1993). Such an effect can be attributed to manufacturing firms' higher capital intensity which could make firms more risk averse. We hence asked respondents to indicate whether their company operates in the manufacturing or services sector and computed a *sector* dummy variable (1=services, 0=other).

We also controlled for firms' *entry mode choice* in their most recent internationalization. Prior research asserts that entry mode choices and country selections are closely intertwined (Musso & Francioni, 2014; Papadopoulos & Martín Martín, 2011). We obtained this variable by letting respondents choose between twelve different types of entry mode adapted from Brouthers and Nakos (2004) and Maekelburger et al. (2012). We then created a dichotomous variable with non-equity entry modes (i.e. exporting, using a distributor, franchising, licensing, or other long-term contractual agreements) coded 0, and equity entry modes (i.e. minority or majority joint ventures, minority, majority or full acquisitions, or wholly-owned subsidiaries with or without production facilities) coded 1. This procedure is in line with Pan and Tse (2000) and adheres to previous studies (e.g., Brouthers & Nakos, 2004; Maekelburger et al., 2012; Nakos & Brouthers, 2002; Schwens et al., 2011). The time elapsed since *last entry* was also measured in line with prior research (Ghauri & Buckley, 2003) and was included in order to control for any path-dependent effects of previous country choices (Huett et al., 2014). We further included two variables to control for potential experience effects. This is important when studying country selection as studies relating to the process theory of internationalization have shown that more distant countries are often chosen by more experienced firms (e.g., Erramilli, 1991; Johanson & Vahlne, 1977). The *intensity of international experience* measures the length of firms' overall international experience. It was obtained by asking respondents to indicate the year of their firm's first internationalization, which was then subtracted from the year of data collection. The second variable, *TMT international experience*, was measured on a 5-point Likert scale, asking respondents to assess the international experience of its top management team (TMT) (1=very low, 5=very high). Finally, we included a set of motives for internationalization as control variables. Prior research demonstrates the importance of motives in the context of location choices, especially with regard to developing countries (e.g., Galan et al., 2007; Huett et al., 2014). As we have reason to believe that such motives could also influence firms' country selection, we asked respondents to indicate to which extent *cost advantages*, *know-how access*, and *risk diversification* motivated their most recent internationalization, measured on a 5-point Likert scale (1=unimportant, 5=important).

3.3 Tests for Non-Response and Common Method Bias

In order to account for non-response bias, we adhered to the procedure suggested by Armstrong and Overton (1977). First, we identified the first 10% and the last 10% of the respondents in order to compare early and late respondents. Next, we conducted a t-test under consideration of all variables as is consistent with Miller and Smith (1983). We did not detect significant differences for any of our focal variables (country selection F=.446, p=.510; family ownership F=.549, p=.465; strength of international formal ties F=.564, p=.458; strength of informal ties F=3.002, p=.093). In a second step, we sought to corroborate the finding that nonresponse bias did not impact our study. To this end, we intended to compare subjective data from our questionnaire with objective data from the AMADEUS database. We accordingly obtained secondary information for all 2,021 companies that we initially contacted. A comparison of data on firm size (as measured by number of employees) and firms' founding years additionally supported our assumption that nonresponse bias did not distort our results (number of employees obtained from AMADEUS F=.287, p=.593; founding year obtained from AMADEUS F=.842, p=.359).

Even though we included secondary data in our analyses (the measures for firm age and firm size were both obtained from AMADEUS), the majority of our measures represent self-reported data. For this reason, our data and analysis could potentially be subject to common method bias (CMB). In order to ensure that this risk was minimized, we implemented several actions. First, we followed Podsakoff et al. (2003) in conducting a confirmatory factor analysis (CFA), whereby a latent common “method” factor is included. Because of the poor model fit (TLI = .286; CFI = .405; IFI = .443; RMSEA = .104) common method bias does not seem to be a threat to our study. Second, we included two interaction effects in order to further reduce potential CMB. The underlying rationale of this measure is that interaction terms are likely to be too complex so that respondents may not immediately grasp the study’s actual intent (Chang et al., 2010). Finally, our dependent variable (country selection) and the focal predictor variable (degree of FO) both are more objective than subjective in nature because respondents simply indicated which country was chosen for the most recent internationalization of their firm and to what percentage their firm is family-owned. Altogether, there does not seem to be a problem with common method bias in our study.

4 Results

Prior to conducting our analysis, we conducted tests for assessing multicollinearity. Table D – 1 displays the means, standard deviations, correlations, and variance inflation factors (VIFs) for all variables included in our analysis. All correlations stay well below the threshold of 0.7, which suggests that multicollinearity does not seem to be a problem (Anderson, Sweeney, & Williams, 1996). In addition, VIFs below 2.5 indicate that multicollinearity is not an issue (Allison, 1999), which is the case for our data with the highest VIF being 1.47.

Table D – 1: Mean Values, Standard Deviations, Variance Inflation Factors, and Correlations

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Mean	.41	73.69	10.42	10.84	37.83	144.56	.39	.50	3.58	30.87	3.60	1.89	2.34	2.75
SD	.49	40.76	2.28	2.43	33.20	113.65	.49	.50	3.23	21.51	.90	1.15	1.16	1.22
VIF		1.10	1.47	1.30	1.17	1.21	1.25	1.19	1.18	1.27	1.21	1.19	1.30	1.24
1 Market selection	1													
2 Family ownership	.101	1												
3 Tie strength of formal (international) ties	-.019	.031	1											
4 Tie strength of informal ties	-.043	.069	.390 ***	1										
5 Firm age	-.142 †	.119	-.025	-.100	1									
6 Firm size	-.097	-.014	-.103	-.110	.158 *	1								
7 Industry	.030	-.071	-.052	.095	-.217 **	-.259 ***	1							
8 Entry mode choice	.106	.089	.091	.066	-.015	.127	.043	1						
9 Time elapsed since last entry	-.057	.170 *	-.043	-.157 *	.103	-.096	-.031	.213 **	1					
10 Intensity of international experience	-.169 *	-.014	.093	.001	.287 ***	.186 *	-.296 ***	-.174 *	-.048	1				
11 TMT international experience	-.095	.018	.357 ***	.096	-.003	-.008	.029	.080	-.119	.116	1			
12 Motive: cost advantages	-.183 *	.137 †	-.137 †	.056	-.045	.028	.000	.140 †	.088	.018	-.001	1		
13 Motive: know-how access	-.137 †	.114	.024	-.034	.031	.032	.083	.018	.037	.019	-.007	.273 ***	1	
14 Motive: risk diversification	.040	-.007	.081	-.037	.040	-.071	-.073	.076	.079	-.007	.067	.158 *	.378 ***	1

***p ≤ 0.001; **p ≤ 0.01; *p ≤ 0.05; †p≤0.1

N=161

We implemented a final measure for reducing the potential problem with multicollinearity by standardizing our independent and moderator variables prior to beginning the analyses as suggested by literature (Cohen et al., 2013). Table D – 2 displays the results of our logistic regression analysis.

Table D – 2: Logistic Regression Results

	Model 1	Model 2	Model 3	Model 4	Model 5
Constant	2.081 *	2.328 *	2.331 *	2.348 *	2.626 *
Control variables					
Firm age	-.007	-.009	-.009	-.012 †	-.008
Firm size	-.002	-.002	-.002	-.001	-.002
Industry	-.108	-.039	-.019	.111	-.024
Entry mode choice	.697 †	.676 †	.733 †	.718 †	.660 †
Time elapsed since last entry	-.065	-.082	-.095	-.107 †	-.110 †
Intensity of international experience	-.010	-.009	-.009	-.008	-.007
TMT international experience	-.299	-.320	-.300	-.277	-.394 †
Motive: cost advantages	-.369 *	-.425 *	-.426 *	-.442 *	-.413 *
Motive: know-how access	-.234	-.286 †	-.290 †	-.365 *	-.320 †
Motive: risk diversification	.210	.248	.239	.250	.268
Direct effect					
Family ownership		.402 *	.427 *	.510 *	.468 *
Moderator variables					
Tie strength of formal (international) ties			-.023	-.007	-.042
Tie strength of informal ties			-.195	-.200	-.148
Interaction effects					
Family ownership x Tie strength of formal ties				-.565 **	
Family ownership x Tie strength of informal ties					.351 †
Model fit					
R^2 (Nagelkerke)	.167	.201	.211	.265	.232
ΔR^2 (vs. model 2)	-	.034	.044	.098	.065
χ^2	21.283 *	26.038 **	27.331 *	35.245 ***	30.438 **

Note: Dependent variable = Market selection (1=developed); standardized regression coefficients
***p ≤ 0.001; **p ≤ 0.01; *p ≤ 0.05; †p≤0.1
N=161

