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Symbiotic Networks in Sme Internationalization; A U.S.- China- Russia Study

Andrei G. Mikhailitchenko
Cleveland State University

SYMBIOTIC NETWORKS IN SME INTERNATIONALIZATION: A U.S.- CHINA- RUSSIA STUDY

ANDREI G. MIKHAILITCHENKO

Bachelor of Science in International Economy & Chinese Language

Moscow State University

June 1984

Master of Business Administration

Syracuse University

May 2002

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This dissertation has been approved

for the Department of MARKETING

at the College of Graduate Studies by

Dr.Thomas W. Whipple, Dissertation Chairperson

Marketing 1/22/08

Department & Date

Raj G. Javalgi 1/22/08

Dr.Rajshekhar (Raj) G. Javalgi

Marketing 1/22/08

Department & Date

Dr.Amit K. Ghosh

Marketing 1/22/08

Department & Date

Dr.Nozar Alaolmolki

Department & Date

DEDICATION

To my ever patient and supportive wife Galina

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ANDREI G.MIKHAILITCHENKO

ABSTRACT

The purpose of this research is to extend the literature addressing the relationships between a SME's networking activities and its internationalization. In addition, the research contributes to the field by empirically investigating and putting into a unified framework attitudinal, managerial, cultural, and environmental factors that influence a SME's networking, and internationalization.

The value of a networking approach to SME internationalization is conditioned by its ability to explain non-economic motives underlying the decision-making process of small business owners/managers. It is especially valuable in cases of small and medium enterprises since SMEs in order to survive in competition with large firms develop unique competencies that may better be explored using the networking rather than resource-based or stage-based approaches . These competencies include: (1) establishing and managing special relations with partners at home and abroad and giving them customized levels of service; (2) utilizing the advantages arising out of business owners/managers' entrepreneurial traits, social capital and even family links; and (3) creating and developing synergistic entities with other small firms.

This study measures and operationalizes the constructs related to SMEs' networking activities. It makes this research cross-cultural by basing it on highly diversified samples from three different business culturs (USA, China, and Russia) and by establishing cross-cultural validity of the proposed model. The overriding

framework of the presented model can be stated as conceptualizing, converting to operationalizable terms, and testing the network theory approach relative to SME internationalization. In this way, the study overcomes the criticism that network theory is not predictive by nature and is not testable.

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CHAPTER I

INTRODUCTION

Small and medium enterprises (SMEs) are of critical importance to the functioning of national economies and are playing an increasing role in the world economy. Globalization and the emergence of internationally active SMEs are key worldwide trends. In this globalization era, with the development of communication, information, and transportation technologies, a growing number of SMEs are entering world markets as exporters, participants in leasing agreements, partners in joint ventures, and founders of overseas subsidiaries.

Small and medium-sized enterprises now provide a substantial share of current employment and future growth prospects in many countries worldwide (Knight 2000). SMEs contribute more than 35% of exports from Asia and more than 25% of exports from the countries in the rest of the world. In some countries such as China, India, South Korea, and Italy, SMEs account for 60% of total national exports (Aslund and Johnson 2004).

The process of SMEs' internationalization as well as factors influencing it are different from those in large firms (Etemad and Wright 2003). Small and medium enterprises are involved in webs of interorganizational relationships with other companies. One of the factors that is crucial for understanding the SME internationalization process is networking (Coviello and Munro 1995). The link between networking activities of SMEs and the degree of their internationalization is a challenging area of research. This research is interdisciplinary by nature, since it is based both on the tenets of marketing and management sciences, which makes it is even more challenging.

The purpose of this research is to extend the literature addressing the relationships between a SME's networking activities and its internationalization.In addition, the research contributes to the field by empirically investigating and putting into a unified framework managerial, cultural, and environmental factors that influence a SME's networking, and internationalization.

More specifically, the above stated task is accomplished in the following three directions. First, the study is extends the frameworks of network theory-based SME internationalization research by including new variables in it and considering not only outcomes, but also marketing and managerial antecedents of SMEs' networking activities. Second, this study measures and operationalizes constructs related to SMEs' networking activities, makes the network approach to SME internationalization testable, and overcomes the traditional criticism of networking theory as not operationalizable and predictive. Third, it makes this research cross-cultural by basing it on highly diversified samples from the three different business cultures (USA, China, and Russia) and establishes cross-cultural validity of the proposed model.

The literature on business relationships within and between SMEs in cross-cultural settings indicates substantial differences in the approach of small and medium enterprises (SMEs) to networking as well as in the influence of networking on the degree of SMEs' internationalization (Hutchings and Weir 2006; Buckley, Glaister, and Husan 2002) . Under some conditions, entrepreneurs create highly formalized networking structures, while in other cases they prefer non-formal networking relationships. In some situations, entrepreneurial networks include competitors collaborating with each other, while others include only value supply chain members and competitors are not involved in this collaboration (Gilmore *et al.* 2006; Grotz and Braun 1997). Therefore, the question is: What are the antecedents of these differences, and can they be classified, conceptualized, and explained based on the tenets of marketing and managerial theory?

The differences in networking structures and within-network relationships have a systematic influence on all aspects of SMEs' marketing management including marketing channels' development, value supply chain building, and managerial and infrastructural decision making (Shi and Gregory 2005; Zahra, Jennings, and Kuratko1999). Therefore, a relevant topic of research is investigating the theoretical and empirical link between small and medium business network activity and different aspects of marketing management in a cross-cultural setting. In this way, understanding small business networking makes not only theoretical, but also practical sense, since it should allow for the systematic prediction of various elements of a SME's marketing activity based on the nature of networking relationships in which it is involved.

Since it would be impossible to encompass and conceptualize in one study the impact of network integration mechanisms across the whole range of an enterprise activity, only one, relatively narrow aspect of these activities was chosen – SME internationalization. This choice was dictated, first, by the fact that this area of SME activity is tightly connected to networking interactions, since one of the important elements of internationalization is modification of business network structure and extension of this network beyond national borders (Dana, Etemad, and Wright 2000).

Second, this area is familiar to the author from his entrepreneurial experience and therefore rich material for exploration can be provided.

Research Problems and Study Positioning

The main research questions that this study provides answers to are concentrated around understanding SME networking interactions in different countries and exploration of their influence on small business internationalization. Why under some conditions do SMEs prefer formalized networking contacts, with clearly defined range of mutual obligations, while under other conditions they get involved in interactions solely based on human relationships, with minimal formally fixed obligations? What elements of managerial practice in SMEs and what socio-cultural and economic factors impact an enterprise's choice of the degree and type of networking collaboration? To what degree of a SME's involvement in networking processes and the nature of its networking interactions influence the pace of its internationalization process?

The purpose of this study is to investigate theoretically and empirically the link between small and medium enterprises' (SMEs) networking activities and their internationalization in cross-cultural settings. This study is the attempt to marry two streams of research—managerial research in the enterprise networking area and marketing research in the SME internationalization area. This study explores the different types of interorganizational relationships (IORs) between SMEs based on a sample from three countries; each very different in terms of economic environment, cultural traditions, and structure of the small business sector of the economy— the U.S., China and Russia. Then, it explores the influence of these IORs on the degree of SME internationalization.

This study contributes to the existing body of research by building a bridge between the two streams of research: SME networking and SME internationalization. It develops a model of predicting SME internationalization pace based on networking factors and tests the predicting power of this model. Thus, it overcomes the common criticism related to the network theory of SME internationalization that it is observable by nature and can hardly be used as a predictive tool.

Although variables that reflect another theoretical approach to SME internationalization (Dunning's eclectic paradigm) are included in the model, the study mainly tests the relative applicability of resource-based and network-based theoretical approaches to explaining SME internationalization in three distinct economic and cultural environments: a developed economy (USA), an emerging economy (China), and a transition economy (Russia).

Network Defined

To conduct the research tasks outlined above, an understanding of the "SME networking" term should be defined. A social network is defined as a "set of nodes (e.g., persons, organizations) linked by a set of social relationships (e.g., friendship, overlapping membership) of a specified type" (Laumann, Mardsen and Prensky 1983).

The networking literature contains two major conceptualizations of between-enterprises networking; these conceptualizations are the products of two distinctive streams of research: strategic management and sociology (Witt 2004). Strategic management studies consider such forms of stable and long-term relationships between companies as strategic alliances, joint ventures, etc. (Johanson and Mattsson 1987; McGee, Dowling and Megginson 1995). Therefore, within this conceptualization, the network nodes are companies and the connections between these nodes are information and product exchange relations (Lechner 2001).

In sociological networking, which has much longer traditions than strategic management networking, the role of the nodes belongs not to organizations, but to individual persons, and communication between these persons performs the role of network links (Bavelas 1948; Granovetter 1985; Freeman 1978). Most people have contact, frequent or sporadic, with a great number of other people (Boissevain 1974; Burt 1992), and an individual's personal or egocentric social network consists of all the people (nodes) that the individual knows both well and not so well (Barnes 1972; Mitchell 1969).

The entrepreneurship sub-discipline provided a base for intersection of strategic management and sociological concepts of networking. This stream of research is recognized as the network approach to entrepreneurship (Bruederl and Preisendoerfer 1998; Witt 2004). Since small company owners and managers are often the same persons, both companies and individuals in entrepreneurial structures perform the role of network nodes (Birley 1985; Aldrich and Zimmer 1986).

The existing research suggests that personal networks of business owners/managers are critically important for entrepreneurial success (Dubini and Aldrich 1991). Networking is used by managers to make sense of the processes in complicated markets (Olkonnen, Tikkanen and Alajoutsijarvi 2000) and overcomes the resource constraints and limitations SMEs work within (Johannisson 1990). The entrepreneurs' personal networks, according to Johannisson and Nilsson (1989), are "the most significant resource of the firm."

The entrepreneurial networking studies demonstrate that small business owners/managers use their individual networking contacts to gain access to information and other resources that they would not be able to get (or could get at a higher price) on the market. Therefore, it is argued that those entrepreneurs who are part of a large and diversified network get more support and resources from this network than those that are not engaged in networking activities or are a part of a smaller network (Johannisson 1993). In a competitive environment, potential members of an individual's network are those who might provide some specific service or support or from whom they might expect service or support (Gilmore *et al.* 2006).

This study reviews the existing body of research in the academic literature on the theoretical and empirical link between the degree of networking activities, the structure of entrepreneurial networks, and SME internationalization. Then, it develops a new, extended model for the relationship between entrepreneurs' networks and internationalization of entrepreneurial businesses. The study also makes suggestions for further research (i.e. the development of networking paradigm of SME internationalization) (Johannisson 1993; Johansson and Mattson 1988), as well as the integration of sociological and economic network theories.

Practical Relevance of the Study

Understanding of the influence of networking, managerial, resource, and cultural factors on SME internationalization has not only theoretical, but also significant practical relevance. The findings of this research may be demanded by governmental, public, educational, and business entities in different countries of the world. This demand is conditioned by the fact that a lot of SMEs that are going global need various kinds of legal, organizational, and educational support. As was pointed out by Gilmore *et al.* (2006), "the characteristics of marketing in SMEs are determined by key constraints such as limited resources, in the form of lack of finance, lack of time and lack of good market information or information sources". SMEs also suffer from a lack of marketing expertise that may be due to the owner/ manager's limited skills in marketing (Carson 1993; Carson *et al.* 2001).

Based on the above, the potential application of the obtained research results encompass, but is not limited to, the following practical areas: (1) development and implementation of international networking programs for entrepreneurial businesses, especially within the framework of international economic organizations that include U.S., China, and Russia, such as the Asia-Pacific Economic Cooperation (APEC); (2) elaboration of educational and training projects targeted at managers/owners of SMEs who are planning to enter the world market; (3) creation of national and multi-national organizations and networking entities assisting small and medium businesses in globalizing their operations; (4) educating joint ventures' and overseas subsidiaries' managers in understanding and adoption of business norms and managerial practices in other cultures; (5) execution of more effective and focused national programs of financial support, taxation benefits, preferential regulatory policies for SMEs aimed at international markets; and (6) creation of organizational mechanisms facilitating foreign investments in national small and medium business sector.

Study Organization

The dissertation is organized as follows. Chapter 2 provides a literature overview and theory integration on networking and SME internationalization issues. In Chapter 3, the research model is discussed and hypotheses are developed based on SME internationalization literature and network theory. Chapter 4 describes the study design, methodology, sampling, data collection and data analysis. It also includes the data pretest results.

The concluding two chapters are devoted to presentation of the obtained results. Chapter 5 reports the research findings and discusses them from a theoretical perspective. Chapter 6 provides a summary and describes study limitations, practical and theoretical implications, and future research directions.

CHAPTER II

LITERATURE REVIEW

This chapter draws upon the scholarly literature related to the development and integration of two research topics: small and medium enterprises' (SMEs) internationalization and entrepreneurial business networking. Both these areas emerge as prominent topics of study within the mainstream of international entrepreneurship research. The literature overview contained in this chapter is aimed at systematizing, integrating and classifying the studies devoted to the problems of small and medium business involvement in international activities, their networking and their performance in the global marketplace.

The literature review starts by identifying theoretical sources of SME internationalization as a direction of research within the broader discipline of international entrepreneurship. Then, different conceptual and methodological schools of SME internationalization research are presented and analyzed. Major attention is paid to comparing and contrasting competing theoretical approaches to explaining SME internationalization, such as resource-based, stage and network models. These theoretical streams are clearly related and view the same process from different perspectives. The common and distinctive elements of these research streams are considered and their appropriateness for the present study is evaluated.

The SME internationalization literature overview concludes by reviewing the research stream that is focused on the analysis of cultural differences as well as cross-cultural commonalities of the SME internationalization process. The literature belonging to this group of studies is based on data collected from different countries and regions of the world. This part of the literature overview is devoted to literature on business networking issues and investigates cross-cultural trends, based on the tenets of management science.

The literature on network theories is consistent with the structure of the research model presented further in Chapter 3 and is linked to the following theoretical issues: business networking typology, networks and management styles, networks and environmental turbulence, networks and individualism vs. collectivism in a culture. The management style, environmental turbulence and Hofstede's individualism vs. collectivism constructs are considered separately in respective parts of the literature review.