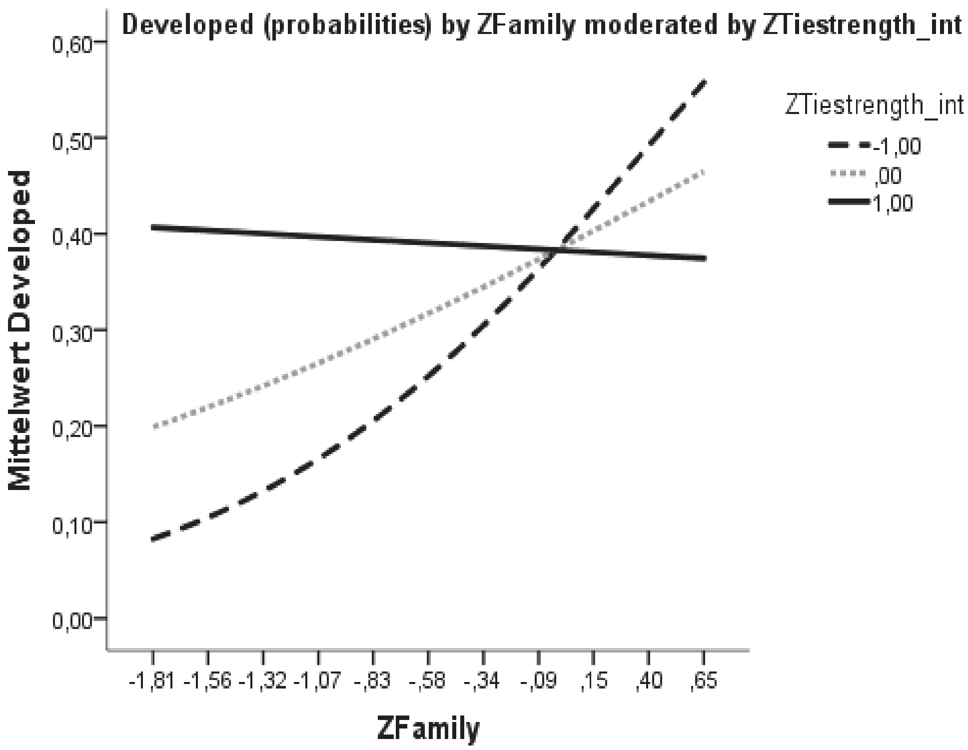
Model 1 only includes control variables and is significant (p=.019) with a moderate chi square (21.283) and a correct classification rate of 65.8% that is substantially better than the chance rate of 51.62 %[4]. Two control variables significantly influence firms' country selection. The positive sign of entry mode choice implies that equity entry modes increase the probability of entering a developed country rather

[4] The chance rate is calculated as $a^2 + (1 - a)^2$, where a is the portion of developed countries in the sample (Morrison, 1969).

than a developing one. This finding is not surprising as equity entry modes include acquisitions, joint ventures, and greenfield subsidiaries, and German SMEs may be hesitant to commit large amounts of resources to fixed assets in developing countries. Yet the effect is only marginally significant (p=.065). In contrast to entry mode choice, the motive cost advantages has a significant and negative effect on country selection (p=.028). This means that firms seeking cost advantages are more likely to opt for a developing country. The explanation seems to be straightforward as input factors, such as labor or raw materials, are generally cheaper in developing countries (Makino et al., 2002).

The second model tests hypothesis 1 which predicted that higher degrees of FO will increase the probability of entering a developed country. The model shows a slightly better model fit. Its chi square is 26.083 (p=.006) with a correct classification rate of 67.7%. This model additionally contains the direct effect of FO. The positive and significant (p=.034) sign of this variable lends support to hypothesis 1 as it indicates that increasing degrees of FO result in a higher probability of choosing a developed country. Model 3 also includes the moderator variables with a moderate chi square (27.331, p=.011) and 67.7% correctly classified cases. None of the moderators significantly influences firms' country selection as a direct effect supporting our notion of a more complex interactive model. Model 4 tests hypothesis 2 and is significant (p=.001) with a chi square of 35.245 and 70.8% correct classification rate. In hypothesis 2, we predicted a moderation effect in such that higher tie strength of international formal contacts will lead to the choice of a developing country at higher FO. The interaction term is significant (p=.008) and negative, supporting our hypothesis. Model 5 (chi square=30.438, p=.007, classification rate=70.8%) tests hypothesis 3 in which we argued that stronger informal ties in combination with higher degrees of FO will increase the probability of choosing a developed country. The positive sign of the interaction term lends support our hypothesis, yet it is only marginally significant (p=.091).

Figure D – 1: Interaction Plot: Family Ownership x Strength of Formal Ties



Dawson (2014) suggests that interaction effects should be plotted in order to facilitate interpretation. Figure D – 1 thus illustrates the moderating effect of the strength of international formal ties. The x-axis displays the degree of ownership, whereas the y-axis shows the probability of choosing a developed country. The faintly dotted line represents the direct effect of FO on country selection without the influence of tie strength. Its almost linear curve shows that the higher the degree of FO, the more likely the German SME is to enter a developed country. However, in the presence of high tie strength of international formal contacts (as represented by the continuous line), this effect considerably changes as high tie strength decreases the probability of entering a developed country. Instead, medium to high levels of FO coupled with strong formal ties enable firms to enter developing countries.

Figure D – 2: Interaction Plot: Family Ownership x Strength of Informal Ties

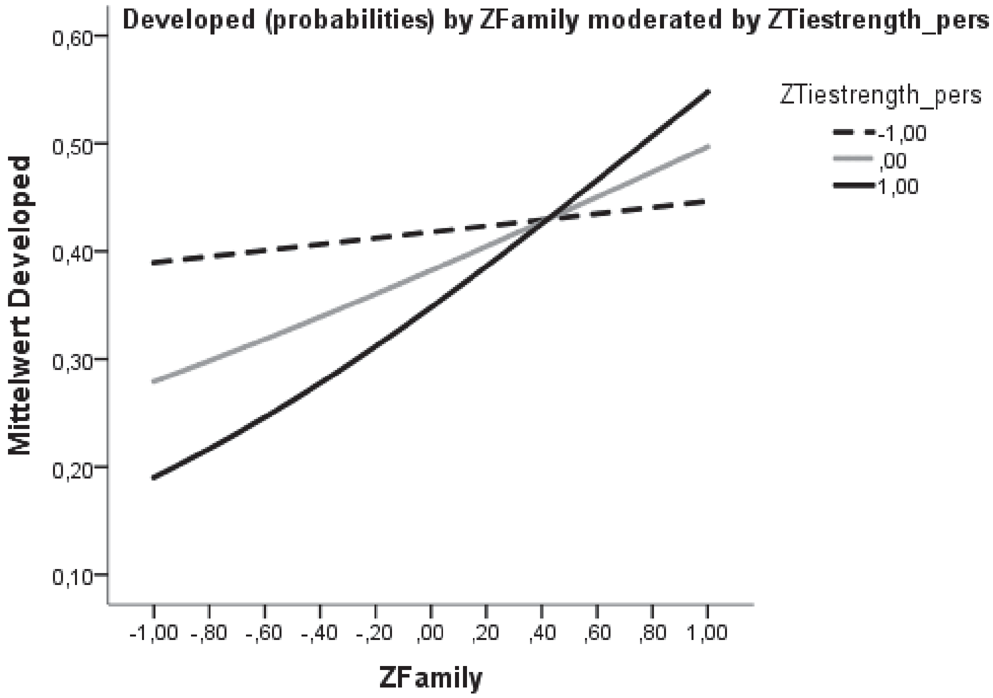


Figure D – 2 plots the interaction effect of FO moderated by tie strength of informal contacts. The graph shows that strong informal contacts increase the probability of entering a developed country, yet this is only true for high to very high degrees of FO. For low to medium degrees of FO, however, strong informal ties seem to have a similar effect as international formal ties: the probability of entering a developed country decreases. While this finding clearly is somewhat unexpected, it could be due to the marginal significance of the interaction term and might be more distinct with greater sample sizes.

5 Discussion

This study investigated the relationship between FO and internationalization. We developed and tested theory to show that risk aversion and resource limitations are the underlying mechanisms of this association. Our theory suggests that SMEs with high degrees of FO may benefit from strong international formal ties, but that strong informal ties may negatively impact internationalization. We make two important contributions to knowledge: First, our theory identifies risk aversion and resource limitations as two particularities of FO in SMEs. Traditionally, the family SME literature has been characterized by debates about the positive or negative influence of FO on various aspects of internationalization (e.g., Arregle et al., 2012; Miller, Le Breton-Miller, & Scholnick, 2008). Yet recent studies call for a greater consideration of the heterogeneity of family firms, rather than dichotomizing firms in either being family-owned or not (Chrisman & Patel, 2012; Nordqvist, Sharma, & Chirico, 2014). By concentrating on family SMEs and risk aversion and resource limitations as particularities, our study advances research by Boellis et al. (2016) that identified risk aversion and lack of information to determine establishment choices in larger family firms.

Moreover, Boellis et al. (2016) investigated establishment mode choice as dependent variable. In contrast, we chose host country selection as appropriate context for our research questions as family SMEs need to overcome their risk aversion and resource limitations in order to be able to enter developing countries. While prior literature began investigating SMEs' host country selection (e.g., Coviello & Munro, 1997; Sakarya et al., 2007), knowledge to date is limited. Our study confirms that risk aversion and resource limitations play a pertinent role in explaining family SME internationalization. Owners and managers of family SMEs need to become aware of these liabilities in order to develop a better understanding and handling of their strategic motivations. Some of the insights gained from the present study may also inform research beyond host country selection. We therefore encourage future research to study risk aversion and resource limitations as idiosyncrasies of FO regarding other aspects of internationalization or other strategic choices.

Second, we make an important contribution by exploring the boundary conditions of FO and internationalization in the form of network tie strength. While Boellis et al. (2016) found international experience to help family firms to mitigate their liabilities, we focused on the benefits and disadvantages of network tie strength. Our findings produce several important insights. While traditional network research adhered to the view that strong ties tend to produce redundant information, we show that it is the nature of the tie (i.e. formal or informal) that influences the FO and host country selection relationship. Our findings tend to substantiate prior research that found strong formal ties to reduce risk aversion by providing high-quality information to decision-makers (Musteen et al., 2010) and by helping introduce new perspectives to homogenous assumptions and ways of thinking (Bettinelli, 2011; Sundaramurthy, 2008). In terms of host country selection, we support Chen and Chen (1998) who pointed out that formal network ties may compensate the lack of foreign market institutions in developing countries, thus facilitating internationalization.

In contrast, strong informal ties appear to have the opposite effect. Reinforcing risk aversion and resource limitations, SMEs with higher FO display an even greater propensity of entering developed countries in the presence of stronger informal ties. This supports literature calling for considering the downsides of trust (Welter, 2012; Zahra et al., 2006) and network ties (Smith et al., 2005). Zahra et al. (2006) suggest that relying on trusted contacts may increase errors of judgement and discourage entrepreneurial risk taking. We advance this notion by showing that informal ties tend to be disadvantageous for family-owned SMEs with regard to host country selection. It seems that in this context, close networks may indeed become a liability (Kontinen & Ojala, 2011; Musteen et al., 2010), deterring family SMEs from expanding their business to developing countries. We encourage scholars to delve deeper into different types of network ties, various levels of network tie strength, and other contexts in which informal network ties may in fact constitute a facilitator to SME internationalization.