Theoretical Roots of Internationalization Research

Before investigating the theoretical foundations of research in the area of enterprise internationalization, its definition is provided. Currently, there is no single and commonly accepted definition of enterprise internationalization (Young 1987; Welch and Luostarinen 1988; Whitelock and Jobber 1994); however, the most popular definition in scholarly literature and the most widely applicable one is provided by Beamish (1990). He defines internationalization as, "...the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries." This definition is used in this study since it integrates marketing, managerial and behavioral views into one holistic interpretation of the internationalization concept (Coviello and McAuley 1999).

The roots of international entrepreneurship theory date back to Ronald Coase (1937) who argued that there are conditions under which it is more efficient for a firm to go global rather than to stay focused on the local market. Coase proposed that there are costs to entering foreign markets and that the internationalization process is guided by a comparison of internal and external costs. This cost comparison idea gave rise to the transaction costs approach to enterprise internationalization theory.

Coase's research was the beginning point of a large body of literature covering the economic underpinnings for businesses to internationalize. There are three branches of international entrepreneurship research developed from Coase's work. The first was a continuation of transaction costs analysis, represented most notably by Penrose (1959), and then by Williamson (1975, 1979). The second branch pursued the idea that foreign market costs were derived from market imperfections (Hymer 1960, 1976). The third branch attempted to explain firm internationalization in light of industrial and organization structure, giving rise to the network approach and firm internationalization (Caves 1971, 1982).

The explosive growth of internationalization research took place in the 1980s and 1990s. Several fundamental theories of firm internationalization emerged during this period in business academia. In addition to transaction costs analysis, market imperfections, and network theories, the most prominent developments, as summarized by Malhotra, Agarwal, and Ulgado (2003), include the theory of international product life cycle (Vernon 1966; Onkvisit and Shaw 1983; Toyne and Walters 1993), internationalization stages theory (Johanson and Vahlne 1990; Bjorkman and Forsgren 2000), strategic behavior theory (Knickerbocker 1973; Casson 1987), resource advantage theory (Hunt 2002), and eclectic theory of international production (Dunning 1995, 1998, 2000).

SME Internationalization Theory

Further discussion of the concepts contained in the internationalization literature is limited to those theories that are most applicable to small and medium enterprises' (SME) internationalization. As was conceptualized by Etemad and Wright (2003), within the existing body of internationalization research, three schools of scholarship have the most direct implications on the process of internationalization of SMEs: stage models, resource-based foreign direct investment (FDI) theories and network theories.

Coviello and McAuley (1999) use different terminology, but they conclude that the same three individual schools of internationalization research can be identified as applicable to explaining SME internationalization. They name them, respectively, the behavioral school of the Establishment Chain (Stage) models, the resource-based economic school of Foreign Direct Investment (FDI) theory and the relationship school of the Network perspective.

Networking Perspective of SME Internationalization

The network perspective is based on the idea of non-hierarchical systems comprised of collaborating firms (Johanson and Mattsson 1988; Sharma 1992; Bell 1995; Coviello and Martin 1999; Gemunden, Ritter and Heydebreck 1996; Harris and Wheeler 2005). This school of thought in internationalization research is based on the theories of social exchange and resource dependency, and focuses on firm behavior in the context of a network of interorganizational and interpersonal relationships (Axelsson and Easton 1992). These can be both formal (contractual) relationships and informal ones (friends, family, etc.) According to the network perspective, the internationalization process is determined by the system of relationships the enterprise is involved in rather than by its firm-specific advantages or resources (Benito and

Welch 1994; Jaklic 1998; Andersson and Wictor 2003). This approach introduces the idea of externalization (versus internalization) that a firm is involved in being a part of a network (Jones 1999).

Johansson and Mattsson (1988) make a distinction between different types of a firm's network activities while going global. A firm creates network connections either by establishing network contacts in countries and markets that are new to the firm (international extension), or by getting into established foreign networks (international penetration), or by integrating its networking positions in different countries and markets (international integration). The basic assumption of the network model is that a firm requires external resources that can be obtained by establishing network relationships.

The major criticism of network theory is focused on the idea that this model is qualitative by nature, and therefore is not easily operationable. Because of its ad hoc nature, the theory testing power and predictive power of the network model are under question (Malhotra, Agarwal and Ulgado 2003). In addition, it does not explain internationalization of those firms that do not have networks.

In spite of these criticisms, the networking perspective is widely recognized as the most dynamically developing and emerging paradigm in internationalization research (Etemad and Wright 2003; Jones and Convay 2004; Kapasuwan and Rose 2004; Mort and Weerawardena 2006). The attractiveness of the network approach relative to SME internationalization is dictated by its ability to explain non-economic and non-managerial motives underlying the decision-making process of small business owners/managers (Dubini and Aldrich 1991; Tjosvold and Weicker 1993; Chetty and Holm 2000; Chetty and Campbell-Hunt 2003).

SME internationalization research widely applies the network perspective to explain the internationalization decision (“why”?) as well as entry modes and activities in foreign markets (“how”?) (Lindqvist 1988; McDougall, Shane and Oviatt 1994; Bell 1995). A significant body of research is devoted to investigating the process of network formation. For example, the internationalization process is started with inward foreign operations, largely through import of goods and services, and is established via network-creating business connections (Korhonen, Luostarinen, and Welch 1995; Welch and Luostarinen 1988; Kaufmann 1995). In addition, network links are used for outsourcing market development activities to network partners (Coviello and Munro 1995; Hara and Kanai 1994; Hansen, Gillespie, and Gencturk 1994). Another example involves deploying market segments and developing a customer base (McDougall and Oviatt 1991; Oviatt and McDougall 1995, 1997; Dana, Etemad and Wright 2000).

In summary, SME internationalization literature, based on the tenets of networking theory, demonstrates the increasing importance of networking mechanisms for internationalizing small businesses in the globalization era, boosted by the development of modern technologies and online communication links. The relevance of the network, rather than stage or resource-based approach in analyzing SME internationalization is to a high degree dictated by the fact that while facing competition from large multinational enterprises (MNEs) in the global marketplace, SMEs need to develop their own unique and dynamic competencies (Etemad 2004; Eisenhardt and Martin 2000; Mathew 2003).

These competencies are connected to the performance of networking mechanisms. The close symbiotic collaboration with partnering network members increases the survival potential of SMEs in their competition with market leaders and large MNEs (Etemad, Wright, and Dana 2001). Such competencies include SMEs' ability to establish and manage special relations with partners at home and abroad and give them customized levels of service; utilize the advantages arising out of small business owners/managers' entrepreneurial traits, social capital and even family links; create and develop synergistic entities with other small firms due to the influence of networking factors and respective firm characteristics. These competencies may better be explored using the networking rather than resource-based or stage-based approaches (Baron and Markman 2000; Jones and Convay 2004; Etemad 2004).

As was discussed above, the major criticism related to networking theory in explaining SME internationalization is that these models are highly qualitative, hardly operationalable and not predictive by nature. This study attempts to overcome these shortcomings and increase both the operationalability and the predictive power of the networking perspective relative to SME internationalization. To achieve this goal, the consideration of networking literature in sociological, managerial and marketing scholarly studies is required.

Contrasting Networking Perspective of SME Internationalization to Other Approaches

Another widely referenced SME internationalization model is known as the Uppsala Internationalization Process Model (Johanson and Wiedersheim-Paul 1975; Johanson and Vahlne 1977). It holds that firms internationalize in incremental stages and pass several logical stages of increasing their international commitment. In this model, the incremental internationalization process may lead a firm to move from no exporting, to ad hoc or active exporting, to establishment of an overseas subsidiary through either licensing or joint venture, to full commitment of overseas production.

In the Uppsala Model, firms are also hypothesized to enter new markets with a smaller psychic distance (Johanson and Vahlne 1977), that is, smaller differences between host and home country in terms of culture, language and education. As a result, Kogut and Singh (1988) found evidence that national culture has a strong impact on a firm's choice of entry mode of internationalization. During the process of stage-by-stage incremental internationalization, firms accumulate tacit knowledge and experience, commit progressively more resources to international activities and accept the increasingly higher risks of entering and operating in new and distant markets.

The incremental knowledge and experience about going global enable firms to gain insight into specific markets abroad, gradually develop business processes and build value supply chains enabling them to overcome the risks and disadvantages, connected with entering international markets. While taking steps from stage to stage, firms take advantage of accumulated experience and increase their ability to minimize costs and risks associated with internationalization and maximize revenues. The internationalization stage perspective does not assume either necessity to possess a firm-specific advantage (FSA) or a time urgency to exploit this kind of advantage.

Another version of the internationalization stage model, known as the Innovation-Related Internationalization Model, describes the internationalization process in terms of adopting innovation (Andersen 1993). Firms approach internationalization via several stages of adoption, each characterized by different psychological states (e.g., proactive vs. reactive). This stage model differs from the Uppsala Model by addressing the source of the initial internationalization decision (McKieman 1992). Internationalization may start when there are internal change agents who actively push companies toward greater internationalization (proactive explanation). Alternatively, internationalization may be initiated by external stimuli such as unsolicited orders from overseas customers and incentives from local governments (reactive explanation). Based on this approach, Cavusgil (1980) separated the exporting process into the more reactive stages of domestic marketing, pre-export and experimental involvement versus the more proactive stages of committed involvement.

The SME internationalization – related research based on the stage models reports somewhat mixed results. There is a significant body of research that is supportive of stage models and finds SME internationalization an incremental process (Dalli 1994; Chetty and Hamilton 1996; Gankema *et al.* 1997). However, some evidence of SMEs leapfrogging stages and/or stopping internationalization prior to full commitment was found by Gankema, Snuif, and Zwart (2000); Hyvaerinen (1990); Korhonen, Luostarinen, and Welch (1996); and Bjorkman and Kock (1995). They found that a pattern of inward investment such as imports precedes outward patterns of investment and foreign market entry. Similar results are obtained in Jones' (2003) study on inward internationalization. The results of Bell (1995) also challenge the traditional stage models, and he suggests that these models do not adequately reflect the factors influencing the internationalization of small high technology firms, nor their patterns for mode of entry and market selection. This finding appears to be supported by O'Farrell, Wood and Zheng (1998). Overall, while certain SME studies support the traditional stage model view, others do not.

In contrast to networking perspective, the stage models of internationalization, although largely intuitive, have been criticized as being overly linear and difficult to be falsified (Melin 1992). The stage models also rarely address foreign acquisitions as a method of internationalization (Forsgren 1989). More importantly, these models are suggested as merely historical descriptions. They do not address how internationalization should proceed or when a firm should begin to internationalize (Oviatt and McDougall 1995).

Despite these criticisms, the stage models remain attractive from the organizational change point of view. They offer an alternative perspective to the eclectic paradigm (discussed below), which sees internationalization as a function of economic efficiency factors (Melin 1992; Buckley 1988). While the eclectic paradigm explains why multinational firms exist based on advantages of ownership, localization, and internalization, critics argue that it does not address the managerial problems that firms face during the internationalization process (Melin, 1992). The stage models, on the other hand, view internationalization as an evolutionary and learning process (McKiernan 1992; Fina and Rugman 1996). Firms have to adapt slowly before engaging in more activities that are international.

In comparison to networking model, what the stage models lack is a more precise description of adaptive challenges and choices that managers must deal with during the internationalization process (McKieman 1992). While the stage models make clear the importance of cautious and incremental steps, they offer relatively little advice on how to manage the transition for domestic companies that are undergoing internationalization.

Another alternative to network model approach to SME internationalization is resource-based theory that is based largely on Hymer's (1976) research. According to Hymer (1976), the underpinning motive for firms to go global is a firm-specific advantage (FSA) that must be exploited in a timely fashion by the firm before it is eroded. This view, widely referred to as Market Imperfections Theory, provides that it is the strength of the FSAs that enables international firms to compete successfully against local firms, despite their inherent handicap of foreignness. FDI is viewed as a mechanism that empowers a firm to combine its various FSAs with location-specific advantages and exploit them internally by creating its own system of subsidiaries abroad. There are several groups of market imperfections in this theory: imperfections in the goods markets (i.e. existence of the segments and niches where foreign entrants may have a competitive advantage); imperfections in the factor markets such as knowledge, skills, resource capabilities, value supply chain elements, and technology; imperfections of competition that allow for economies of scale and scope advantages; and imperfections connected with governmental policies and regulations.

Another related approach from the family of resource-based theories is known as resource advantage (RA) theory. Theoretically, it is tightly connected with the Market Imperfections theory and is based on the premise of heterogeneous character both of firm resources and intra-industry demand (Hunt 2002). Based on RA theory, some firms have the financial, legal, human and informational advantages over other firms while competing in the global marketplace, because of the relative strength and mobility of these resources. Conceptually, RA theory performs the role of bridging the gap between resource-based family of theories and network theories of SME internationalization, since it is largely based on the idea of collaboration between foreign market entrants (Cantwell 1995). This collaboration and between-firm relationships connected with it are considered a type of resource advantage that these firms leverage to compensate for lack of experience, foreign knowledge, financial and other resources needed for efficient and effective performance (Madhok 1997).

The Transaction Costs approach is another type of resource-based family of theories that is focused on financial resources of a firm. The internationalization process is considered a tool for optimizing financial performance of a foreign market entrant (Williamson 1985), since the costs of performing the exchange on the marketplace may exceed the costs of internalizing foreign operations. This theory views a firm as a governance structure and emphasizes that choosing appropriate coordination and management mechanisms are tools for minimizing transaction costs (such as adaptation, performance, and safeguarding costs) connected with going abroad (Hill, Hwang and Kim 1990; Erramili and Rao 1993).

The attempt to build a general and flexible framework encompassing resource-based approaches to firms' internationalization was made by Dunning (1977, 1980, 1988, 1995, 1998, 2000). In 1977, Dunning proposed a simple, production-oriented and static model. Three years later, the framework was expanded to a 2-factor, and in 1988, to a 3-factor model. In its latest version, Dunning's model holds that success entering foreign markets with direct investment must contain ownership, location and internalization (OLI) advantages. This theory is built on the tenets of all three resource-based approaches discussed above: Market Imperfections, Resource Advantage and Transaction Costs Analysis.

Dunning's theory, first called the Eclectic Theory and then developed into the Eclectic Paradigm, is in the process of permanent development. In the late 1990s, the OLI paradigm experienced several stages of reconfiguration in compliance with dynamic technological and political changes in the world economy. Within the last decade, it has been converted from a static to a dynamic model, by adding such structural elements as recognition of importance of human capital, technology and "quasi-goods" (i.e. products that have both the qualities of goods and services.) In 1999, the idea of a "context" was added to the framework, by including in its scope managerial cognition and firm strategy. One of the trends of Dunning's OLI paradigm development was that it developed from FDI-focused theory to the overall paradigm of international trade; thus, spreading far beyond the limits of foreign direct investments (Coviello and McAuley 1999). The latest version of the Eclectic Paradigm is portrayed as dynamic, flexible and multidimensional in contrast to the static and linear beginnings of the Eclectic Theory.

The major criticism of the latest developments of Dunning's Eclectic Paradigm is connected with the fact that there is a clear trade-off between its development in the direction of generality and flexibility, on one hand, and its testability, on the other. According to Ware (2002), "though Dunning may maintain that such nonspecificity is an advantage, it also contradicts one of his stated objectives – to formulate a general but operationally testable paradigm of international trade."

The OLI paradigm is used as a conceptual foundation in some of the studies related to SME internationalization (Lau 1992; Berra, Piatti, and Vitali 1995; O'Farrell, Wood, and Zheng 1998; Zafarullah, Ali, and Young 1998). However, usually these studies use resource-based theories in conjunction with other models (i.e. stage and network models) to explain the SME internationalization process. Etemad and Wright (2003) notice the lack of recent empirical research focused on smaller firms solely based on resource-based theories. For example, Lau (1992) found evidence of both incremental internationalization and internalization (i.e. obtained the support both for stage and OLI model.) Chen and Chen (1998) found that networks are important determinants of utilizing OLI advantages, particularly for small firms. O'Farrell, Wood, and Zheng (1998), and Zafarullah, Ali, and Young (1998) identify the influence of relationships in the context of internationalization and found the support of the behaviorist concept of "ties" offered by Granovetter (1985).

While contrasting OLI paradigm to networking theory, Coviello and McAuley (1999) argued that "…recent research… clearly finds SME internationalization to be more than a pattern of investments based on rational economic and transaction cost analysis." One of the explanations of the limited support of OLI-based theories and the evidence in favor of networking perspective in SME internationalization research is that smaller firms are managed by less rigid and more fluid managerial processes; processes that are often driven by the nature of the owner and manager and their personal contact networks (Carson *et al.* 1995).

Network Theory: Network Involvement

Interorganizational relationships (IORs) are defined by Oliver (1990) as "the relatively enduring transactions, flows, and linkages that occur between an the organization and one or more organizations in its environment." IORs used by small businesses are considered tools that small firms use to buffer them from environmental uncertainty and improve their performance. The IORs are employed by small firms to reduce transaction costs related to the acquisition, manufacturing and distribution of goods and services, as well as to monitor environmental change (Dollinger 1990; Golden and Dollinger 1993; Dollinger and Golden 1992; Moen and Servais 2002).

Similarly to SME internationalization, IOR can be explored using different theoretical perspectives. In their seminal study, Oliver and Ebers (1998) found 17 different theories describing and explaining interorganizational relations and networks when they explored the 158 papers published in the field. Other authors (Malinen 1998; Varamaki and Vesalainen 2003) proposed the IOR typology classification consisting of families of theories (i.e. combination of theoretical approaches that are conceptually and methodologically close to each other.) The commonly accepted approach to IOR networking holds that there are five basic theoretical schools of inter-firm cooperation: strategic management theory (Astley and Fombrun 1983; Porter 1985; Nielsen 1988; Fletcher 1993), transaction cost theory (Williamson 1975, 1979, 1985, 1991, 1996; Thorelli 1986; Jarillo and Stevenson 1991; Ring and Van de Ven 1992; Hennart 1993; Parkhe 1993; D'Aveni and Ravenscraft 1994; Madhok 1995; Noorderhavem 1995; Zaheer and Venkatraman 1995), resource dependence theory (Pfeffer and Novak 1976; Pfeffer and Salancik 1978; Morgan 1990; Oliver 1990; Gassenheimer *et al.* 1994), social network theory (Johannisson 1984, 1987a, b, 1988), and network theory of the Uppsala school of thought (Easton 1994; Hakansson and Johanson 1994; Hakansson and Snehota 1995).

It should be noted that the names of the schools of thought, as well as many of the authors' names in the networking literature are similar to those discussed above in the SME internationalization research section. It is not surprising since one of the structural elements of enterprise internationalization is networking process, under which a firm is integrated into the new structure of interactions and relationships (Johanson and Vahlne 1990; Bensaou and Venkatraman 1995). Respectively, theoretical approaches to explaining internationalization and networking processes are to a large degree developing in parallel with each other. As in the SME internationalization area, in IOR networking, several basic approaches reflecting different fields of scholarly research are present: economic (transaction cost, resource dependence theories), socio-economic (Uppsala school, social network theory), and managerial (strategic management theory).

Further discussion is focused on the strategic management school of business networking represented by Astley and Fombrum (1983), Nielsen (1988), Fletcher (1993), and Varamaki and Vesalainen (2003). There are two major reasons of this choice, both arising out of the goals pursued by this dissertation. First, this study builds a model predicting the internationalization decision of SMEs in multicultural environments based on underlying managerial factors. Therefore, the strategic management perspective fits the goals of this research better than any other theory among those mentioned above. Second, this study attempts to make this model operational. An advantage of the strategic management networking perspective is that it offers a set of measurable and quantifiable constructs and operationalable tools illustrated in Chapter III.

The strategic management perspective grew from the traditions of the organizational dynamics school of thought that emerged in the 1970s. However, the seeds of this school were planted in the 1950s and early 1960s by the authors who stressed the interplay of conflict, control, and cooperation in marketing channel member relations (Ridgeway 1957; Mallen 1963). A new normative perspective to this stream of research was added by the book, *Distribution Channels: Behavioral Dimensions* (Stern 1969), which offered a behavioral theory-based framework for marketing studies.

In the 1970s, several marketing theorists entered the organizational dynamics school and began to explore the topical subjects of power, conflict, cooperation and bargaining. Hunt and Nevin (1974) introduced the coercive and non-coercive power constructs relative to distribution channel systems. Later, Lusch and Brown (1982) developed this approach by categorizing power as economic (coercion, reward, legal legitimate) and non-economic (referent, expertise, traditional legitimate, and informational).

Marketing scientists suggested how marketing managers should utilize their power sources and elaborated on strategies aimed at long-term profitability of a firm (Kasulis and Spekman 1980; Frazier and Summers 1984). A substantial amount of work in the power area was focused on the need to develop valid and reliable measures of the power construct. For instance, according to Frazier (1983), power is directly linked to in-role performance.

One of the important elements of the organizational dynamics school of thought is the concept of the relationship between power and conflict. This issue was addressed by a number of researchers (e.g., Lusch 1976; Frazier and Summers 1986) who argue that non-coercive sources of power tend to reduce intrachannel conflict whereas coercive sources tend to increase it. The measurement of conflict, like the measurement of power, has been an area of scholarly research. A substantial amount of research work was devoted to analyzing the validity and reliability of different measures of manifest conflict (Brown and Day 1981; Stern and Revel 1980). Some studies in the 1980s also proposed models of power that influence the bargaining process. For instance, Dwyer and Walker's (1981) findings report the direct link between the balance of power between bargainers and their bargaining activities.

One of the most important theoretical standpoints of the organizational dynamics school of thought is the "political economies" concept. This approach was introduced by Stern and Revel (1980) and Achrol, Torger, and Stern (1983) who argued that distribution channels were to be classified as political economies. Later, Dwyer and Welsh (1985) advocated the idea that the political economy framework illuminated the interaction between the internal and external sociopolitical and economic forces of marketing channels. Their key argument was that the political economies model should be useful "for explaining interorganizational responses to uncertainty and dependence constraints of the channel environment."

The major elements of the organizational dynamics school of thought (balance between conflict and power, economic and noneconomic motivation factors) were reflected in the IOR networking typology concept proposed by Astley and Fombrum (1983).

Network Theory: IOR Networking

Astley and Fombrum's (1983) IOR classification is widely used in numerous sociological, managerial and marketing studies (e.g., Carney 1987; Alexander 1998). Within this classification, the major parameter is whether firms' interdependence is based on immediate economic or non-immediate economic (or non-economic) mutual benefit. Based upon this parameter, they identify two major types of IOR networks - commensal (based upon immediate economic interdependence) and symbiotic (those where the prevailing mutual benefit is non-immediate economic or non-economic interdependence). These two types of networks are sub-divided into (1) confederations (firms competing with each other but maintaining common contractual functional activities); (2) conjugate collectives (vertical linkages through the value-added chain); (3) agglomerate collectives (cartels, trade organizations); and (4) organic collectives (firms engaged in traditional networking), as presented in Table I.

Table I. Typology of IORs

Type of Association	Commensal [1]	Symbiotic
Direct [2]	Confederate	Conjugate
Indirect	Agglomerate	Organic

Confederate and conjugate collectives are based on direct relationships between the network members. Members of confederate collectives are linked by commensal interdependence, since they compete with each other. The example of a

[1] Commensal interdependence involves relationships with competitors and economic contract. Symbiotic interdependence involves relationships with non-competing partners and is based on economic as well as non-economic mutual benefit.
[2] Direct association involves firms that compete directly with each other. Indirect association involves firms that have a common interest other than customers.

confederate collective may be a federation of enterprises, which consists of two or more independently owned organizations having activities and service coordinated by a central management (Provan 1984). This type of IOR is typical for highly concentrated industries with many competitors who are linked by common economic interests. A conjugate collective, in contrast, consists of organizations that do not compete with each other and are connected with symbiotic links. An example is an Eastern banking institution tightly connected with its borrowers. A supplier-buyer relationship example is a supplier who provides highly customized products and/or services to a buyer who strictly depends upon this supply.

Unlike confederate and conjugate collectives, agglomerate and organic types do not have between-members direct relationships imbedded in them. Agglomerate collective members compete. An example of this type of relationship is a trade association that, unlike a federation, does not have a centralized structure and a set of detailed norms and regulations. Organic collectives are indirect networks of non-competing business entities. This type of networking is typical of individuals owning small businesses who acquire, through this informal relationship, needed information and other resources (Birley 1985).

All these types of IORs are applicable to SMEs and allow them to gain, through these collectives, access to critical resources as well as providing social contact and environmental information sources. Dollinger and Golden (1993) found a relationship between the type of strategic posture of a small firm (labeled as a Defender, Prospector, Analyzer, or Reactor) and the type of IOR. Their findings are summarized in Table II. The significance of these findings is that the link between the types of IOR a firm is involved in and its strategy was theoretically founded and empirically tested.

Table II. Relationship Between Strategic Postures and IORs

Strategic Posture	Most Frequently Used IOR
Defender	Conjugate
Prospector	Confederate
Analyzer	Agglomerate and Organic
Reactor	Not predictable

The distinction between commensal and symbiotic types of IOR networking allows researchers to conceptualize IOR strategies in measurable and operational ways. The primary feature of the commensal type of IOR is a higher degree of inter-dependence and formalization of links. The symbiotic IORs are characterized by a higher degree of organizational and technological heterogeneity and a lesser degree of dependence upon the same sources of support. Carney (1987) indicates that frequently, "…symbiosis is the situation where no pattern of relation has been previously established but has always been potentially available and waiting to be discovered."

The key findings on networking perspective of SME internationalization are summarized in Table III.

Table III. Key Findings on Networking Perspective of SME Internationalization and Their Relevance for the Current Study

Author(s) / Year	Research Questions	Key Research Findings	Relevance for the Dissertation
Coviello and Munro (1995)	How firms use network relationships to internationalize.	Heavy reliance on network relationships for internationalization related activities is detected.	Provides the theoretical background for hypothesizing positive relationships between the degree of a SME network involvement and its degree of internationalization (H1).
Coviello and Munro (1997)	How the internationalization of software firms is influenced by their formal and informal network relationships.	Intensity of network relationships is positively related to degree of a firm's internationalization. The influence of formal and informal network relationships on internationalization is differential: informal network links result in higher changes in firms' characteristics as they progress through the internationalization process.	1) Same as above (H1) 2) Provides evidence of differential influence of formal and informal types of IOR on internationalization process (H2).
Jaklic (1998)	How the position of a company in a network affects its internationalization.	Proposed a three – category model of internationalization using networks: dependent, independent, and interdependent. Found that not only degree of network involvement, but also the position of a firm in the network affects its internationalization.	Demonstrates that not only quantity, but also quality of network involvement has an impact on internationalization degree (H2).

Table III. Cont'd

Mort and Weerawardena (2006)	Identification of networking capabilities specific to SMEs leading to firms' internationalization.	Proposed a model identifying fundamental and secondary networking capabilities of SMEs and demonstrating their differential impact on SME internationalization. Informal networking relationships are better than formal ones as they enable identification and exploitation of market opportunities connected with internationalization.	Provides the grounds for hypothesizing the differential impact of informal (symbiotic) and formal (commensal) IORs on SME internationalization (H2).
Ritter and Gemunden (2003)	Which networking characteristics of the company have an impact on its internationalization?	Four networking antecedents of internationalization are identified: 1) access to resources; 2) network orientation of human resource management; 3) integration of communication structure; and 4) openness of corporate culture.	Provides empirical evidence of positive relationship between the degree of network involvement and a firm's degree of internationalization (H1).
Harris and Wheeler (2005)	Do personal relationships of entrepreneurs, outside a business context, influence internationalization of small firms?	Relationships outside business context found to have a significant impact on internationalization of SMEs.	Demonstrates that the networks based on informal relationships contribute more to SME internationalization than formal ones (H2).