6 Limitations and Implications

Like most empirical research, our study suffers from limitations. First, the measurement of our independent variable may cause concern as it consists of a single item asking respondents to indicate the percentage of family ownership in their firms. The management literature typically advocates multi-item scales as otherwise the reliability and validity of single items cannot be assessed (Boyd, Gove, & Hitt, 2005). However, using single-item measures is not uncommon in management research (Zapkau et al., 2014) and this measurement is in line with many prior studies (e.g., Sanchez-Bueno & Usero, 2014; Sciascia et al., 2012; Zhang et al., 2012). Moreover, we confirmed the validity of the responses obtained by comparing data on firm size and founding years with secondary data from AMADEUS in the context of a non-response bias. As this test did not produce significant results, we are confident that the same is true for FO. Still, we encourage future scholars to apply a more sophisticated measurement, e.g. by taking into account the dispersion/concentration of ownership and family management of the focal firms. Especially membership of the interviewed CEO in the owning family would be of interest as this enhances the family's impact on strategic decisions.

Moreover, our independent variable may cause concern as the underlying mechanisms we propose – risk aversion and resource limitations – may not be peculiar for FO, but for SMEs in general. Future research may therefore test the direct effect of risk aversion and resource limitations on host-country selection, accounting for possible differences between family SMEs and non-family SMEs. Likewise, resource limitations could be considered a too general proxy. Future studies might therefore explicitly measure (lack of) expertise, i.e. external funding available or family members employed. Our study also did not make allowance for potential reinforcing effects of limited resources and risk aversion, which could in future research be tested by means of three-way interactions.

Second, the coding of our dependent variable may be criticized for being too simplistic. However, we not only provide detailed explanations for why the two categories of countries (i.e., developing and developed countries) share common characteristics, but also followed prior research in verifying the allocation of each case to the respective cluster by means of cluster analysis (Galan et al., 2007; Huett et al., 2014; Makino et al., 2002). While we do not believe the coding of the dependent variable to be cause for concern, we encourage scholars to apply a more differentiated approach by investigating more clusters of countries, accounting for regional differences, or by using development indices as dependent variable.

Third, our moderators might cause concern. While our measurement of tie strength is consistent with prior literature (Collins & Clark, 2003; Smith et al., 2005; Zimmerman et al., 2009), we do not account to the type of resources shared among these types. Future research could advance our findings by investigating the content being shared and potential differences with regard to informal and formal ties. In addition, our definition of formal and informal ties may be broadened in order to include institutional contacts as formal ties as well.

Fourth, some general critique may refer to our sampling strategy as it consisted of German firms only, which limits the generalizability of our findings. In different cultural contexts, the influence of FO or the role of networks may significantly differ from the German context. We therefore encourage scholars to investigate related research questions with firms from different countries. In addition, our sample only included internationally active firms, thereby disregarding firms that are in the process of preparing for their first internationalization, yet these firms may be especially risk averse and scant in resources. Future research may contribute to knowledge by including such firms in their investigations.

Lastly, our results have implications for managers of family SMEs. We show that risk aversion and resource restrictions associated with FO need to be taken seriously as they may severely influence family SMEs‘ internationalization strategies. Managers should therefore pay close attention to the motivations that guide their strategic decision-making and think of potential countermeasures to better deal with these two liabilities. One possible means of overcoming the shortcomings of greater FO is to concentrate on effective networking with strong international formal ties. These ties have proven highly beneficial in our study and may be particularly helpful for family SMEs aiming to enter developing countries. In contrast, owners and managers of family SMEs should become aware of the difficulties resulting from over-relying on trusted informal ties as these may re-inforce risk aversion and resource restrictions. Instead, managers should deliberately and cautiously balance information and advice obtained from these sources in the context of their internationalization strategies.

E Concluding Remarks

1 Core Results and Contributions

Internationalization constitutes a key theme for SMEs and a complex research issue. Given that SMEs differ significantly from large MNEs, it is crucial for scholars to specifically account for these idiosyncrasies by choosing appropriate research designs. The present dissertation contributes to developing a more comprehensive understanding of SME internationalization processes by focusing on SMEs' entry mode choices and their performance implications, the learning potentials associated with foreign market entry, and family SMEs' host country selection. Moreover, the dissertation deduces implications that may pave the way for future scholars and that may prove beneficial to SME managers in the context of internationalization processes.

Taking into consideration the paramountcy of resources for SMEs, this dissertation's first study adds to knowledge by drawing on the RBV for the analysis of SMEs' entry modes and their performance implications. Using a sample of German SMEs and applying linear regression analysis, the study establishes that entry mode choices do not directly influence foreign venture performance, thereby coinciding with prior research suggesting that the benefits and shortcomings of both mode types counterbalance each other (Brouthers & Nakos, 2004; Rasheed, 2005). In an attempt to further advance the RBV, the study adds a contextual perspective and finds that international experience and product adaptation prove to be significant moderators of this association, helping SMEs to achieve better performance of their non-equity entry modes. This finding informs research beyond the SME entry mode field as it stresses the importance of including contextual factors and interactions in order to solve inconsistencies and advance knowledge relating to the internationalization-performance relationship (Bausch & Krist, 2007). In addition, the study builds on recent research that identifies a missing connection between the mere possession of resources and their effective exploitation (Eisenhardt & Martin, 2000; Newbert, 2007; 2008; O'Cass & Sok, 2012; Sok & O'Cass, 2011). By incorporating a configurational perspective that finds international experience and product adaption to jointly improve the performance of non-equity modes, the study contributes to the broader internationalization literature.

Adding contextual factors to the entry mode and performance relationship appears to be a promising way to resolve inconsistencies in the internationalization and performance relation.

SMEs' entry mode choices may not only influence their subsequent foreign venture performance, but also the learning that SMEs may draw from their experiences. The theme of learning has been central to internationalization scholars ever since the internationalization process model (Johanson & Vahlne, 1977) was introduced. Applying binary logistic regression techniques to a sample of German SMEs, this dissertation's second study finds that through the combination of two types of experience (i.e., non-equity mode experience and target market/region-specific experience), SMEs learn how to deal with liabilities of foreignness and how to conduct business abroad. This learning ultimately enables them to dedicate larger shares of resources and invest in subsequent equity modes. This finding adds to knowledge beyond the SME literature as it contributes to a better understanding of the complementarity of different organizational learning processes which to date have been insufficiently accounted for (Lichtenthaler, 2009). An inverted U-shaped effect of diversity of equity mode learning on subsequent equity mode choice furthermore indicates that the complexities stemming from greater levels of equity mode experience may overburden SMEs' cognitive ability to identify, value, select, and assimilate knowledge. By exploring the limits to entry mode learning, the study contributes to the literature as all dominant internationalization theories to date neglected cognitive organizational constraints and their implications for experiential learning (Maitland & Sammartino, 2015). Overall, the study corroborates the notion that international experiential learning tends to be significantly more complex than originally thought (Li & Meyer, 2009; Powell & Rhee, 2016).

In addition to the mode of entry, firms need to select the appropriate host country when expanding internationally. This strategic decision is strongly influenced by distinctive features of family-owned SMEs. The third study of this dissertation therefore introduces risk aversion and resource limitations as two particularities of family ownership in SMEs. The establishment of these particularities contributes to resolve prior inconsistencies in the literature concerning the advantages and disadvantages of family influence on SME internationalization as binary logistic regression validates that higher FO increases SMEs' preference for selecting less risky developed countries for expansion. In addition, the study explores the boundary conditions of the focal relationship by including network tie strength as moderator. Strong formal ties appear to risk aversion and enable SMEs to enter risky developing countries by providing high-quality information to decision-makers (Musteen et al., 2010) and by presenting new ideas and ways of thinking (Bettinelli, 2011; Sundaramurthy, 2008). This effect advances extant literature that has begun to question the predominant assumption of weak ties being more beneficial in providing new and relevant knowledge than strong ties (e.g., Jack, 2005). Finally, the study corroborates that relying on informal trusted sources may discourage entrepreneurial risk taking (Zahra et al., 2006), deterring family SMEs from expanding their business to developing countries. This notion contributes to knowledge beyond the SME context as it explores the downsides of trust (Welter, 2012; Zahra et al., 2006) and confirms that trusted sources may become a liability (Kontinen & Ojala, 2011; Musteen et al., 2010).

2 Managerial Implications

Drawing on the results of the three studies presented, this dissertation proposes practical recommendations and implications for SME managers that may help them with their firms' internationalization processes.

The first study highlights the importance of international experience and product adaptation for improving the performance of non-equity modes. SMEs and their managers should gain experience with international business topics as this can enhance the performance of non-equity entry modes. Similarly, practitioners may want to adapt the products or services offered abroad when expanding through non-equity entry modes, as this will likely yield greater performance gains. The same holds true for coupling international experience with the capability to adapt products to foreign markets as this combination also helps SMEs to compensate the performance disadvantages otherwise associated with non-equity entry modes. In a broader context, the study findings indicate the benefits of combining resources and capabilities, as the latter may be helpful in exploiting resources effectively.

Focusing on the benefits and shortcomings of experiential learning, the second study illustrates that SMEs should try to acquire different types of experience in order to fully exploit their learning potentials. The learning derived from non-equity mode experiences can best be paired with prior target market/region-specific experience if SMEs seek to invest into equity operations. This finding is of great relevance to SME managers as equity modes are associated with higher risks (Anderson & Gatignon, 1986), yet equity modes yield greater potential for returns (Anderson & Gatignon, 1986). In order to exploit these potentials, SMEs should combine different types of learning. Moreover, SME managers need to be aware of the cognitive limits of their organizations in handling the complexities associated with multiple international equity operations. Managers should thus incorporate in their strategic planning that at some point, SMEs can no longer absorb learning from additional equity modes but will rather return to non-equity modes. Bearing this in mind, managers should think about creating additional capacity in their organizations for gathering, storing, and reapplying experiential knowledge.