Table III. Cont'd

Moen and Servais (2002)	Whether internationalization of small computer firms is in accordance with the expectations of the process models (Uppsala model), or does development of international business networks make these models less adequate?	Internationalization process in accordance with incremental pattern described in Uppsala model received little support. Network relationships found to be critical for firms' internationalization.	Provides evidence of positive influence as to the degree of network involvement in internationalization of a firm (H1).
Andersson and Wictor (2003)	What networking factors are important for understanding entrepreneurial firms' internationalization behavior?	Personal networks of the entrepreneur found to be key for internationalization strategy implementation.	Revealed the importance of non-formal personal entrepreneurial relationships (symbiotic IORs) in internationalization of SMEs (H2).
Chetty and Campbell-Hunt (2003)	Are networks an important facilitator and/or inhibitor of the internationalization process? How exactly do networks contribute to internationalization success?	Networks enable firms to overcome the constraints of limited financial, human, and information resources. Business networks enable SMEs to proceed faster with international growth instead of a gradual step-by-step process.	Emphasized the value of network theory in SME internationalization research , provided the evidence of influence of network involvement on SME internationalization (H1)
Chetty and Holm (2000)	How do firms use business networks for internationalization?	Network performs the role of a bridge to internationalization for SMEs by opening up new opportunities, technology, market knowledge, and information.	Shows the influence of SME networking on internationalization (H1).

Relationship Commitment Construct

The relationship commitment conceptualizations in the contemporary scholarly literature are the product of two major streams of research: social exchange and organizational behavior schools of thought. Drawing on the conceptualizations of relationship commitment in social exchange, Moorman, Zaltman, and Deshpande (1992) defined it as “an enduring desire to maintain a valued relationship”.

Within the same social exchange framework, Morgan and Hunt (1994) developed the definition of relationship commitment as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely”. They theorized that commitment is central to all the relational exchanges between the firm and its various partners. Building on this research, Kaufman, Jayachandran, and Rose (2006) defined relationship commitment as the extent to which an exchange partner considers a relationship important and thus is willing to work to sustain the relationship.

From another angle, some marketing scholars, drawing on the organizational behavior rather than on social exchange school of research, defined commitment as a pledge of continuity between parties (Dwyer, Schurr, and Oh 1987), the sacrifice or potential for sacrifice if a relationship ends (Anderson and Weitz 1992), and the absence of competitive offerings (Gundlach, Achrol, and Mentzer 1995). Based on these definitions, relationship commitment constitute a sort of a “stickiness” that keeps a company loyal and linked to a partner, even in the conditions when satisfaction may be low or functional conflict may take place (Frazier 1983; Dwyer, Schurr, and Oh 1987).

In their attempt to integrate the existing relationship commitment conceptualizations, Gustafsson, Johnson, and Roos (2005) suggest that all of them imply two major dimensions of this phenomenon: affective, or emotional, commitment and calculative, or continuance, commitment. Calculative commitment is the “colder”, or more rational; it is an economic dependence based on cooperation benefits due to a lack of choice or high termination costs. Affective commitment is a “hotter”, or more emotional, factor that develops through the degree of personal involvement. This second dimension of relationship commitment is especially inherent for small businesses where interorganizational relationships are highly personalized and therefore the affective component plays higher role than in relationships between large companies (Garbarino and Johnson 1999; Fullerton 2003; Hansen, Sandvik, and Selnes 2003).

The findings in marketing and managerial literature figure out the following factors as antecedents and outcomes of relationship commitment. The major explanatory variables that are considered antecedents of relationship commitment are: relationship termination costs (the higher termination costs are, the higher the predisposition of partners to relationship commitment is), shared values, and trust. The outcomes of relationship commitment are acquiescence, cooperation, customer loyalty, partnership stability (positive relationship), and propensity to leave (negative relationship) (Mathieu and Zajac 1990; Kumar, Stern, and Achrol 1992; Hadjikhani and Thilenius 2005; Gustafsson, Johnson, and Roos 2005).

Among factors mentioned above, the prevailing attention is paid in the literature to partnership stability as a result of relationship commitment. Just as excessive employee turnover is costly for employers, partnership instability is costly for organizations involved in interorganizational relationships. According to Morghan and Hunt (1994), the stability as a desirable performance outcome can be achieved through fostering commitment. They posit that “as brand attitude becomes central to the repurchase decision in relational exchange, brand loyalty becomes increasingly similar to the conceptualization of relationship commitment”. Based on their findings, in stable partnership conditions parties identify relationship commitment as key to achieving valuable outcomes for themselves, and they endeavor to develop and maintain this precious attribute.

Building on this research, in financial services context, Verhoef (2003) found direct effects of affective commitment on partnership stability both through relationship maintenance (retention) and relationship development (share of a customer’s business). In the context of manufacturer-retailer association analysis, Kaufman, Jayachandran, and Rose (2006) demonstrated that commitment is a critical component that underscores the quality of the relational embeddedness.

Table IV. Key Findings on Relationship Commitment and Their Relevance for the Current Study

Author(s) / Year	**Research Questions**	**Key Research Findings**	**Relevance for the Dissertation**
Morgan and Hunt (1994)	What are antecedents and outcomes of relationship commitment?	The antecedents are: relationship termination costs, relationship benefits, and shared values. The outcomes are: acquiescence, propensity to leave, and cooperation.	By linking relationship commitment to networking variables such as cooperation and acquiescence, provided justification for hypothesizing positive relationship between relationship commitment and network involvement (H3)

Table IV. Cont'd

Verhoef (2003)	Exploring the effect of affective relationship commitment on partnership stability and mediating constructs	Affective commitment influences partnership stability both through relationship maintenance (retention) and relationship development (share of a customer's business)	The link between relationship commitment and partnership stability provides the ground for positing 'relationship commitment- network involvement' link (H3)
Kaufman, Jayachandran, and Rose (2006)	Investigating the relationship between relationship commitment and relational embeddedness	Relationship commitment is a critical component that underscores the quality of the relational embeddedness	Provided strategic managerial perspective for the link between relationship commitment and network involvement (H3)
Gustafsson, Johnson, and Roos (2005)	What is the effect of affective and calculative relationship commitment on partner retention?	The results support consistent effect of calculative commitment on partner retention. No significant effect of affective commitment on partner retention was documented.	The mechanisms of relationship commitment- network involvement link are demonstrated (H3)
Hadjikhani and Thilenius (2005)	How the basic elements in business relationships' commitment and trust are affected by horizontally and vertically connected relationships?	Vertical connections lead to increased commitment, thus strengthening the relationship, while horizontal connection, on the contrary, weakens it.	The insight on relationship commitment antecedents, from the networking perspective, is provided (H3)
Hansen, Sandvik, and Selnes (2003)	What are direct and indirect effects of commitment on intention to retain partnership?	The results demonstrate positive relationship between relationship commitment and intention to stay in partnership.	The empirical evidence of relationship commitment – network involvement link is provided (H3)

Global Mindset Construct

The conceptualization of mindset has the roots in psychological science. It is related to ways how a subject perceives, understands, and is reasoned about the surrounding world. The definition of mindset given by Rhinesmith (1992) describes it as ‘‘a predisposition to see the world in a particular way that sets boundaries and provides explanations for why things are the way they are, while at the same time establishing guidance for ways in which people should behave’’. Bartlett and Sumantra (1995) suggest that the concepts of mindset encompass one’s understanding of purposes, processes, and people.

The concept of *global* mindset belongs to marketing science and it relates to the way how “one scans the world from a broad perspective” (Arora *et al.* 2004). According to this conceptualization, people with global mindsets accept life as a balance of contradictory forces and seek to be open minded by rethinking boundaries and modifying their behavior. Gupta and Govindaranjan (2002) describe global mindset as follows:‘‘ Mindset refers to the cognitive filters through which we, as individuals and organizations, observe and make sense of the world. Since we are human we are selective in what we observe, and biased in how we interpret what we observe’’.

Being a social phenomenon, global mindset is influenced by cultural factors. Hofstede (1997) identifies such global mindset creating factors as family, living community, and social environment. Arora *et al.* (2004) found that global mindset is influenced by demographic factors as well. These factors include gender, race, age, and social classes. They impact an individual’s experiences and, hence, his/her mindset.

The scholarly literature suggests also a behaviorist group of factors as antecedents of a global mindset. These factors include emotional connection, capacity for managing uncertainty, ability to balance tensions, business and organizational savvy, and ability to recognize worldwide market opportunities (Prahalad and Doz 1987; Gregerson, Morrison, and Black 1998).

In the context of business internationalization issues, global mindset is widely recognized as one of the key success factors. Kedia and Mukherji (1999) conceptualize a global mindset for global managers to he a necessary condition to effectively handle global competition. However, their findings demonstrate that it is though necessary, but still not a sufficient condition. They argue that sufficient conditions that enhance and sustain a global mindset are knowledge (awareness of different aspects of the interdependent world) and skills (certain human and behavioral abilities of managers that help them to do their work more effectively in the global context).

There is a significant body of research demonstrating that global mindset and knowledge (skills) are distinct constructs. According to Rhinesmith (1993), a global mindset "is a way of being rather than a set of skills. It is an orientation of the world that allows one to see certain things that others do not. A global mindset means the ability to scan the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives."

Kets de Vries and Mead (1992) argue that global mindset is one of the conditions that create opportunity for global managers by acting as a catalyst within the organization. However, the ability to utilize these opportunities depends upon the set of skills, such as building and maintaining organizational networks at the global level.

While contrasting global and non-global mindsets, scholars put the emphasis to the fact that they are different both in terms of time, space, and relationship perspectives (Kedia and Mukherji 1999; Kefalas and Neuland 1997). Time perspective inherent to managers with global mindset is distinguished by a long-term view and understanding of the non-immediate opportunities when dealing with international business activities. Space perspective of these managers is characterized by going beyond their immediate surroundings and national borders, both in terms of geography and relationship with people. Relationship perspective of globally minded managers exhibits a general predisposition by being more tolerant to other cultures, considering cultural diversity an asset, thriving on ambiguity, and balancing culturally contradictory forces (Kefalas and Neuland 1997; Rhinesmith 1993).

Table V. Key Findings on Global Mindset and Their Relevance for the Current Study

Author(s) / Year	Research Questions	Key Research Findings	Relevance for the Dissertation
Rhinesmith (1992)	What are the characteristics of a global mindset construct?	Provided dimensionality of the global mindset construct.	Provided theoretical base for hypothesizing the link between global mindset and network involvement (H4)
Rhinesmith (1993)	What are the attitudinal antecedents of a global mindset?	The attitudinal antecedents of global mindset include tolerance to other cultures, considering cultural diversity an asset, thriving on ambiguity, and balancing culturally contradictory forces.	The similarity of attitudinal characteristics of global mindset and network involvement is an argument for hypothesizing the relationship between these two constructs (H4)

Table V. Cont'd

Arora *et al.* (2004)	Exploration of underlying cognitive characteristics of globally minded managers	There are two major dimensions of cognitive profile of a globally minded manager: conceptualization (being open minded by rethinking boundaries) and contextualization (modifying behavior)	The 'conceptualization' and 'conceptualization' dimensions of global mindset provide a cognitive evidence for hypothesizing global mindset – network involvement link (H4)
Kedia and Mukherji (1999)	Is global mindset an exploratory variable of successful global competition?	Global mindset is a necessary, but not sufficient condition for successful global competition	Provided the evidence from international business perspective for global mindset-network involvement link (H4)
Kefalas and Neuland (1997)	Contrasting global and non-global mindsets	There are time, space, and relationship perspectives that distinguish global mindset	Demonstrated that time, space, and relationship perspectives of global mindset are similar to ones that inherent to networking behavior (H4)
Prahalad and Doz (1987)	Exploring behaviorist factors underlying global mindset	Business and organizational savvy and ability to recognize worldwide market opportunities are exploratory behaviorist factors of global mindset	Contributed to the behaviorist perspective of global mindset-network involvement link (H4)
Gregerson, Morrison, and Black (1998)	Exploring managerial characteristics of globally minded managers	The major managerial characteristics of globally minded managers are capacity for managing uncertainty, emotional connection, and ability to balance tensions	Provided the managerial science – based view on global mindset-network involvement link (H4)

Management Style Construct

The management (managerial) style construct has been studied in the scholarly literature throughout the 20th century. In one of the seminal and most frequently referred to studies, McGregor (1960) introduced Theory X and Theory Y. The major structural element of this approach is the contrast between the style characterized by close supervision (Theory X) and a participative management style (Theory Y). In the same generation of researchers, Likert (1961) created a classification including four categories of management style: System 1, exploitive and authoritative; System 2, benevolent and authoritative; System 3, consultative; and System 4, participative. In both these theories, the major distinction lies between highly centralized and democratic systems of organizational supervision.

In the 1970s, the idea of contrasting between authoritative and participative forms of management was further developed. Fiedler and Chemers (1974) created a contingency model of leadership. They distinguished between task-motivated (authoritarian) and relationship-oriented (participative) approaches to organizational goal setting and achieving. House and Mitchell (1974) proposed a "path-goal theory of leadership." Within their framework, the participative and relationship-oriented approach is highly advocated, since it holds that a leader's success is determined by his/her ability to have an impact on subordinates' motivation and job satisfaction.

In the late 1970s and the early 1980s, the management style construct became multidimensional. Except supervision style, other elements of organizational management mechanisms were actively investigated. Pascale (1978) focused his attention on decision making as a part of the management style construct. The literature of that period elaborated on a distinction between the consensus-oriented versus authoritarian decision-making process (Pascale 1978; Vogel 1979). Another classification parameter in the decision-making style construct introduced in the literature was based on the time factor (i.e. long-range versus short-range orientation) (Ouchi 1981).

The communication (information sharing) pattern became a part of the management style construct in the 1990s. It focused on explaining " informational input to decisions, establishing tasks, duties, roles, responsibilities, and authority; achieving cooperation, and guiding actions toward goals; instructing, developing, and changing; and providing feedback", as described by Culpan and Kucukemiroglu (1993). The major distinguishing point in communication and information sharing style-related literature is between free and hierarchical information flow and horizontal and vertical communication patterns (Pruitt and Lewis 1975; Pascale 1978).

One more important dimension included by some researchers in the management style construct is the control mechanism. According to Miner (1982), "communication theory provides a basis for understanding how organizational effectiveness is obtained. Effectiveness appears to be a product of control processes that produce uniformity and coordinate effort behind goals." Interdepartmental relations are an important element underlying the control mechanism and sometimes are referred to as a distinctive sub-construct within the managerial style (McCann and Galbraith 1981). While strict control and vertical patterns of interdepartmental relations lead to a high degree of centralization and a tall hierarchy, the team-based control and horizontal type of between-department relations create decentralized matrix type organizations (Kelly 1980).

The paternalistic orientation is frequently considered in the literature within the context of management style. This dimension appears to be most relevant for those studies that compare different cultural styles of management, especially those that focus on describing the distinctions between Eastern and Western patterns (Ouchi 1981; Brew and Cairns 2004; Morris and Pavett 1992). Paternalistic orientation means supervisors' involvement in subordinates' personal and family problems. As described by Ouchi (1981), paternalistic orientation means "holistic concern for employees." In managerial cultures with a high degree of paternalistic orientation, supervisors undertake not only work-related, but broader social responsibility for subordinates. Usually, high paternalistic orientation is recognized as an attribute of Eastern (vs. Western) managerial style (Tse *et al*. 1988; Albaum *et al*. 1992).

Overall, the four dimensions of the managerial style discussed above (supervision, decision-making, information sharing styles and paternalistic orientation) are considered in the study separate constructs influencing the type of IOR networking used by a SME. This link is demonstrated in the literature analyzing cross-cultural differences in managerial styles and will be discussed in detail in Chapter III.

In the contemporary management style literature, cross-cultural comparative research is the subject of increasing interest. Within this stream of research, a great deal of attention is paid to the comparison of management styles in Japan with American and European managerial practices. Interest in this topic was spurred by the success of Japanese business in the world market (Hatvany and Pucik 1981; Buckley and Mirza 1985; Culpan and Kucukemiroglu 1993; White 2002). Some researchers generalized that Japanese and other Asian cultures were similar and put so-called "Asian managerial style" as the focus of their studies, contrasting it with Western management styles. In some of these studies, the difference in networking relationships between firms in Eastern and Western cultures and the link between managerial styles and networking patterns used by firms were analyzed (Pheng and Leong 2000; Freeman and Browne 2004).

A substantial body of research has recently been devoted to comparative studies of Chinese managerial practices. For instance, Poon, Evangelista, and Albaum (2005) compared styles of marketing managers in China and Australia. Tse *et al.* (1988) compared managers of mainland China, Hong Kong, and Canada across dimensions such as choice, decisiveness, and risk adjustment. And, various culture-related factors underlying Chinese managerial practices were considered in behavioral, psychological, and human resource management streams of research. The findings of these studies demonstrate the theoretical and empirical links between different dimensions of managerial style and type of networking in which a firm is involved (Birnbaum-More, Wong, and Olve 1995; Cheung and Chow 1999; Earley 1989; Robertson 2000; Westwood and Posner 1997).

American managerial practices have been investigated in a significant number of comparative studies related to different aspects of managerial culture such as leadership style, conflict management, decision making, among others. The most thoroughly researched geographic regions that U.S. managerial style has been compared to are Latin America (Rodríguez 2005; Sibeck and Stage 2001; Marshall and Boush 2001); the Arabic world (Anwar and Chaker 2003; Parnell and Hatem 1999); Asian countries (Doktor 1990; Liu and Mackinnon 2002); and Western Europe (Lau and Buckland 2000; Gouttefarde 1996). In addition, other studies investigated differences in managerial styles within the framework of one organization, such as multinational corporations operating in different regions of the world (Pavett and Morris 1995; Myers *et al.* 1995). The decision making and supervision patterns were found to be systematically different across Western and Eastern cultures.

In contrast to the U.S. and China, Russia has largely been overlooked in this type of cross-cultural research. However, specific cultural features and managerial traditions of this country, the transitional nature of its society, and the emerging influence of its economy, increase the relevance of this region for this research. This study is an effort to include Russia in the scope of cross-cultural managerial studies.

In the previous research discussed above, the systematic differences in managerial style were found between American and Asian firms. However, to date, no studies have been undertaken to measure the multilateral, cross-cultural comparison of managerial styles of three regions representing highly distinct cultural, historical, mental and religious traditions such as America, Asia, and Eastern Europe.

The literature on the dimensions of management style (decision-making, information sharing, supervision and paternalism) and its relevance for this study is synthesized in Table VI.

Table VI. Synthesis of Key Literature on Relationship between Management Style and IOR and its Relevance for this Study

IOR type	*IOR characteristics* (Haley 1997; Haley and Tan 1999; Considine and Lewis 2003; Lowf, Morris and Wilkinson 2000; Griffith, Myers, and Harvey 2006; Lee 2001; Redding 1995, 2004)	*Decision making style* (Haley 1997; Haley and Tan 1999)	*Supervision style* (Considine and Lewis 2003; Lowf, Morris and Wilkinson 2000)	*Paternalism* (Lee 2001; Redding 1995, 2004)	*Information sharing style* (Haley and Tan 1996; Griffith, Myers, and Harvey 2006)
Commensal	Mutual obligations are well-articulated and formalized. Network members can be easily replaced through free market mechanisms.	Decisions made based on extensive information to collect, collate, and analyze. Decision making is not dominated by one person, even in SMEs.	Law- and rules-based, universal for all employees.	Contractual relationships within SME.	Information is disseminated among company employees for their participation in decision making
Symbiotic	Networking is familial and informal, based on interpersonal relationships between dominant decision makers rather than on formalized links. SMEs are linked via strong personal networks to other key organizations, such as suppliers, customers, sources of finance, etc., and therefore network members cannot be easily replaced.	Decisions are action-driven; qualitative, often subjective information supplied by friends, business associates and other trusted persons is used as input for decision making. There is usually a dominant decision-maker in a firm.	Authoritative, based on personalism, fitted to an individual rather than to a job position.	Implicit employment contract, patronage and authoritarism, extended family (clan, tribe) system within SME.	Information usually is in sole possession of dominant decision maker; lower level employees work in information- scarce environment.
Relevance for this study		*Hypothesis of relationship between decision making style and type of IOR (H5A)*	*Hypothesis of relationship between supervision style and type of IOR (H5B)*	*Hypothesis of relationship between paternalism and type of IOR (H5C)*	*Hypothesis of relationship between information sharing style and type of IOR (H5D)*

Individualism in a Culture Construct

While reviewing the literature on the Individualism vs. Collectivism construct, it appears reasonable to view the key theories of culture. Different research schools, depending on the area of study represented (marketing, management, economy, sociology) and its prevailing conceptual approach, define culture in different ways. All these conceptualizations of culture discussed below made their impact on network theory literature.

The environmental school (Herskovits 1955) holds that culture is the man-made part of the environment. The socio-psychological approach defines culture as patterned ways of thinking, feeling and reacting. According to this view, "culture consists of traditional (historically derived and selected) ideas and their attached values" (Kluckhohn 1954). The behaviorist concept is represented in culture's definition as "a pattern of symbolic discourse and shared meaning that needs interpreting and deciphering in order to be fully understood" (D'Andrade 1984; Geertz 1973). Managerial science leaned more to Triandis' (1972) understanding of culture as a set of "social stimuli, beliefs, associations, attitudes, norms and values, and roles that individuals share." Hofstede (1980) who tried to combine both behaviorist and managerial concepts defined culture as "a set of mental programs that control an individual's responses in a given context."

In Hofstede's (1980, 2001) system, Individualism vs. Collectivism (IDV) is one of the five cultural dimensions (Power Distance, Masculinity vs. Femininity, Uncertainty Avoidance, and Long-Term vs. Short-Term Orientation). IDV, as defined by Hofstede (1980), refers to "a preference for a loosely knit social structure in which individuals take care of themselves and their immediate families only." The individualistic-collectivistic dimension measures the dependence of individuals upon the group. A collectivist society is one in which people are integrated into in-groups that shelter and protect them and to which they are loyal (Welford and Prescott 1996). Such a culture is essentially relationship-based, with traditional concepts, such as trust and loyalty, being valued, and a high level of interplay between private and business lives (Tang, Kim, and O'Donald 2000).

Collectivistic societies are those with tightly knit social structures in which people can expect members of one or more of their various in-groups (e.g., friends, relatives, coworkers, neighbors) to look after them. In contrast, in an individualistic society, more emphasis is placed upon contracts, meritocracy and task-based achievements of individuals in competition with each other (Dodd and Patra 2002). This construct, born within the behaviorist stream of research, was widely applied as a predictive factor in marketing and managerial research (e.g., Wilcox *et al*. 1996; Al-Olayan and Karande 2000; Young and Franke 2000).

In networking studies, the IDV construct is often used as an exploratory variable while investigating the type and configuration of networking relationships. In individualistic cultures, networks are conceptualized by some researchers as instruments, assembled to serve business tasks, whereas in communitarian cultures, they have much higher social context and their own social meaning; similar to a family, community or clan (Hampden-Turner and Trompenaars 1997; Parnell 2005). Therefore, business networks in individualistic cultures tend to be more formalized and articulated through the mechanism of membership in structured organizations, while in collectivistic ones, they often utilize social relationships and informal contacts, as a provider of psychological and practical support (Dodd and Patra 2002; Möller and Svahn 2004). In collectivistic cultures, networks are best seen as primarily cultural phenomena, that is as sets of meanings, norms, and expectations usually linked to behavioral correlates of various kinds (Curran *et al*. 1993)

In summary, it is widely recognized in contemporary research that cultural variations in 'individualism vs. collectivism' dimension can be posited to result in networks of quite differing characters (Johannisson 1996, 1997; Burt 1992; Ghoshal, Korine, and Szulanski 1994; Ostgaard and Birley 1994; Thomas and Mueller 2000). This view found support in the substantial body of empirical cross-cultural networking research involving samples from the US, Europe and Asia (Aldrich *et al.* 1989; Birley, Cromie, and Myers 1991; Aldrich and Sakano 1995; Hammond and Glenn 2004; Peng and Zhou 2005).

The major findings on the individualism in a culture that are relevant for studying of interorganizational networking relationships are summarized in Table VII.

Table VII. The Key Findings on Relationship between Individualism vs. Collectivism in a Culture and IOR and their Relevance for this Study

Author(s) / Year	**Research questions**	**Key research findings**	**Relevance for the dissertation**
Parnell (2005)	How to incorporate the distinctively Chinese networking elements ('emics') into a theory by definition concerned with universal dimensions ('etics')?	The distinctively Chinese networking element *guanxi* is a cultural artifact reflecting the collectivistic culture of the society and a core element of the relationship-based non-formalized (symbiotic) networking system?	Provided the empirical evidence of relationship between the degree of individualism in a culture and prevailing type of IOR (H6).

Table VII. Cont'd

Parnell (2005)	How to incorporate the distinctively Chinese networking elements ('emics') into a theory by definition concerned with universal dimensions ('etics')?	The distinctively Chinese networking element *guanxi* is a cultural artifact reflecting the collectivistic culture of the society and a core element of the relationship-based non-formalized (symbiotic) networking system?	Provided the empirical evidence of relationship between the degree of individualism in a culture and prevailing type of IOR (H6).
Dodd and Patra (2002)	To test the extent and nature of possible divergences in entrepreneurial networking in different countries, given a group of extant studies that are claimed to show broadly generic behavior (a cross-cultural study based on a sample from Japan, Canada, Ireland, the USA, Italy, Sweden and Greece).	Hofstede' s four-dimensional model provides a generally robust interpretive framework for the results. In collectivistic cultures, IOR networks will report 1) comparatively high proportions of family and friends; 2) will show a higher density, and a lower percentage of strangers; and 3) will report relatively long-lived relationships.	Delineates differences in network characteristics in individualistic and collectivistic societies, demonstrates features of symbiotic networks inherent in collectivist cultures (H6).
Mitchell *et al.* (2000)	Through what elements of network structure do cultural values affect the type and nature of entrepreneurial networks?	Three network characterizing constructs were brought in arrangements, willingness, and ability scripts; all of which are related to Hofstede's degree of individualism.	Deepens the view on network characteristics that are affected by the degree of individualism in a culture (H6).

Table VII. Cont'd

Peng and Zhou (2005)	What impact do different dimensions of institutional environment and culture have on strength and content of business networks?	The institutional and cultural changes result in business network changes, both in terms of their strength and content.	Contributes to conceptualizing Individualism-IOR relationships by providing the evidence of a link between culture and business network setting (H6).
Hammond and Glenn (2004)	How to explain Chinese phenomenon of *guanxi* by existing network theories?	In highly collectivistic culture, personal relationship- based and informal networks are prevailing.	Shows the features of symbiotic networks typical for collectivistic cultures (H6).
Möller and Svahn (2004)	What influence does ethnic culture have on knowledge sharing and, respectively, content of intercultural business networks?	Collectivists are more sensitive to relatively tacit, systemic or embedded knowledge and are pre-disposed to high context business networks. In contrast, persons in individualist cultures are more likely to focus on knowledge as relatively explicit attributes of phenomena, and are more predisposed to rational and formalized networks than collectivists are.	Provides knowledge and information-processing rationale for hypothesizing the relationship between individualism and type of IOR (H6).

Environmental Turbulence Construct

Environmental turbulence is a fundamental environmental condition underlying uncertainty and business risk. It refers to the rate and unpredictability of changes in the organization's environment. In contemporary marketing strategy research, environmental turbulence characteristics pertinent to organizational change and business performance have been investigated (e.g., Glazer and Weiss 1993; Han, Kim, and Srivastava 1998; Jaworski and Kohli 1993).

Based on the commonly adopted view, there are three major dimensions of environmental turbulence: (1) market turbulence—the rate of change of the customer demand and customers' preferences; (2) technological turbulence—the rate of technological change in the environment; and (3) competitive turbulence—the rate of change in competitive landscape and competition intensity on the marketplace (Westhead, Wright, and Ucbasaran 2004). Turbulence is a fundamental environmental condition underlying uncertainty and business risk. Entrepreneurs perceiving external environmental turbulence may be encouraged to identify and exploit additional opportunities, but at the same time may also lean to more conservative development strategy and to 'stay at home' (Westhead, Wright and Ucbasaran 2004).

Many firms enter networking alliances in response to environmental uncertainty and competitive pressures. Chetty (1999), for example, detected that young SMEs in saturated domestic markets were more likely to get into networking relationship because it was easier to do so than to compete alone. In this case, turbulence offers firms avenues for exploiting networking opportunities (Prefontaine and Bourgault 2002).