The third study suggests that owners and managers of SMEs that are to some extent family-owned should become aware of risk aversion and resource limitations as two key features influencing the internationalization strategies of these firms. It is therefore vital for owners and managers to analyze the actual motivations guiding their strategic choices, and to establish strategies of how to deal with these liabilities. The study proposes strong international formal contacts to be an adequate means of dealing with these issues as these ties have been shown to be particularly beneficial for SMEs with higher FO entering developing countries. On the contrary, the study's findings show that owners and managers should be cautious in trusting informal contacts' advice and recommendations, as these ties may share similar risk perceptions and access to the same networks, thus reinforcing family SMEs' strategic preferences. Information obtained from strong informal ties should therefore be critically dealt with and deliberately balanced before influencing family SMEs' internationalization strategies.

3 Future Research Implications

Based on the multivariate analyses conducted in each of the three studies, this dissertation sheds light on various aspects relating to SME internationalization. Like most empirical research, this dissertation's three studies suffer from limitations that pave the way for future research.

This dissertation draws on two different datasets of internationally active German SMEs, which restricts the generalizability of the findings for several reasons. The explanatory power of the findings is limited as the samples consisted of SMEs only, thereby lacking a control group of larger firms. Future scholarly inquiry might advance our findings by including MNEs in addition to SMEs in their research design.

Including MNEs as control group would allow for explicitly analyzing differences between both firm types in terms of performance consequences of internationalization decisions, learning processes, or networking behavior, but also concerning other aspects relating to internationalization processes, such as the speed or scope of internationalization. Moreover, the so-called “German Mittelstand” represents a peculiar research setting that may not be applicable to other countries with smaller proportions of SMEs. Future research may therefore set out to investigate similar research questions in different economic and national contexts so as to corroborate our findings. In addition, drawing on German SMEs only insufficiently accounts for potential cultural peculiarities that may influence the internationalization strategies of these firms. National cultural influences therefore deserve greater scholarly attention in the future.

Moreover, future research might consider other moderators on the focal relationships than the ones presented in this dissertation. A wide array of resources and capabilities available to SMEs might impact their internationalization decisions and outcomes, such as the entry mode and performance relationship or the FO and host country selection association presented in this dissertation. Potential moderators worthy of investigation include, but are not limited to, CEO personality traits, measures of strategic orientation, or other aspects of learning, such as vicarious learning (i.e., learning from others) that possibly influence firms’ internationalization processes (Bruneel et al., 2010; De Clercq et al., 2012). Incorporating further contextual factors could thus help develop a more comprehensive understanding of the influences and consequences of SME internationalization processes.

Even though the third study’s measurement of network tie strength is consistent with prior studies (Collins & Clark, 2003; Smith et al., 2005; Zimmerman et al., 2009), the study does not include the type of resources shared by formal and informal ties. Accounting for the content shared among firms and their network contacts would draw a more differentiated picture of the moderating influence of network ties. Similarly, future research could advance extant knowledge relating to social network theories by disentangling the construct of network tie strength into its components in order to investigate whether some facets of tie strength are more influential than others.

In addition, all studies employed cross-sectional study designs, thereby neglecting time-based effects. Future research might apply more longitudinal studies in order to better grasp variations in time, e.g. in terms of availability of resources or capabilities or performance implications. This would allow for more solid observations of how factors influencing SME internationalization vary over time. Longitudinal studies would also help circumvent respondents' errors in retrospectively assessing strategic decisions (Golden, 1992).

Relating to the theoretical frameworks applied in this dissertation, establishing a strong and clear framework that explains SME internationalization warrants further scholarly attention. Possible means to develop such a comprehensive theoretical framework could be to resolve existing inconsistencies in the field, to adapt prevailing internationalization theories to the idiosyncrasies of SMEs, or to develop entirely new theoretical approaches.

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G Appendix

1 Questionnaire 1 (for study 1)

Teil 1: Allgemeine Informationen zu Ihrer Person und Ihrem Unternehmen

1. Bitte beantworten Sie die folgenden Fragen, die sich auf Ihre Person beziehen.		
In welchem Jahr wurden Sie **geboren**?	_________ (Jahr, z.B. 1950)	
Sind Sie **weiblich** oder **männlich**?	☐ Weiblich	☐ Männlich
Welche **Position** haben Sie in Ihrem derzeitigen Unternehmen?	☐ CEO ☐ Leit. Pos.	☐ Angestellter / MA ☐ Sonst., _______
Wie lange **arbeiten** Sie *bereits* in Ihrem derzeitigen Unternehmen?	_________ (Anzahl Jahre, z.B. 10)	
Wie lange arbeiten Sie bereits **in Ihrer derzeitigen Position**?	_________ (Anzahl Jahre, z.B. 5)	
Sind Sie einer der **Gründer** Ihres derzeitigen Unternehmens?	☐ Ja	☐ Nein
Bitte beantworten Sie die folgenden Fragen bezogen auf Ihre **individuelle internationale Erfahrung**. (Bitte geben Sie 0 an, falls die jeweiligen Fragen nicht auf Sie zutreffen.)		
Wie viele Jahre haben Sie bisher **auf Grund Ihrer Ausbildung** (z.B. Auslandssemester, schulischer Austausch) insgesamt im Ausland verbracht?	_________ (Anzahl Jahre, z.B. 0,5)	
Wie viele Jahre haben Sie bisher **auf Grund Ihrer beruflichen Laufbahn** insgesamt im Ausland verbracht?	_________ (Anzahl Jahre, z.B. 1,5)	
Wie viele Jahre haben Sie bisher in einer **Tätigkeit mit Auslandsbezug in einem international agierenden Unternehmen** gearbeitet? Bitte beziehen Sie bei der Antwort auch Ihre derzeitige Position mit ein.	_________ (Anzahl Jahre, z.B. 3)	
Wie viele **Sprachen** sprechen Sie?	_________ (Anzahl Sprachen inklusive Muttersprache, z.B. 3)	
In welcher der folgenden Kategorien haben Sie Ihrem Empfinden nach die **größte Erfahrung**?	☐ Produktion / Leistungserstellung ☐ Finanzen und Buchhaltung / Datenverarbeitung / Informationssysteme ☐ Prozessuale F&E	☐ Forschung und Entwicklung (Produkt) ☐ Marketing / Vertrieb ☐ Unternehmensführung ☐ Sonstiges, __________
Welches ist der **höchste Bildungsabschluss**, den Sie erlangt haben?	☐ Kein Schulabschluss ☐ Hauptschulabschluss oder Vergleichbares ☐ Realschulabschluss oder Vergleichbares	☐ Abitur oder Vergleichbares ☐ Hochschulabschluss (Studium) ☐ Promotion
In welchem der nachfolgenden **Bereiche** haben Sie Ihren höchsten Bildungsabschluss erworben?	☐ Geisteswissenschaften ☐ Naturwissenschaften ☐ Ingenieurwesen	☐ Wirtschaftswissenschaften ☐ Jura /Rechtswissenschaften ☐ Sonstiges, __________

2. Bitte beantworten Sie die nachfolgenden Fragen, die sich auf Ihr Unternehmen beziehen.		
In welchem Jahr wurde Ihr Unternehmen **gegründet**?	_________ (Jahr, z.B. 1990)	
Wie viele **Mitarbeiter (Vollzeit)** hatte Ihr Unternehmen im vergangenen Geschäftsjahr (2011)?	_________ (Anzahl Mitarbeiter, z.B. 100)	
Ist Ihr Unternehmen ein **Familienunternehmen**?	☐ Ja	☐ Nein
Welcher **Art** ist Ihr **Gewerbe**?	☐ Prod. Gewerbe ☐ Dienstleist.	☐ Handel ☐ Sonstiges, __________
Ist Ihr Unternehmen ein „**Hightech**"-Unternehmen?	☐ Ja	☐ Nein
Wie hoch waren die **Ausgaben für Forschung und Entwicklung** im vergangenen Geschäftsjahr (2011) im Verhältnis zum Umsatz?)	☐ Unser Unternehmen betreibt **keine Forschung und Entwicklung**.	☐ ________ (In Prozent, z.B. 10)

Welcher **Branche** ordnen Sie Ihr Unternehmen schwerpunktmäßig zu?	☐ Automobilindustrie ☐ Bau / Immobilien ☐ Beratung (inkl. StB, WP, o.ä.) ☐ Biotechnologie ☐ Chemie / Pharma ☐ Elektroindustrie ☐ Energie / Rohstoffe	☐ Financial Services ☐ IT / Software / Internet ☐ Maschinenbau ☐ Medien ☐ Medizintechnik ☐ Transport / Logistik ☐ Telekommunikation ☐ Sonstiges, ____________
Wie hoch war das **Umsatzwachstum** Ihres Unternehmens im vergangenen Geschäftsjahr?	_________ (In Prozent, z.B. 10)	

3. Bitte bewerten Sie den Erfolg Ihres Unternehmens über die vergangenen 3 Jahre (2009-2011) in den folgenden Dimensionen.	Sehr unzufrieden				Sehr zufrieden
Mit dem **Wachstum des Umsatzes** bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Höhe des Umsatzes** bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Entwicklung der Profitabilität (Gewinn)** bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Entwicklung des Marktanteils** bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit den **Marketing-Aktivitäten** bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Leistungsfähigkeit der Distribution** bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Reputation** unseres Unternehmens bin ich ...	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Kundenzufriedenheit** bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Insgesamt bin ich mit der **Leistung** …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Insgesamt bin ich mit der **Leistung im Vergleich zu unseren Wettbewerbern** …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