Several studies have examined and found corroborating support for the impact of the business environment on a firm's strategy, distinctive competency and structure (Hitt and Ireland 1985; Tetenbaum 1998; Chonko *et al.* 2002). The theoretical and empirical link between networking strategy and environmental turbulence was demonstrated in the organizational management and marketing studies as well (Mitzberg and Waters 1985; Ford 1990; Holm, Eriksson, and Johanson 1996; Bjorkman and Kock 1995; Hirshleifer and Welch 2001).

The link between environmental turbulence and a firm's strategy performs in different ways. First, entrepreneurs perceiving external environmental turbulence may be encouraged to identify and exploit additional opportunities, and therefore enter new processes, including those leading to internationalization (Chetty 1999). Many firms enter foreign markets in response to shrinking domestic demand and competitive pressures. Although the "opportunities" side of environmental turbulence impacts marketing and management strategy, there is also a "threats" side. The turbulent environmental hostility can threaten firm development in terms of production and resource acquisition that makes business entities enter networking relationships for collective protection of their interests (Prefontaine and Bourgault 2002; Welch and Wilkinson 2005).

Environmental turbulence produces not only a direct impact on a firm's strategy, connected with the action of "opportunities-threats" or "push-pull" factors, it also influences a company's networking configuration through the nature of managerial tasks and information flow structure. The more turbulent the environment, the more varied and fragmented the nature of managerial network (Mintzberg 1973) and the greater the information processing demands on the top team (Daft, Sormunen, and Parks 1988). As Galbraith (1973) argued, "The greater the task uncertainty, the greater the amount of information that must be processed among decision makers during task execution in order to achieve a given level of performance."

Turbulent environments increase information-processing needs by creating new opportunities and crises that often necessitate strategic and structural adaptations that in turn, facilitate the need for large between-enterprise teams and respective networking interactions (Thompson 1967; Mitzberg and Waters 1985; Tushman and Keck 1990). The benefits that accrue from the enhanced capabilities of networks are likely to outweigh the costs associated with the communication and coordination problems that also arise in them (Shull, Delbecq, and Cummings1970; McPherson, Popielarz, and Drobnic 1992).

In stable environments, top managerial jobs are characterized by higher "routine" complexity. Therefore, more structured and formalized networks are prevailing (Ancona 1989). Stable environments tend to attenuate learning, reacting requirements because of more standardized and routine business flow that increases the need in more systematic and formal agreement-based networking relationships (Kotter 1982; Keck and Tushman 1993). Batjargal (2006), considering case of Russian SMEs, found negative relationship between a SME's financial stability and its predisposition to changing its network structure. Thus, firms in stable environments cannot benefit as much from increases in unstructured symbiotic networking inputs as firms in turbulent environments (Eisenhardt 1989; Anderson, Wasserman, and Crouch 1999; Boisot and Child 1999).

In contrast, in turbulent environments, IOR networks must be able to deal with environmental contingencies, therefore network structure is likely to change when the environmental context facing a network changes sharply (Miller and Robert 1991; Frank and Fahrbach 1999). IOR teams with stable characteristics may not be able to deal with environmental shifts. If IOR networks perpetuate stable and formalized modes in fundamentally altered contexts, the overall network performance may suffer (Miles 1982; Pettigrew 1990).

While facing challenges of turbulent environments, more mechanistic and formally organized (commensal) networks are more likely to disintegrate while informal and relationship-based (symbiotic) ones would remain (Virany, Tushman, and Romanelli 1992). A highly unpredictable economic climate results in a more conservative and defensive development strategy that turns managers away from forming commensal IORs and either pushes them to create symbiotic IORs, or makes them unsusceptible to any forms of alliances at all (Bensaou and Venkatraman 1995;

Dess, Ireland and Hitt 1990; Tung 1979). According to Golden and Dollinger (1993), the Defensive and Reactor strategic postures that are quite typical for high degrees of environmental uncertainty, (shown in Table II above) lead to symbiotic and non-predictable types of IOR, respectively.

As was pointed out by some researchers, the exploratory power of networking theory on SME internationalization behavior goes down while degree of environmental turbulence a firm operates in decreases (Coviello and Munro 1995; Covilello and McAuley 1999; McAuley 1999; Bell *et al*. 2003). According to Coviello and McAuley (1999), in highly turbulent conditions, evidence of inter-firm relationships supports network theories; the networking behavior "is particularly prevalent among firms operating in small open economies and in emerging nations, where domestic demand may be limited." However, in the environments with low degree of turbulence, other important factors rather than SME networking connections, such as industry resources, product, internal informational resources of SMEs, etc. have an increasing impact on SME internationalization behavior, especially in high-tech and knowledge intensive sectors (Bell *at al*. 2003).

Stated above does not mean that networking approach to SME internationalization completely loses its power in the conditions of low environmental turbulence. Moreover, as was pointed out by McAuley (1999), referring to not turbulent environments, of the key theories on internationalization, "only network theory has been shown to have some influence on the behavior of these (internationalizing) companies. Similar to a silver ball in a pinball machine, these companies sometimes formally, sometimes by chance, use their networks to achieve business objectives. From the evidence presented here, this approach has the greatest resonance."

In the conditions of highly predictable (lowly turbulent) environment, the combined resource-based and network view was recognized as the most adequate explanation of internationalization behavior of SMEs (Vatne 1995; Yeoh and Jeong 1995; McAuley 1999). In the models based on this approach, the degree of environmental turbulence is considered either predictor (Vatne 1995) or moderating factor influencing the networking- internationalization relationship (McAuley 1999; Bell, *et al*. 2003). Tables VIII and IX summarize the key findings on the topic.

Table VIII. The Key Findings on the Role of Environmental Turbulence in Relationship between SME Network Involvement and its Internationalization

Author(s) / Year	**Research Questions**	**Key Research Findings**	**Relevance for the Dissertation**
Coviello and Munro (1995)	How firms use network relationships to internationalize?	High-tech and larger firms found to be less dependent on networking mechanisms in internationalization process than low-tech and smaller SMEs.	Demonstrates moderating impact of environmental turbulence on the above relationship (H7A).
Vatne (1995)	What factors explain the export behavior of a SME? (four regions study)	Local business environment, the internal resources of the firm, the quality of the manager, and the ability of the firm to make use of external resources explain the internationalization of a SME.	Environmental turbulence as an external resource factor influences internationalization process of a SME (H7A).

Table VIII. Cont'd

Bell *et al.* (2003)	What strategic postures, motivation factors, expansion patterns, objectives and pace of SME internationalization are inherent in 'traditional' and 'born- global' internationalization models?	In the conditions of low environmental turbulence strategic postures of 'traditional' and 'born-global' SMEs such as defender (prevailing in symbiotic IORs) and prospector (prevailing in commensal IORs) are equally typical. In contrast, highly turbulent environments, 'traditional' internationalization processes and symbiotic internationalizing strategic postures are typical.	Developed the strategic posture view on the moderating role of environmental turbulence on the relationship between type of IOR and SME internationalization (H7A).
McAuley (1999)	What is the internationalization process as experienced by instant internationals (born globals) in sectors with highly predictable environment? What are the key influences on the process of internationalization that helped create these instant internationals (born globals)?	The explaining power of network theory for SME internationalization decreases with decreasing of turbulence of environment a firm operates in. The significant factors, other than networking relationships, such as product and industry, influence SME internationalization process in export intense sectors of economy.	Provided resource-based view on the moderating role of the environmental turbulence on the relationships between SME networking and its internationalization (H7A).

Table VIII. Cont'd

Yeoh and Jeong (1995)	What theoretical model better explains internationalization behavior of SMEs?	Integrative model of small business internationalization should embed both resource-based and network perspectives that are not necessarily mutually exclusive. Internationalization is seen as entrepreneurial process that is embedded in an institutional and social web, which supports the firm in terms of access to information, human capital, finance, and so on.	Environmental turbulence as resource-based factor must be included in the SME internationalization model together with network factors for more adequate reflection of conditions leading entrepreneurial businesses to going global (H7A).

Table IX. The Key Findings on the Role of Environmental Turbulence in Relationship between Symbiotic networking and SME Internationalization

Author(s) / year	**Research questions**	**Key research findings**	**Relevance for the dissertation**
Keck and Tushman (1993)	What is the configural relationship between network and environment? What structural changes are the networks subject to in rapidly and radically changing environments?	Environmental jolts are positively associated with network change. The time since an environmental jolt has occurred is negatively related to network change and positively related to network tenure and homogeneity.	Provided theoretical background for hypothesizing the moderating role of environmental turbulence in relationship between type of IOR and its internationalization (H7B).

Table IX. Cont'd

Boisot and Child (1999)	Through what mechanisms do networks deal with environment complexity? How does the complexity theory apply to organizational networks?	In a turbulent and highly unpredictable environment, the network survives either by importing non-standard policies and procedures, or absorbs this environment by building a relational (symbiotic) network of allies.	Demonstrated that highly turbulent environment causes symbiotic rather than commensal network relationships (H7B).
Frank and Fahrbach (1999)	What interorganizational processes in networks take place in increasing complexity of environment? How does the model of mutual influence of network members can be specified?	The degree of formality of networks affects sharing of immediately relevant information and the efficiency of organizational response to exogenous effects (adaptation) in highly contingent environment. Fluid IOR cultures that afford to share information and opportunities may help an organization to adapt to external changes more quickly than other cultures.	Provided information perspective for hypothesizing the moderating role of environmental turbulence on IOR-Internationalization relationship (H7B).
Virany, Tushman, and Romanelli (1992)	Explore the processes of informational convergence and reorientation in organizational network in the conditions of environmental jolts and/or turbulent environmental conditions	Non-articulated (tacit) knowledge essential in turbulent conditions is better spread over non-institutionalized, informal networks.	Provided knowledge perspective for hypothesizing the moderating role of environmental turbulence on IOR-Internationalization relationship (H7B).

Table IX. Cont'd

Bensaou and Venkatraman (1995)	Explore the IOR network behavior in the conditions of high degree of environmental, partnership, and task uncertainty based on Galbraith's (1973) information-processing view.	High degrees of network formalization, process mechanization, structural stability are negatively related to IOR network performance efficiency in the conditions of high environmental, partnership, and task uncertainty.	Provided organizational dynamics perspective for hypothesizing the environmental turbulence - IOR relationship (H7B).
Bjorkman and Kock (1995)	What elements of networking strategy are essential for companies entering more turbulent international environment (case of Chinese market)?	Informal social relationships in IOR networks (*guanxi* in case of China) are key factors for success in highly turbulent overseas markets.	Provided social exchange perspective for hypothesizing the environmental turbulence - IOR relationship (H7B).
Welch and Wilkinson (2005)	What elements of network structure affect its power in the situation of conflict (case of "sugar dispute" between Japanese and Australian business networks)?	The number of rules and routines in networks is negatively related to its functional performance in conditions of conflict.	Provided power-and-conflict perspective for hypothesizing the environmental turbulence - IOR relationship (H7B).

Environment turbulence is one of the characteristics of developing, transition economies, such as in Russia and China. However, its influence on networking processes should not be confounded with culture-related factors, such as individualism vs. collectivism in culture, discussed above.

In total, the extant literature suggests that all of the considered constructs related to SME internationalization as well as to antecedents and outcomes of their networking activity are interdisciplinary by nature. In the reviewed scholarly literature they are approached from marketing, managerial, psychological, and sociological perspectives.

The literature review provides the evidence that there is different depth of investigation of these constructs in the academia. Some of them, like a firm degree of internationalization, network involvement, environmental turbulence, individualism in a culture, relationship commitment, and global mindset, have relatively long history of research, and the literature on them is consistent and comprehensive. In contrast, the constructs belonging to managerial style group, as well as type of IOR networking, have relatively recently emerged as a subject of research in marketing and managerial literature and are not yet integrated in the broader framework of SMEs' internationalization. The development of this integrative framework is the purpose of the next chapter.

CHAPTER III

RESEARCH MODEL

This chapter presents the research model and provides the rationale for hypothesized effects, based on the relevant literature in SME internationalization, entrepreneurial networking, management style, environmental, and cultural dimensions of entrepreneurship.

Model Overview

The presented model is a product of integration of the two research paths – the research on small and medium enterprises (SME) internationalization within the marketing discipline and the research on business networking within the management discipline. It continues the emerging theory in international business that is built upon the intersection of marketing and management research relating to small business globalization (e.g., Coviello and Munro 1995, 1997; Coviello and McAuley 1999; McDougall and Oviatt 2000; Etemad and Lee 2003). The model considers the factors underlying the SMEs internationalization process, based upon the major tenets of network theory.

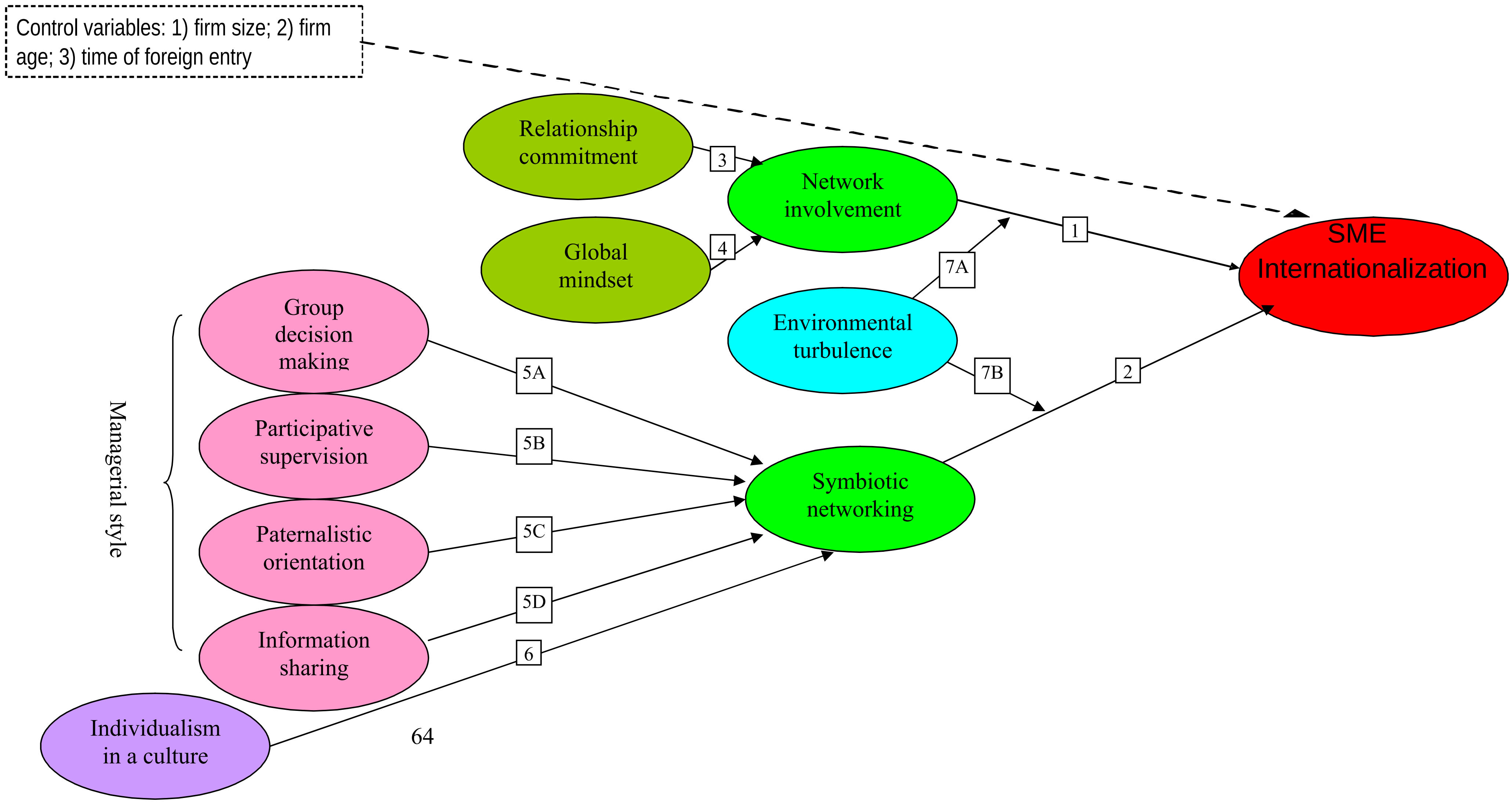
The dependent variable in this model is degree of SME internationalization. It is determined by the two dimensions of a firm's business network links: 1) the degree of network involvement and 2) interorganizational relationships (IOR) in which a company is involved.

Various predictor variables impact the dependent variable (Figure 1). They are systematized in the presented model and labeled respectively as attitudinal, networking,managerial, environmental, and cultural factors. First of all, the attitudinal variables (relationship commitment and global mindset) are predictors of the network involvement. Then, the dimensions of managerial style (decision making, supervision, information sharing, and paternalism) are explanatory variables of IOR networking.

There are environmental and cultural predictor variables in the model as well: environmental turbulence, and degree of individualism (vs. collectivism) in a culture, respectively. The control variables of the model refer to a firm's demography, arise out of the different versions of the SME internationalization theory, and are resource- and stage-related: 1) firm size; 2) firm age; and 3) time of foreign entry.

To summarize, the conceptual map of the study can be presented as the following (Figure 1):

FIGURE 1
RESEARCH MODEL



The Value of Studying the Degree of SME Internationalization

This research is focused on small and medium enterprises, taking into account the emerging role of this sector in the internationalization of business operations (Collinson and Houlden 2005; Buckley 1997). In today's globalization era, more and more firms are striving to have an international presence, even though they face many challenges. The processes in domestic economies of the countries in the sample – US, China, and Russia - as well as in the world economy as a whole, have stimulated greater international orientation amongst SMEs. The diversification of international business links of SMEs in joint ventures and other forms of international integration make the small and medium business–focused studies an attractive and relevant research topic.

Rapid globalization of the world economy increases the interest in the analysis of SME internationalization modes across cultures (Zain and Ng 2006; Trompenaars and Hampden-Turner 1998). The understanding of these differences has practical importance for managers of companies that enter foreign markets. It can be applied to building interorganizational relationships (IOR) while forming multicultural management groups, creating various forms of network organizations, such as joint ventures or partnerships, and establishing subsidiaries abroad. In this context, this study pursues a goal of creating a methodological foundation for this kind of research by elaborating and validating a model based on international samples.

The internationalization of SMEs in three countries – the U.S., China, and Russia – was chosen for the study. These three countries, taken together, account for more than 25% of the world population and 36% of the world GDP (CIA 2006). China's recent entrance into the WTO, and Russia's forthcoming entry into this organization are opening new opportunities for development of economic links in the triangle US-China-Russia, including ones on the level of SMEs. Small and medium enterprises constitute a significant portion of these countries' economies, with their total numbers ranging from 20 SMEs per 1000 capita in Russia to approximately 30 SMEs in the US (US Department of State 2005). All the facts mentioned above make comparative research involving these countries important both from academic and managerial points of view.

Specification of the Dependent Variable

The dependent variable is the degree of a SME's internationalization. It has been considered a core construct in a significant number of studies within the latest decades (e.g., Erramilli and D'Souza 1993; Haahti, Hall, and Donckels 1998; Coviello and Martin 1999). The existing research in the field demonstrates that the activities and processes surrounding SME internationalization are important phenomena to investigate. The scholarly literature emphasizes the importance of SME internationalization research within the broader research area of internationalization of a firm in general, since small and medium firms differ from larger firms in their managerial style, ownership, and scale of operations and they are usually limited in financial, management, human, and information resources (O'Farrell and Hitchins 1988; Buckley 1989). According to Shuman and Seeger (1986), "Smaller businesses are not smaller versions of big business. ... smaller businesses deal with unique size-related issues as well, and they behave differently in their analysis of, and interaction with, their environment."

One of the popular measurements of the "degree of internationalization of a firm" (DOI) construct was proposed by Sullivan (1994, 1996). This measurement is quantitative by nature and operationalizes different indicators of a company's performance, such as (1) foreign sales and (2) foreign assets as a percentage of total sales and assets, respectively, (3) overseas partners percentage, (4) cumulative duration of firm managers' international assignments weighted by their work experience, and (5) the dispersion of the firm's operations among the ten psychic zones of the world.

Some scholars, while measuring the degree of a firm's internationalization, rely on examining the evolution, structure, and attitudinal characteristics of the international expansion (Johanson and Vahlne 1977; Forsgren 1989; Welch and Luostarinen 1988). Other researchers' measure differentiates DOI by blocking on a single criterion. These criteria include foreign subsidiaries' sales as a percentage of total sales (Stopford and Dunning 1983), foreign assets as a percentage of total assets (Daniels and Bracker 1989), and number of foreign subsidiaries (Stopford and Wells 1972).

This study operationalizes the degree of SME internationalization construct using Sullivan's (1994) methodology discussed above. The reason for choosing this methodology is that it is recognized to demonstrate better external validity than attitudinal measures, and is less prone to random error "given that informants, researchers, or assistants must make inferences about macro phenomena, presume actors' motivations, and perform aggregations of tasks and events" (Sullivan 1994). In addition, when a single researcher makes the attitudinal call, analyses are susceptible to systematic error due to his or her interpretation of the process (Ericsson and Simon 1980).

Single criterion measures, in contrast, facilitate replication, however, as pointed out by Sullivan (1994), they have neither helped establish a standard criterion nor clarified the content validity of measurement. A single item does not permit one to take measurement error into account in analyses (Schoenfeldt 1984). Since in this case a single item represents only a limited portion of the domain, it tends to misrepresent the construct. Taking into account the rationale stated above, Sullivan's (1994) measure appears to be the optimal choice for this study.

Specification of the Explanatory Variables

Researchers of business networks transposed the social exchange perspective of social networks (e.g., Cook and Emerson 1978; Emerson 1972) to business networks (e.g. Ford 1990; Gadde and Mattsson 1987; Anderson, Hakansson, and Johanson 1994). Business networks are defined as "a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualized as collective actors" (Emerson 1981; Anderson, Hakansson, and Johanson 1994). Conceptualization as collective actors interaction means patterns of information exchange about the firms' plans and capabilities with regard to production, services, logistics, R&D, etc. (Cunningham and Homse 1986; Holm, Eriksson and Johanson 1996). Thus, collective acting in business relationships results in coordinating activities and resources between two or more firms (Hakansson and Snehota 1995). Collective action implies that interdependent production, marketing, logistics activities and resources are modified and adapted in order to bring about a better match among the firms (Holm, Eriksson and Johanson 1996).

The model operationalizes two major dimensions of the networking process: the degree of a firm's network involvement and the type of interorganizational relationship (IOR) networking in which a firm is involved.

The first of these two dimensions – the degree of a firm's network involvement – is measured based on the benefits that a firm receives from network activities. These benefits belong to marketing (contacts with new customers, obtaining market information, advertising), value supply chain (access to distribution channels, product and service development), and financial (assistance in obtaining business loans) groups (Cohen and Levinthal 1990; Chell and Baines 2000; Witt 2004).

The second networking construct – the type of interorganizational relationship - is operationalized as a continuum between two types of IOR – commensal and symbiotic (the IOR typology is discussed later in more detail).

Two explanatory variables are connected with the degree of network involvement construct: relationship commitment and global mindset. Both of them belong to the group of attitudinal characteristics of SMEs' owners/ managers.

The group of four independent variables reflects managerial style in a SME. Based on the existing research in the area (e.g., Culpan and Kucukemiroglu 1993), managerial style is considered a multidimensional construct that includes decision making style, supervision style, paternalistic orientation of supervisors towards subordinates, and information sharing style.

The Hofstede's (1980) individualism vs. collectivism in a corporate culture is considered in the model cultural antecedent of symbiotic networking.

Since the study is based on a highly diversified sample that includes countries with distinct economic conditions and different degrees of their national industries' integration in the world economy, the networking factors' influence on SME internationalization is considered under different degrees of the environmental turbulence. A firm's environmental turbulence as environmental variable performs a moderating role both in the relationships between network involvement and internationalization, and between symbiotic networking and internationalization.

Specification of the Control Variables

This research design controls for three dimensions of firm characteristics that are common measures of a firm demography in the SME internationalization research.

These three dimensions are: firm size, firm age and time of foreign entry. Firm size is an important control variable since it may influence the firm's strategic posture as well as the degree of its internationalization (Javalgi, Griffith, and White 2003; Dalli 1994). Their findings indicate that the firm-specific factor of firm size influences management attitudes toward operating internationally, which in turn influences the degree of internationalization of these firms.

Firm age and the time of foreign market entry affect various resource- related factors, such as foreign market experience and organizationally embedded intangible resources (tacit knowledge, reputation and goodwill, and organizational routines and skills) (Anderson and Kheam 1998). These resource-related factors may positively influence the degree of a firm's internationalization. For instance, Lindsay *et al.* (2003) found that tacit knowledge and experience play a critical role in the process of the internationalization of service firms.

Overall, the rationale of including the three control variables mentioned above is inherent in the methodological approach used in the study. The model utilizes network theory rather than a resource-based (Dunning's eclectic paradigm- based) view on the SME internationalization process, and control variables are employed to control for the factors referring to the resourcing rather than to the networking characteristics of a firm.

Conceptual Framework Development

As was discussed in Chapter II, the three major schools of thought are competing for providing the theoretical framework for SME internationalization: resources-based models, including Dunning's eclectic paradigm (economic perspective), network model (behaviorist perspective), and stage model (managerial perspective). This research model is developed in such a way that it includes variables representing each of these approaches. The basic theoretical perspective that the model is built upon is network theory. Two other approaches – resource-based and stage-based - are given consideration by including respective control variables: firm size for resource-based approach, and firm age and time of foreign entry for stage-based approach. The process and rationale for developing the theoretical framework for model development is discussed below.

Strategy and entrepreneurship scholars argue that firms succeed by building and retaining a competitive advantage. Malhotra, Agarwal and Ulgado (2003) integrated internationalization theories from the strategic management and marketing disciplines to explain how firms develop and sustain these advantages. They noted that firms succeed by identifying and exploiting new opportunities and by deploying their resources in ways that allow them to create value. Some of these opportunities lie in foreign markets, requiring strategies that leverage SMEs' skills and capabilities.

Therefore, the firm first must possess advantages to utilize by going abroad. Second, it evaluates these advantages and existing resources and forms an internationalization strategy. Third, the firm must execute the process of going global. Respectively, the three mentioned theoretical perspectives (economic, behaviorist, and managerial) are focused on these three research issues: economic (resource-based) perspectives answers to the question "what?" (what the firms have for going abroad); behaviorist (networking) perspective answers to the question "why?" (why they decided to internationalize), and managerial (stage-based) perspective answers to the question "how?" (how do they execute the internationalization process) (Coviello and McAuley 1999; Dana, Etemad and Wright 2000; Etemad and Wright 2003).

Then, the theoretical rationale for choosing one of these approaches as a major conceptual standpoint depends upon what group of factors among those stated above will account for, based on the theory, more variance in the model. In order to provide this rationale these three approaches should be theoretically integrated and evaluated from the point of view of their appropriateness for SME internationalization research model.

Model Development: Networking Theory of SME Internationalization as an Integrating Approach

There has been research on the applicability of different internationalization models to SMEs, though it is limited.

The resource-based theoretical perspective, which is largely based on Casson's (1982) view of entrepreneurship as making judgments about opportunities and configuring the resources in pursuit of these opportunities, was tested relative to SMEs in scholarly studies. The SME-related research that finds resource-based models applicable to small business recognizes the strategic (Ghoshal 1987; Porter 1986), economic (e.g., cost-benefit), and non-economic (risk perceptions) factors that determine SME internationalization (Dunning 2001; Hill, Hwang, and Kim 1990). These studies show that capitalizing on their firms' ownership, location, and internalization advantages, SME owner-managers make important judgments about the size and attractiveness of foreign opportunities and their riskiness. SMEs internationalize to escape domestic regulations, declining demand, and maturing technologies in their home markets (Porter 1986). They are also pulled to internationalize by lucrative opportunities (Ghoshal 1987).