4. Inwiefern stimmen Sie den folgenden Aussagen zur Imitierbarkeit Ihres Unternehmens zu?	Stimme gar nicht zu				Stimme voll zu
Die Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) unseres Unternehmens sind **einzigartig** und **niemand** außer unserem Unternehmen k**ann sie anbieten.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unseren Wettbewerbern fällt es schwer, **unser Unternehmen zu imitieren**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es hat Jahre gedauert bis unser Unternehmen die heutige **Reputation** aufgebaut hat. **Niemand kann diese leicht nachahmen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die Vorteile unseres Unternehmens liegen im Unternehmen an sich, **nicht in einzelnen Individuen**. Niemand kann unser Unternehmen kopieren, **indem er unsere Mitarbeiter abwirb**t.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Niemand kann die **Routinen, Prozesse** und **Kultur** unseres Unternehmens **nachahmen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

5. Inwiefern stimmen Sie den folgenden Aussagen zur Imitierbarkeit der Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) Ihres Unternehmens zu?	Stimme gar nicht zu				Stimme voll zu
Unsere Mitarbeiter können die wichtigen Charakteristika unserer Leistungen während des normalen Betriebs **leicht erlernen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es ist insgesamt **eher einfach**, unsere Leistungen zu kopieren und zu imitieren.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Ein Wettbewerber könnte die wichtigen Charakteristika unserer Leistungen leicht erlernen und in der Folge unsere Leistungen nachahmen, wenn er die **Herstellung der Leistungen in unserem Unternehmen beobachten könnte**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Wenn der Wettbewerber unseren Leistungserstellungsprozess **nicht beobachten könnte, würde es eine lange Zeit dauern**, bis er die wichtigen Charakteristika unserer Leistungen erlernt hätte und unsere Leistungen schließlich nachahmen könnte.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

6. Bitte beantworten Sie die nachfolgenden Fragen, die sich auf die unternehmerische Ausrichtung Ihres Unternehmens beziehen. Geben Sie dazu bitte an, ob sie eher der Aussage auf der linken Seite (1) oder eher der Aussage auf der rechten Seite (5) zustimmen.

Insgesamt *legt das Top-Management* unseres Unternehmens ...

... den Schwerpunkt auf die **Vermarktung bewährter Produkte und Dienstleistungen.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... den Schwerpunkt auf **Forschung und Entwicklung, Technologieführerschaft sowie Innovationen**.

Wie viele *neue Produkte oder Dienstleistungen* hat Ihr Unternehmen in den letzten 5 Jahren auf den Markt gebracht?						
Keine neuen Produkte oder Dienstleistungen.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	**Zahlreiche** neue Produkte oder Dienstleistungen.
In den letzten 5 Jahren wurden an bestehenden Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) meistens nur **geringfügige Veränderungen** vorgenommen.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	In den letzten 5 Jahren wurden an bestehenden Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) oftmals **große Veränderungen** vorgenommen.
Bezogen auf unsere *Wettbewerber*, ...						
... **antwortet unser Unternehmen** typischerweise auf von unseren Wettbewerbern initiierte Aktionen.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... **initiiert unser Unternehmen** typischerweise Aktionen, auf die unsere Wettbewerber dann antworten.
... ist unser Unternehmen nur **selten das Erste**, welches neue Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse), Techniken, Technologien oder dergleichen einsetzt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... ist unser Unternehmen **häufig das Erste**, welches neue Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse), Techniken, Technologien oder dergleichen einsetzt.
... versucht unser Unternehmen typischerweise Konflikte zu vermeiden und vertritt eher die Einstellung **"leben und leben lassen".**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... vertritt unser Unternehmen eine sehr **konkurrenzbetonte und aggressive Einstellung**.
Insgesamt *hat das Top-Management* unseres Unternehmens ...						
... eine **starke Vorliebe für Projekte mit geringem Risiko** (mit normal hohem und sicherem potentiellen Gewinn).	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... eine **starke Vorliebe für Projekte mit hohem Risiko (**mit sehr hohem potentiellen Gewinn).
Bezogen auf das äußere Umfeld *glaubt das Top-Management* unseres Unternehmens im Allgemeinen, dass ...						
... das äußere Umfeld am besten **vorsichtig und schrittweise** erschlossen werden sollte.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... **kühne und weitreichende Aktivitäten** am besten geeignet sind, um die eigenen Ziele zu verwirklichen.
Wenn unser Unternehmen mit *Entscheidungen* konfrontiert wird, die durch Unsicherheit gekennzeichnet sind, ...						
... wartet unser Unternehmen typischerweise zunächst einmal ab, um die Wa**hrscheinlichkeit kostspieliger Entscheidungen zu minimieren**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... vertritt unser Unternehmen typischerweise eine kühne und aggressive Einstellung, um die sich **bietenden Möglichkeiten bestmöglich auszunutzen**.

Teil 2: Fragen zur internationalen Ausrichtung Ihres Unternehmens

7. **Die folgende Frage bezieht sich auf die internationalen Aktivitäten Ihres Unternehmens.**		
Ist Ihr Unternehmen **derzeit international aktiv**? (Unter Internationalisierung werden im Rahmen dieses Fragebogens alle internationalen Aktivitäten verstanden, die sich auf die **Absatzmärkte** Ihres Unternehmens beziehen, nicht auf eventuelle Beschaffungsmärkte.)	☐ Ja	☐ Nein

8. **Bitte beantworten Sie die folgenden Fragen, die sich auf die internationalen Aktivitäten Ihres Unternehmens insgesamt beziehen.**	
In **wie vielen unterschiedlichen Ländern (Auslandsmärkten)** ist Ihr Unternehmen derzeit insgesamt aktiv?	_________ (Anzahl Länder, z.B. 10)
Wie hoch war in 2011 der **Anteil der Auslandsumsätze** am Gesamtumsatz?	_________ (In Prozent, z.B. 20)
In welchem Jahr hat Ihr Unternehmen seinen **ersten Auslandsmarkt erschlossen**?	_________ (Jahr, z.B. 1950)
In welchem Jahr hat Ihr Unternehmen seinen **bislang letzten Auslandsmarkt erschlossen?**	_________ (Jahr, z.B. 2010)

9. Bitte geben Sie in der untenstehenden Tabelle einen detaillierten Überblick über die Auslandsmärkte, die von Ihrem Unternehmen derzeit in einer *direktinvestiven Form* bearbeitet werden.
Mit "direktinvestiv" sind hierbei Joint Venture (Neugründung mit einem Partner), die Beteiligung an einem bestehenden ausländischen Unternehmen sowie die Gründung einer Tochtergesellschaft (mit oder ohne Produktion) gemeint.

Geben Sie dazu bitte jeweils an, in welcher der zur Auswahl stehenden Markteintrittsformen diese Bearbeitung aktuell geschieht (Spalte 1), welches Land in dieser Form bearbeitet wird (Spalte 2), seit welchem Jahr dieses Land in dieser Form bearbeitet wird (Spalte 3), in welchem Jahr dieses Land erstmals von Ihrem Unternehmen erschlossen wurde (Spalte 4) und in welcher der zur Auswahl stehenden Formen dieser ursprüngliche Eintritt geschah (Spalte 5).

Beispiel: Ihr Unternehmen hat im Jahr 1992 den Auslandsmarkt "Polen" erstmals betreten, indem dort ein Tochterunternehmen als neue Produktionsstätte gegründet wurde und bis heute unverändert besteht.
In diesem Fall wäre in Spalte 1 ("Aktuelle Marktbearbeitungsform") **Gründung einer eigenen Tochtergesellschaft (mit Produktion)** auszuwählen, in Spalte 2 ("Land") **Polen**, in Spalte 3 ("Jahr (Etablierung der aktuellen Bearbeitungsform)") **1992** und in Spalte 4 ("Jahr (ursprünglicher Eintritt in dieses Land)") ebenfalls **1992** einzutragen. Abschließend wäre in Spalte 5 ("Ursprüngliche Marktbearbeitungsform") erneut **Gründung Tochtergesell. (m. Produktion)** auszuwählen.

Aktuelle Marktbearbeitungsform	**Land**	**Jahr Etablierung aktuelle Bearbei-tungsform**	**Jahr ursprüngl. Eintritt in dieses Land**	**Ursprüngliche Marktbearbeitungsform**
Auswahl zwischen: • (Direkter) Export • Distributor (indirekter Export) • Franchise • Lizenzierung • langfristige Lieferverträge • Joint Venture (Neugründung mit einem Partner) mit einer Beteiligung von 1-49% • Joint Venture (Neugründung mit einem Partner) mit einer Beteiligung von 50-99% • Beteiligung an einem bestehenden Unternehmen (1-49%) • Beteiligung an einem bestehenden Unternehmen (50-99%) • Komplettübernahme eines bestehenden Unternehmens • Gründung einer eigenen Tochtergesellschaft (ohne Produktion) • Gründung einer eigenen Tochtergesellschaft (mit Produktion)	Ländername, z.B. Frankreich	Jahreszahl, z.B. 1999	Jahreszahl, z.B. 1980	(Selbe Alternativen zur Auswahl wie in Spalte 1, „aktuelle Marktbearbeitungsform“)

10. Bitte geben Sie die folgenden Informationen zu den Auslandsmärkten an, die Ihr Unternehmen derzeit in einer *nicht direktinvestiven Form* bearbeitet.
Mit "nicht direktinvestiv" ist hierbei eine Marktbearbeitung durch direkten Export, über Distributoren (indirekter Export) oder durch vertragliche Vereinbarungen (beispielsweise Franchise, Lizenzierung oder langfristige Lieferverträge) gemeint.

Wie viele Auslandsmärkte werden derzeit von Ihrem Unternehmen durch **direkten Export** bearbeitet?	_________ (Anzahl Länder, z.B. 5)
Wie viele Auslandsmärkte werden derzeit von Ihrem Unternehmen über **Distributoren (indirekter Export)** bearbeitet?	_________ (Anzahl Länder, z.B. 10)
Wie viele Auslandsmärkte werden derzeit von Ihrem Unternehmen durch **vertragliche Vereinbarungen (Franchising, Lizenzierung, langfristige Lieferverträge etc.)** bearbeitet?	_________ (Anzahl Länder, z.B. 15)

Bitte geben Sie im Folgenden die **Regionen** an, in denen die Auslandsmärkte liegen, die von Ihrem Unternehmen durch direkten Export, über Distributoren oder durch vertragliche Vereinbarungen bearbeitet werden. (Mehrfachauswahl möglich)	☐ Westeuropa ☐ Osteuropa ☐ Naher Osten ☐ Mittlerer Osten ☐ Asien	☐ Afrika ☐ Nordamerika ☐ Mittelamerika ☐ Südamerika ☐ Ozeanien

11. Bitte geben Sie an, inwieweit die folgenden Aussagen zu einer globalen Ausrichtung auf Ihr Unternehmen zutreffen.	Trifft gar nicht zu				Trifft voll zu
Der **relevante Markt** für unser Unternehmen ist der **globale** und nicht nur der deutsche Markt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die in unserem Unternehmen vorherrschende **Unternehmenskultur ist förderlich** für die aktive Erkundung neuer Geschäftsmöglichkeiten im Ausland.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die Unternehmensleitung **kommuniziert kontinuierlich** gegenüber den Mitarbeitern wie wichtig es ist, **in Auslandsmärkten erfolgreich** zu sein.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die Unternehmensleitung **schult Mitarbeiter** und **erschließt weitere Ressourcen** für die Erreichung der Ziele in Auslandsmärkten.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die Unternehmensleitung **ist erfahren in internationalen Geschäften**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

12. **Inwiefern stimmen Sie den folgenden Aussagen zu den Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) Ihres Unternehmens zu?**	Stimme gar nicht zu				Stimme voll zu
Im Vergleich mit unseren Wettbewerbern **passt unser Unternehmen seine Leistungen an Auslandsmärkte an**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Bei der Entwicklung neuer Leistungen werden die **Bedürfnisse** und **Wünsche der Kunden in Auslandsmärkten berücksichtigt**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die im Ausland angebotenen Leistungen **unterscheiden sich von den im Heimatland angebotenen.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die im Ausland angebotenen Leistungen u**nterscheiden sich jeweils von Land zu Land.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unsere Leistungen sind an die **Kultur des jeweiligen Landes angepasst**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

Teil 3: Teil 3: Fragen zu dem zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt

13. **Die nachfolgenden Fragen beziehen sich auf den zuletzt erschlossenen Auslandsmarkt Ihres Unternehmens.**	
Welches Land (Auslandsmarkt) wurde zuletzt von Ihrem Unternehmen erschlossen (direkt- oder nicht-direktinvestiv)?	__________ (Land, z.B. Frankreich)
In welchem Jahr fand dieser letzte Markteintritt Ihres Unternehmens statt?	__________ (Jahr, z.B. 2008)
Welche Markteintrittsform wurde im Rahmen dieses letzten Markteintritts gewählt? (Bitte beachten Sie, dass hierbei auch durch Export, über Distributoren oder durch vertragliche Vereinbarungen erschlossene Auslandsmärkte angegeben werden können.)	(Zur Auswahl stehen erneut die in Frage 9, Spalte 1 genannten Alternativen)

14. **Bitte bewerten Sie den Erfolg des zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkts über die vergangenen 3 Jahre (2009-2011) bzw. seit dem Eintritt, falls dieser nach 2009 war, in den folgenden Dimensionen.**	Sehr unzufrieden				Sehr zufrieden
Mit dem **Wachstum des Umsatzes** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Höhe des Umsatzes** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Entwicklung der Profitabilität (Gewinn)** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Entwicklung des Marktanteils** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit dem **Marktzugang** zu dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit den **Marketing-Aktivitäten** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Leistungsfähigkeit der Distribution** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Reputation** unseres Unternehmens in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Kundenzufriedenheit** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Insgesamt bin ich mit der **Leistung** unseres Unternehmens in dem zuletzt erschlossenen Auslandsmarkt …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Insgesamt bin ich mit der **Leistung** unseres Unternehmens **im Vergleich zu unseren Wettbewerbern** in dem zuletzt erschlossenen Auslandsmarkt …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

15. **Wie bedeutend waren die folgenden Motive für den Eintritt in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zum Zeitpunkt des Eintritts?**	Sehr unbedeutend				Sehr bedeutend
Die **Nutzung von Kostenvorteilen** im Auslandsmarkt war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die **Erschließung von neuen Absatzmärkten** für die eigenen Produkte war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die **Sicherung von bestehenden Absatzmärkten** war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Das **Engagement eines / mehrerer Kunden** im Auslandsmarkt war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Das **Engagement der Konkurrenz** im Ausland war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Der **Zugang zu Wissen** war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Der **Zugang zu Rohstoffen** war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

Das **Outsourcing von Produktionsteilen** war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die **(zusätzliche) Auslastung von Betriebsstätten in Deutschland** war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die **Risikostreuung/-diversifikation** war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

16. Inwiefern stimmen Sie den folgenden allgemeinen Aussagen zum Eintritt in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zu? Bitte beziehen Sie sich bei Ihren Antworten auf den Zeitpunkt des Eintritts in den Auslandsmarkt.	Stimme gar nicht zu				Stimme voll zu
Es gab **Einschränkungen bei der Wahl der Markteintrittsform auf Grund von rechtlichen Bestimmungen** (z.B. waren ausländische Investitionen auf Joint Ventures oder vertragliche Vereinbarungen beschränkt).	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es war im Vorhinein schwierig die **Umsätze und Verkaufszahlen** unserer Produkte im Auslandsmarkt **vorherzusagen und abzuschätzen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es war im Vorhinein schwierig die **Wettbewerbsvorteile** unserer Produkte im Auslandsmarkt **vorherzusagen und abzuschätzen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die Produkte wurden weitgehend durch **Veränderungen in den Handelsbestimmungen** der jeweiligen Zielländer beeinflusst.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die Anzahl der **lokalen Wettbewerber** im zuletzt erschlossenen Auslandsmarkt war sehr hoch.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die Anzahl der **internationalen Wettbewerber** im zuletzt erschlossenen Auslandsmarkt war sehr hoch.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Das **zukünftige Marktwachstum** des zuletzt erschlossenen Auslandsmarktes wurde als sehr hoch eingeschätzt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

17. Inwiefern stimmen Sie den folgenden Aussagen zur Ressourcenausstattung Ihres Unternehmens zum Zeitpunkt des Eintritts in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zu?	Stimme gar nicht zu				Stimme voll zu
Wir hatten ausreichend **personelle Ressourcen** um zu internationalisieren.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Wir hatten ausreichend **finanzielle Ressourcen** um zu internationalisieren.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Wir hatten ausreichend **Managementressourcen** um zu internationalisieren.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Wir hatten ausreichend **Partner** um zu internationalisieren.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Wir hatten ausreichend **materielle Ressourcen** um zu internationalisieren.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

18. Inwieweit stimmen Sie folgenden Aussagen zur internationalen Erfahrung Ihres Unternehmens zum Zeitpunkt des Eintritts in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zu?	Stimme gar nicht zu				Stimme voll zu
Die **Eigentümer** unseres Unternehmens hatten bereits große internationale Erfahrung.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Die **Führungskräfte** hatten bereits große internationale Erfahrung.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte insgesamt bereits große **internationale Erfahrung**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte bereits große **Erfahrung im Zielland**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte bereits große **Erfahrung in der Zielregion**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte bereits große Erfah**rung mit dem Aufbau von Tochtergesellschaften.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte bereits große **Erfahrung mit Unternehmensübernahmen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte bereits große **Erfahrung mit Unternehmensbeteiligungen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

19. Inwiefern stimmen Sie den folgenden Aussagen zu dem Netzwerk und der Vernetzung Ihres Unternehmens zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt?	Stimme gar nicht zu				Stimme voll zu
Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt bestand bereits ein **umfangreiches Netzwerk von Geschäftsbeziehungen** im Auslandsmarkt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt war der **Kontakt zu Kunden** weit entwickelt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt war der **Kontakt zu Distributoren** weit entwickelt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt war der **Kontakt zu Lieferanten** weit entwickelt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

20. Inwiefern stimmen Sie den folgenden Aussagen zu spezifischen Anpassungen und Investitionen Ihres Unternehmens, die im Rahmen des Eintritts in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt vorgenommen wurden, zu?	Stimme gar nicht zu				Stimme voll zu
Es wurden **spezifische, firmeninterne Technologien** verwendet.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es wurden **bedeutende Investitionen unternommen**, die **spezifisch an die Bedürfnisse dieses zuletzt erschlossenen Auslandsmarktes angepasst waren**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unsere **Leistungen und Technologien waren stark darauf ausgerichtet**, die **Anforderungen dieses zuletzt erschlossenen Auslandsmarktes zu erfüllen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Das **firmeninterne Trainingsprogramm** zur Vorbereitung der Mitarbeiter auf Ihren Einsatz im zuletzt erschlossenen Auslandsmarkt war überdurchschnittlich gut.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Das **Potenzial unseres Unternehmens, neue und kreative Leistungen** im zuletzt erschlossenen Auslandsmarkt zu entwickeln, war überdurchschnittlich hoch.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es war für einen Außenstehenden schwierig zu lernen, die D**inge so zu erledigen, wie wir es tun.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unsere **Mitarbeiter benötigten viel Zeit, um den Kunden kennenzulernen** und um somit effektiv zu sein.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unsere **Mitarbeiter benötigten viel Zeit, um unsere Leistungen gut und intensiv kennenzulernen.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Das **Wissen über unsere firmeninternen Abläufe wäre im Wettbewerb mit unserem Unternehmen für unsere Wettbewerber sehr hilfreich gewesen**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es wurden **spezialisierte Einrichtungen und Gebäude benötigt**, um unsere Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) in den Markt zu bringen.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Es wurden **hohe Investitionen in Ausrüstung und Einrichtungen benötigt**, um unsere Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) in den Markt zu bringen.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

2 Questionnaire 2 (for studies 2 and 3)

Teil 1: Allgemeine Informationen zu Ihrem Unternehmen

1. Bitte beantworten Sie die nachfolgenden Fragen, die sich auf Ihr Unternehmen beziehen.

In welchem Jahr wurde Ihr Unternehmen **gegründet**?	_________ (Jahr, z.B. 1990)	
Wie **viele Mitarbeiter (Vollzeit)** beschäftigte Ihr Unternehmen im vergangenen Geschäftsjahr (2013)?	_________ (Anzahl Mitarbeiter, z.B.. 100)	
Zu wie viel Prozent ist Ihr Unternehmen in Familienbesitz?	_________ (%, z.B. 60%)	
Ist Ihr Unternehmen **inhabergeführt**?	☐ Ja	☐ Nein
Wie viel hat Ihr Unternehmen im vergangenen Geschäftsjahr (2013) für **Forschung und Entwicklung** im Verhältnis zum Umsatz **ausgegeben**?	☐ Unser Unternehmen betreibt **keine Forschung und Entwicklung**.	☐ ________ (In Prozent, z.B. 10%)
Handelt es sich bei Ihrem Unternehmen eher um ein Unternehmen aus dem produzierenden Gewerbe oder eher um ein Service-Unternehmen?	☐ Produzierendes Gewerbe	☐ Service
Bitte spezifizieren Sie: In welcher **Branche** ist Ihr Unternehmen hauptsächlich tätig?	________________________	
Wie hoch war das **Umsatzwachstum** Ihres Unternehmens im vergangenen Geschäftsjahr (2013)?	_________ (In Prozent, z.B. 10%)	
Wie **profitabel** war Ihr Unternehmen in den letzten drei Jahren?	Extrem profitabel ☐ 1 ☐ 2 ☐ 3 ☐ 4	Extrem ☐ 5

2. Bitte geben Sie für jede der nachfolgenden Fragen an, ob Sie eher der Aussage auf der linken Seite (1) oder der Aussage auf der rechten Seite (5) zustimmen.

Insgesamt *legt das Top-Management* unseres Unternehmens ...						
... den Schwerpunkt auf die **Vermarktung bewährter Produkte und Dienstleistungen.**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... den Schwerpunkt auf **Forschung und Entwicklung, Technologieführerschaft sowie Innovationen**.
Wie viele *neue Produkte oder Dienstleistungen* hat Ihr Unternehmen in den letzten 5 Jahren auf den Markt gebracht?						
Keine neuen Produkte oder Dienstleistungen.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	**Zahlreiche** neue Produkte oder Dienstleistungen.
In den letzten 5 Jahren wurden an bestehen-den Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse) meistens nur **geringfügige Veränderungen**	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	In den letzten 5 Jahren wurden an bestehenden Leistungen (z.B. Produkte, Dienst-leistungen oder Handelsprozesse) oftmals **deutliche Veränderungen** vorgenommen.
Bezogen auf unsere *Wettbewerber*, ...						
... **initiiert unser Unternehmen** typischerweise Aktionen, auf die unsere Wettbewerber dann antworten.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... **antwortet unser Unternehmen** typischerweise auf von unseren Wettbewerbern initiierte Aktionen.
... ist unser Unternehmen **häufig das Erste**, welches neue Leistungen (z.B. Produkte, Dienstleistungen oder Handelsprozesse), Techniken, Technologien oder dergleichen einsetzt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... ist unser Unternehmen nur **selten das Erste**, welches neue Leistungen (z.B. Produkte, Dienstleistungen oder Handels-prozesse), Techniken, Technologien oder dergleichen einsetzt.
... vertritt unser Unternehmen eine sehr **konkurrenzbetonte und aggressive Einstellung**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... versucht unser Unternehmen typischerweise Konflikte zu vermeiden und vertritt eher die Einstellung "**leben und leben lassen**".

Insgesamt *hat das Top-Management* unseres Unternehmens ...						
... eine starke **Vorliebe für Projekte mit geringem Risiko** (mit normal hohem und sicherem potentiellen Gewinn).	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... eine starke **Vorliebe für Projekte mit hohem Risiko** (mit sehr hohem potentiellen Gewinn).
Bezogen auf das äußere Umfeld *glaubt das Top-Management* unseres Unternehmens im Allgemeinen, dass ...						
... das Unternehmen am besten mit **vorsichtigen und inkrementellen Schritten auf das äußere Umfeld** reagieren sollte.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... **kühne und weitreichende Aktivitäten** am besten geeignet sind, um die eigenen Ziele zu verwirklichen.
Wenn unser Unternehmen mit *Entscheidungen* konfrontiert wird, die durch Unsicherheit gekennzeichnet sind, ...						
... wartet unser Unternehmen typischerweise zunächst einmal ab, um die **Wahrscheinlichkeit kostspieliger Entscheidungen zu minimieren**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	... vertritt unser Unternehmen typischerweise eine kühne und aggressive Einstellung, um die sich **bietenden Möglichkeiten bestmöglich auszunutzen**.

Teil 2: Fragen zur Internationalisierung Ihres Unternehmens

3. Die folgende Frage bezieht sich auf die internationalen Aktivitäten Ihres Unternehmens.

Ist Ihr Unternehmen **derzeit international aktiv**? (Unter Internationalisierung werden im Rahmen dieses Fragebogens alle internationalen Aktivitäten verstanden, die sich auf die **Absatzmärkte** Ihres Unternehmens beziehen, nicht auf Beschaffungsmärkte.)	☐ Ja	☐ Nein

4. Bitte beantworten Sie die folgenden Fragen, die sich allgemein auf die internationalen Aktivitäten Ihres Unternehmens beziehen.

In **wie vielen unterschiedlichen Ländern (Auslandsmärkten)** vertreibt Ihr Unternehmen derzeit Produkte oder Dienstleistungen?	_________ (Anzahl Länder, z.B.. 10)
Wie hoch war in 2013 der **Anteil der Auslandsumsätze** am Gesamtumsatz?	_________ (In Prozent, z.B. 20%)
In welchem Jahr hat Ihr Unternehmen seinen **ersten Auslandsmarkt erschlossen**?	_________ (Jahr, z.B. 1950)

5. Bitte geben Sie in der untenstehenden Tabelle einen detaillierten Überblick über die Auslandsmärkte, die von Ihrem Unternehmen derzeit bearbeitet werden. Bitte geben Sie an, in wie vielen Märkten Ihr Unternehmen die jeweilige Marktbearbeitungsform anwendet und über wie viel Erfahrung Ihr Unternehmen damit verfügt. Wenn Ihr Unternehmen beispielsweise Produkte in 5 Märkte exportiert und damit vor 17 Jahren begonnen hat, tragen Sie bitte „5“ und „17“ in der Zeile (direkter) Export ein.

Marktbearbeitungsform	**Wie viele Märkte (Länder) bearbeitet Ihr Unternehmen durch die jeweilige Marktbearbeitungsform (z.B. 5)?**	**Wie viele Jahre an Erfahrung hat Ihr Unternehmen mit der jeweiligen Marktbearbeitungsform (z.B. 17)?**
(Direkter) Export		
Distributor (indirekter Export)		
Franchise		
Lizenzierung		
Langfristige Lieferverträge		
Joint Venture mit einer Minderheitsbeteiligung Ihres		

Joint Venture mit einer Mehrheitsbeteiligung Ihres		
Beteiligung an einem bestehenden Unternehmen (1-49%)		
Beteiligung an einem bestehenden Unternehmen (50-99%)		
Komplettübernahme eines bestehenden Unternehmens		
Gründung einer eigenen Tochtergesellschaft (ohne		
Gründung einer eigenen Tochtergesellschaft (mit Produktion)		

Teil 3: Fragen zu dem zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt

6. Die nachfolgenden Fragen beziehen sich auf den zuletzt erschlossenen Auslandsmarkt Ihres Unternehmens.

Welches Land (Auslandsmarkt) wurde zuletzt von Ihrem Unternehmen erschlossen?	__________ (Land, z.B. Frankreich)
In welchem Jahr fand dieser letzte Markteintritt Ihres Unternehmens statt?	__________ (Jahr, z.B.. 2008)
Welche Markteintrittsform wurde bei diesem letzten Markteintritt gewählt (kreuzen Sie eine der Markteintrittsformen an)?	

Export	☐	Langfristige Lieferverträge	☐	Beteiligung an bestehendem Unternehmen (50-99%)	☐
Distributor	☐	Joint Venture, Beteiligung von 1-49%	☐	Komplettübernahme eines bestehenden Unternehmens	☐
Franchise	☐	Joint Venture, Beteiligung von 50-99%	☐	Gründung eigener Tochtergesellschaft (ohne Produktion)	☐
Lizenzierung	☐	Beteiligung an bestehendem Untern. (1-49%)	☐	Gründung eigener Tochtergesellschaft (mit Produktion)	☐

7. Bitte bewerten Sie den Erfolg des zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkts über die vergangenen 3 Jahre (2011-2013) auf den folgenden Dimensionen.	Sehr unzufrieden				Sehr zufrieden
Mit dem **Wachstum des Umsatzes** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Höhe des Umsatzes** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit dem (Vorsteuer-)**Gewinn** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit dem **Marktanteil** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit den **Marketing-Aktivitäten** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Leistungsfähigkeit der Distribution** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Reputation** unseres Unternehmens in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Mit der **Erhöhung der Kundenzufriedenheit** in dem zuletzt erschlossenen Auslandsmarkt bin ich …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Insgesamt bin ich mit der **Leistung** unseres Unternehmens in dem zuletzt erschlossenen Auslandsmarkt…	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

8. Wie bedeutend waren die folgenden Motive für den Eintritt in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zum Zeitpunkt des Eintritts?	Sehr unbedeutend				Sehr bedeutend
Die **Nutzung von Kostenvorteilen** im Auslandsmarkt war …	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

Die **Erschließung von neuen Absatzmärkten** für unsere Produkte war …	□ 1	□ 2	□ 3	□ 4	□ 5
Das **Engagement eines / mehrerer unserer Kunden** im Auslandsmarkt war …	□ 1	□ 2	□ 3	□ 4	□ 5
Das **Engagement eines / mehrerer unserer Konkurrenten** im Ausland war …	□ 1	□ 2	□ 3	□ 4	□ 5
Der **Zugang zu Wissen** war …	□ 1	□ 2	□ 3	□ 4	□ 5
Erfahrungen im neuen Markt zu sammeln war…	□ 1	□ 2	□ 3	□ 4	□ 5
Die **Risikostreuung/-diversifikation** war …	□ 1	□ 2	□ 3	□ 4	□ 5

9. **Inwiefern stimmen Sie den folgenden allgemeinen Aussagen zum Eintritt in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zu? Bitte beziehen Sie sich bei Ihren Antworten auf den Zeitpunkt des Eintritts in den Auslandsmarkt.**	Stimme gar nicht zu				Stimme voll zu
Zum Zeitpunkt des Eintritts in den Auslandsmarkt gab es **Einschränkungen bei der Wahl der Markteintrittsform auf Grund von rechtlichen Bestimmungen** (z.B. waren ausländische Investitionen auf Joint Ventures oder vertragliche Vereinbarungen beschränkt).	□ 1	□ 2	□ 3	□ 4	□ 5
Es war im Vorhinein schwierig die **Umsätze und Verkaufszahlen** unserer Produkte in dem Auslandsmarkt **vorherzusagen und abzuschätzen**.	□ 1	□ 2	□ 3	□ 4	□ 5
Es war im Vorhinein schwierig die **Wettbewerbsvorteile** unserer Produkte in dem Auslandsmarkt **vorherzusagen und abzuschätzen**.	□ 1	□ 2	□ 3	□ 4	□ 5
Die Produkte wurden weitgehend durch **Veränderungen in den Handelsbestimmungen** des Ziellandes beeinflusst.	□ 1	□ 2	□ 3	□ 4	□ 5
Die Anzahl **lokaler Wettbewerber** im zuletzt erschlossenen Auslandsmarkt war sehr hoch.	□ 1	□ 2	□ 3	□ 4	□ 5
Die Anzahl **internationaler Wettbewerber** im zuletzt erschlossenen Auslandsmarkt war sehr hoch.	□ 1	□ 2	□ 3	□ 4	□ 5
Das **zukünftige Marktwachstum** des zuletzt erschlossenen Auslandsmarktes wurde als sehr hoch eingeschätzt.	□ 1	□ 2	□ 3	□ 4	□ 5

10. **Zum Zeitpunkt des Eintritts in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt…**	Stimme gar nicht zu				Stimme voll zu
…hatten wir ausreichend **qualifizierte personelle Ressourcen**, um zu internationalisieren.	□ 1	□ 2	□ 3	□ 4	□ 5
…hatten wir ausreichend **finanzielle Ressourcen**, um zu internationalisieren.	□ 1	□ 2	□ 3	□ 4	□ 5
…hatten wir ausreichend **Managementressourcen**, um zu internationalisieren.	□ 1	□ 2	□ 3	□ 4	□ 5
…hatten wir ausreichend **Partner**, um zu internationalisieren.	□ 1	□ 2	□ 3	□ 4	□ 5
…hatten wir ausreichend **materielle Ressourcen**, um zu internationalisieren.	□ 1	□ 2	□ 3	□ 4	□ 5

11. **Inwiefern stimmen Sie den folgenden Aussagen zu dem zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zu?**	Stimme gar nicht zu				Stimme voll zu
Es wäre für uns sehr teuer, das bestehende **Vertriebssystem** im zuletzt erschlossenen Auslandsmarkt zu ändern.	□ 1	□ 2	□ 3	□ 4	□ 5
Es wurden bedeutende **Investitionen** unternommen, die **spezifisch an die Bedürfnisse dieses zuletzt erschlossenen Auslandsmarktes angepasst waren.**	□ 1	□ 2	□ 3	□ 4	□ 5
Unsere **Produkte/Dienstleistungen und Technologien waren stark darauf ausgerichtet**, die **Anforderungen dieses zuletzt erschlossenen Auslandsmarktes zu erfüllen**.	□ 1	□ 2	□ 3	□ 4	□ 5
Das **firmeninterne Trainingsprogramm** zur Vorbereitung der Mitarbeiter auf Ihren Einsatz im zuletzt erschlossenen Auslandsmarkt war überdurchschnittlich intensiv.	□ 1	□ 2	□ 3	□ 4	□ 5
Das **Potenzial unseres Unternehmens, neue und kreative Produkte oder Dienstleistungen** im zuletzt erschlossenen Auslandsmarkt zu entwickeln, war überdurchschnittlich hoch.	□ 1	□ 2	□ 3	□ 4	□ 5

Im Rahmen der Internationalisierung mussten wir einen deutlich größeren **technologischen Aufwand** betreiben als unsere Mitbewerber.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

12. **Inwieweit stimmen Sie folgenden Aussagen zur internationalen Erfahrung Ihres Unternehmens zum Zeitpunkt des Eintritts in den zuletzt von Ihrem Unternehmen erschlossenen Auslandsmarkt zu?**	Stimme gar nicht zu				Stimme voll zu
Die **Eigentümer** unseres Unternehmens hatten bereits große internationale Erfahrung.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Das Top-Management **unseres Unternehmens** verfügte bereits über große internationale Erfahrung.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte insgesamt bereits große **internationale Erfahrung**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte bereits große **Erfahrung im Zielland**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Unser Unternehmen hatte bereits große **Erfahrung in der Zielregion**.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

13. **Inwiefern stimmen Sie den folgenden Aussagen zu dem Netzwerk und der Vernetzung Ihres Unternehmens zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt zu?**	Stimme gar nicht zu				Stimme voll zu
Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt bestand bereits **intensiver Kontakt zu Geschäftspartnern** im Auslandsmarkt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt bestand bereits ein **intensiver Kontakt zu Kunden** im Auslandsmarkt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt bestand bereits ein **intensiver Kontakt zu Distributoren** im Auslandsmarkt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Zum Zeitpunkt des Eintritts in den zuletzt erschlossenen Auslandsmarkt bestand bereits ein **intensiver Kontakt zu Lieferanten** im Auslandsmarkt.	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

14. **Die folgenden Informationen beziehen sich auf die Größe des Netzwerks Ihres Unternehmens zum Zeitpunkt des Eintritts in den von Ihrem Unternehmen zuletzt erschlossenen Auslandsmarkt zu.**					
Bitte geben Sie die **Anzahl deutscher Geschäftskontakte** außerhalb Ihrer Firma an (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche), mit denen Sie geschäftliche Angelegenheiten besprechen.	Anzahl (z.B. 10) _________				
Bitte geben Sie die **Anzahl internationaler Geschäftskontakte** außerhalb Ihrer Firma an (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche), mit denen Sie geschäftliche Angelegenheiten besprechen.	Anzahl (z.B. 10) _________				
Bitte geben Sie die **Anzahl persönlicher Kontakte** an (z.B. Freunde und Verwandte oder sonstige Kontakte außerhalb Ihrer Branche), mit denen Sie geschäftliche Angelegenheiten besprechen.	Anzahl (z.B. 10) _________				
Wie häufig interagieren Sie mit…	Mehrmals pro Woche	Mehrmals pro Monat	Einmal pro Monat	Mehrmals pro Jahr	Seltener
… **Ihren deutschen Geschäftskontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche)?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
… **Ihren internationalen Geschäftskontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche)?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
… **Ihren persönlichen Kontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Freunde und Verwandte oder sonstige Kontakte außerhalb Ihrer Branche)?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Wie lange interagieren Sie bereits mit…	Erst seit Kurzem				Seit langer Zeit

… **Ihren deutschen Geschäftskontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche)?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
… **Ihren internationalen Geschäftskontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche)?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
… **Ihren persönlichen Kontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Freunde und Verwandte oder sonstige Kontakte außerhalb Ihrer Branche)?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
Wie **vertraulich** sind die Informationen, die Sie mit	Überwiegend oberflächliche Informationen				Überwiegend vertrauliche Informationen
… **Ihren deutschen Geschäftskontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche), austauschen?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
… **Ihren internationalen Geschäftskontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Kunden, Zulieferer oder sonstige Kontakte aus der Branche), austauschen?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5
… **Ihren persönlichen Kontakten**, mit denen Sie geschäftliche Angelegenheiten besprechen (z.B. Freunde und Verwandte oder sonstige Kontakte außerhalb Ihrer Branche), austauschen?	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

15. Bitte beantworten Sie die folgenden Fragen zu Ihrer Person.

Welche **Position** haben Sie in Ihrem derzeitigen Unternehmen?	________________________
Bitte beantworten Sie die folgenden Fragen bezogen auf **Ihre individuelle internationale Erfahrung**. Bitte geben Sie 0 an, falls die Fragen nicht auf Sie zutreffen.	
Wie viele Jahre haben Sie bisher **aufgrund Ihrer Ausbildung** (z.B. Auslandssemester, schulischer Austausch) insgesamt im Ausland verbracht?	________________________ Jahre
Wie viele Jahre haben Sie bisher **aufgrund Ihrer beruflichen Laufbahn** insgesamt im Ausland verbracht?	________________________ Jahre
Wie viele Jahre haben Sie bisher in einer **Tätigkeit mit Auslandsbezug** in einem international agierenden Unternehmen gearbeitet? Bitte beziehen Sie bei der Antwort auch Ihre derzeitige Position mit ein.	________________________ Jahre
Wie viele **Fremdsprachen** sprechen Sie?	________________________
Wie schätzen Sie insgesamt die **internationale Erfahrung des Top-Managements** Ihres Unternehmens ein?	Sehr niedrig … Sehr hoch ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5