At the same time, the applicability of resource-based theories, especially the OLI model, to SMEs is being challenged in a growing number of studies. It is argued that not only presence or absence of resources, but also SME managers' perceptions of the risks and returns associated with internationalization influence their strategic decisions (Baron and Markman 2000; Jones and Conway 2004). Agency theorists hold that assessments of the risks associated with internationalization may vary based on the CEO and management team members' ownership stakes and that external owners may assess these risks differently from internal owners (Bygrave 1989). Some authors argue that these are networking relationships rather than resources that trigger knowledge opportunities for businesses and motivate firms to enter international markets (Andersen 1996; Ellis 2000; Korhonen, Luostarinen and Welch 1995).

Etemad and Wright (1999) ask a question: Do the resource-based models of internationalization help us also understand "the emergence of small, entrepreneurial firms in the global competitive area?" The major problem that they find with resource-based approaches relatively to SMEs is that it is not enough for a small firm to have the advantages, it needs to leverage them, and this leveraging is affected by small firm managers' limited access to marketing information, their general inexperience in international operations, their lack of knowledge and the lack of other resources needed for effective usage of the ownership, localization, and internalization (OLI) factors. Other researchers demonstrate that OLI advantages are a necessary but insufficient condition for a SME to internationalize. The internationalization decision will also depend on networking interactions, which facilitate or inhibit effective activation of the latent stimulus (Leonidou 1995, 1998). Since the international markets for SMEs are rather wide and varied, and going abroad is always risky for SMEs, the decision whether to internationalize is critical for them. Rapid and successful growth of firms appears to be a result of their involvement in networks, with major partners often guiding foreign market selection and providing the mechanism for market entry (Coviello and Munro 1997). In short, network relationships influence firms' internationalization selection.

The significant attention was also paid to stage models. The literature on this topic is quite controversial, both providing evidence in favor of universal applicability of stage models for large and small companies (e.g., Johanson and Vahlne 1977; Cavusgil 1980; Czinkota 1982), and challenging these models (e.g., Coviello and Munro 1995; Coviello and McAuley 1999; McAuley 1999; Bell 1995; Bell *et al.* 2003).

A study of small computer software companies in Finland, Ireland, and Norway (Bell 1995) found that the traditional stage model does not adequately reflect the stages of internationalization for the knowledge-intensive firms in the sample. Reuber and Fischer (1997) found that the management team's knowledge and experience have positive influences on a firm's degree of internationalization, and with an experienced management team, a SME can skip early stages of internationalization with positive effects on subsequent export performance.

Rao and Naidu (1992) found that the four "identifiable stages" of the small firms' internationalization process have unique profiles. McDougall, Shane, and Oviatt (1994) and Oviatt and McDougall (1994) concluded that the stage model does not hold for organizations that are international from inception. Gankema, Snuif, and Zwart (2000) found leapfrogging internationalization pattern of the significant number of SMEs that rocketed from one of the first stages into one of the last stages, concluding that it does not fit a stage theory that considers each next stage as an innovation. A number of researchers have concluded that the export stage models cannot be used to explain the internationalization process of SMEs (Crick 1995; Zafarullah, Ali, and Young 1998; Millington and Bayliss 1990; Sullivan and Bauerschmidt 1990).

Network relationships also help businesspeople connect to potential buyers and to develop distribution networks (Bjorkman and Kock 1995; Coviello and Munro 1995), access market knowledge and obtain business information (Chetty and Patterson 2002; Coviello and Munro 1995; Osland and Yaprak 1995), create manufacturing and distribution alliances (Welch 1992; Turnbull, Ford, and Cunningham 1996), and establish credibility and trust with its foreign partners (Fukuyama 1995; Turnbull, Ford, and Cunningham 1996; Bucklin and Sengupta 1993; Larson 1992).

In summary, while comparing resource-based, stage, and network models, it is argued that the latter provides a better methodological insight into the SME internationalization process, especially while dealing with a culturally diversified sample. Network theory provides more adequate guidelines for understanding SME internationalization since it relaxes the resource-based theories’ assumption that the internationalization decision is based on the set of OLI advantages and stage model’s assumption, that internationalization process is gradual and must pass several definite stages.

Network perspective views international growth as based largely on sharing respective complementary advantages with other firms, that is especially relevant in Asian (in this sample, Chinese) or Euro-Asian (in this sample, Russian) firms. Hamilton (1991) found that business networks in the form of social (relationship) capital based on interlocking connections (Guanxi, in the Chinese context, or Svyazi, in the Russian context) provide Asian firms with a wide range of competitive advantage, such as reduced transaction and search costs for buyers. When faced with uncertainty in entering new markets, decision makers typically minimized their risks by drawing on their known contacts and connections with others (Ellis and Pecotich 2001).

Research Hypotheses

In the case of SMEs, experience in internationalization through networking mechanisms affects managerial attitudes in such a way that their perception of the risk involved declines and willingness to commit the resources required for success increases (Chetty and Patterson 2002; Coviello and Munro 1995; Dichtl, Koeglmayer, and Mueller 1990; Katsikeas and Morgan 1994). Through collaboration, small firms can achieve rapid internationalization, which can help them to minimize risks (Burgel and Murray 2000). Lindqvist (1988) found that the pace and pattern of international market growth and choice of entry mode for small firms is influenced by close relationships with customers. Also, Coviello and Munro (1995) found that through network relationships, firms are able to internationalize very quickly by linking themselves to extensive, established networks. Moreover, Jones (1999) found that experiential knowledge gained through networking determined the rate and scope of internationalization.

Based on the above discussion, the basic conceptual hypothesis for this study is:

H 1: A SME's degree of network involvement positively influences its internationalization.

This study considers not only the degree of a SME involvement in network relationships, but also the content of these relationships. The IOR typology applied in this study is based on Astley and Fombrun (1983) classification discussed in Chapter II. In terms of SME internationalization, this typology leads to the idea that different types of IOR have different impact on their members' internationalization decision.

Since members of the commensal networks are more driven by the immediate economic benefit, their decision whether to internationalize or not is dictated more by economic factors rather than by networking relationships in which they are engaged. In contrast, the internationalization decision of symbiotic network members may be based upon irrational relationship-based factors rather than on a rational economic motivation due to firms' tight network bond and high mutual dependency (Bensaou and Venkatraman 1995; Tung 1979).

Hence, the next hypothesis is:

H2: Symbiotic network relationships are positively related to a SMEs' degree of internationalization.

The next two hypothesized effects are based on the research about characteristics of network involvement that have an impact of network members' internationalization (Anderson, Hakansson, and Johanson 1994; Parolini 1999; Ritter, Wilkinson, and Johnston 2004; Ford and Redwood 2005; Oviatt and McDougall 2005). Oviatt and McDougall (2005) argue that two major qualitative characteristics of network involvement in business networks – network density and within network ties' strength – influence the degree of a firm internationalization in distinct ways. First, they posit that network density is positively related to internationalization degree. Second, they suggest that number of weak rather than strong ties is important for internationalization. In internationalization process, while number of weak ties is especially influential at gathering new information stage, the density of networks is useful at the later stage of internationalization, "when trust and reciprocity are vital".

Based on above, the following two factors that influence these "essential for internationalization process" characteristics of network involvement are: (1) within-network relationship commitment and (2) global mindset of a SME owner/manager.

While the relationship commitment has higher impact on interaction among all the actors in the network (i.e. network density), global mindset results in larger number of ties that do not require considerable investment and maintenance (i.e. number weak ties). Both factors are important aspects of a firm's network involvement that influence network members' internationalization (Aldrich 1999, Oviatt and McDougall 2005).

Specifically, scholarly literature provides evidence of the influence of the first of two factors named above – relationship commitment – on network involvement in the following ways. Ritter, Wilkinson, and Johnston (2004) make a distinction between five levels of relationship: the level of the individual actor, the single dyad, the portfolio of relationships, the connected relationships, and the complete set of relationships on the network level. Their findings demonstrate that characteristics of network structure are directly influenced by the level and strength of these relationships. The relationship commitment has an impact on all dimensions of network (density, structure, activities, and benefits) through the mechanisms of balancing and allocating network resources. Anderson, Hakansson, and Johanson (1994) in their research found a significant relationship between network members' commitment in dyadic business relationships and perceived network advantages.

Based on the above, the next hypothesized effect is:

H3: A SME's relationship commitment is positively related to its network involvement.

There is a significant body of research demonstrating that a firm owner/manager's global mindset is directly related to degree of a firm's internationalization (Li and Atuahene-Gima 2001; Steensma *et al.* 2000; Kuemmerle, 2002). However, based on the above discussion, in this study it is proposed that a firm’s network involvement intervenes the “global mindset – degree of internationalization” relationship and suggests a mediating-effects model. Studies have demonstrated that global mindset of SME owners/managers is one of the key determinants of network involvement: it has an impact on network size (Stam and Elfring 2006), network boundaries (Lumpkin and Dess 1996), and number of weak ties essential for internationalization (Oviatt and McDougall 2005).

These studies are largely drawn on the research in the organizational sociology area. This school of thought advocates that the networking involvement of an organization is dependent on the mindset of its managers and employees in the way they think, feel and act (Arora *et al.* 2004; Rodgers 1986). Ehret (2004) argues that a narrow, non-global minded approach to relationships, buyer–seller relationships in particular, can “lead to a dead end if the context of the value network is not taken into account”. In contrast, global mindset, that involves initiating and responding, acting and reacting, leading and following, influencing and being influenced, planning and coping, strategizing and improvising, forcing and adapting, facilitates network development (Ritter, Wilkinson, and Johnson 2004).

Based on the above, the following relationship is hypothesized:

H4: A SME’s owner/manager global mindset is positively related to its network involvement.

Then, the factors underlying the formation of IORs and influencing their type are considered. One of the major factors is hypothesized to be managerial (management) style. Within the conceptual framework of the strategic management school of business, networking management style within a business entity is a critical determinant of networking configuration (Ouchi 1981; Sullivan and Nonaka 1986).

The following key dimensions are used for comparison of management styles: (1) group decision making – the extent to which employees participate in managerial decision making; (2) participative supervision – the degree of manager's participation in subordinate's routine work flow; (3) paternalistic orientation – the extent to which the supervisor participates in employees' non-work related matters; and, (4) information sharing – the degree of key information accessibility to employees and rate of information flow within the company. Although Culpan and Kucukemiroglu (1993) used two more dimensions (interdepartmental relationships and control mechanism); they are not included in the scope of this study since the applicability of these criteria to small entrepreneurial businesses is questionable due to the companies smaller size and typically, non-departmental organizational structure.

The theoretical rationale of the next four hypotheses lies within managerial science and contemporary theories on management, specifically within the framework of organizational dynamics perspective. Since in the early 80s it was suggested in scholarly studies that within-company management techniques are tightly connected with interorganizational links and translate it the corresponding between-company relationships and strategy formulation behavior (Pascale and Athos 1981; Hatvany and Pucik 1981; Sullivan 1983). Both intra- and inter-company management are a part of total functioning management system (Sullivan and Nonaka 1986).

The link between management style and IOR type used between-SMEs networking has been explored in the management and marketing literature (Haley 1997; Haley and Tan 1996, 1999; Redding 1995, 2004; Lee, Lee, and Pennings 2001; Lowf, Morris and Wilkinson 2000; Considine and Lewis 2003; Griffith, Myers, and Harvey 2006). The major theory providing the ground for this link is the production, distribution, and rule-making systems model (hereafter, identified as the "PDR systems model") (Lee 1996). Based on this theory, the intra- and inter- organizational relationships are connected between each other in a logical, real-world framework.

Intra-organizational practices, rules and procedures have a strong effect on the inter-organizational network system in which a firm is involved, as well as on its position within this network (Lee 1996). In the context of the PDR systems theory, based on social Darwinism or institutionalism, the within-company employment relations system has an impact on development and evolution networking strategies for the inter-organizational PDR systems (Lower 1987; Mayhew 1987; Lee 1996; Kinnear 1999).

The PDR model-based concept of “inward” and “outward” management (O’Toole, Meier, and Nicholson-Crotty 2005) holds that managerial culture inside a firm (supervisory, decision-making, etc.) is tightly connected with its outward management (i.e. the way it builds networking relationships with other companies.) Within this framework, management media (employees, subordinates, etc.) and outer media (partners, suppliers, etc.) are considered parts of one business network in which a firm is involved. Thus, the norms and traditions of inward management media are transferred to outward management. For instance, family-centered management style within a company results in the same family-centered interorganizational relationship style (Chen 2003). In the same way, the normative and formalized inter-company management style will be transferred to the same formal obligations - based pattern of relationships with network members outside the company (Marschan, Welch, and Welch 1996). As was pointed out by Hakansson (2006), “the within-company organization is a prerequisite for inter-company business relationships.”

The specific mechanisms of relationship between a firm’s management style and prevalent type of IOR networking it is involved in were revealed in previous research (Nakata and Sivakumar 2001; Maltz and Kohli 1996; Poon, Evangelista, and Albaum 2005) In particular, it was found that formalization of relationships is much less inherent in symbiotic IORs. Frequently, formal contacts among symbionts may be ignored altogether (Macauley 1963). In contrast, in commensal IORs, relations among members tend to be more legalistic: the contribution of each member must be determined, behavior monitored, and purpose precisely stated (Carney 1987). Based upon the above discussion, it is proposed that non-formalized types of relationships within SMEs in terms of group decision making, participative supervisions, paternalistic orientation, as well as information sharing are likely to predispose its managers to symbiotic rather than commensal types of IORs.

Specifically, referring to decision making, Hatvany and Pucik (1981) found that adherence to within-company collective decision making is translated into specific interorganizational management techniques including emphasis on organizational teamwork, open between-companies communication, consultative and interdependent decision making. As it follows from the discussion on the distinctions between commensal and symbiotic networks (p.25), these elements of IOR relationships are distinguishing features of symbiotic networks.

Therefore, the following relationships are hypothesized:

H5A. The pre-disposition to group decision making in a SME is positively related to adherence to symbiotic type of IOR networking.

Participative supervision is a part of family-like managerial style in a company (Mavondo and Rodrigo 2001). In SMEs very often it means absence of contractual employment regulations, and, as a consequence, adherence to non-contractual network relationships in the relationship with networking business partners (Pheng and Leong 2000). On interorganizational relationships level it leads to quasi-family interorganizational ties where mutual obligations of network members are not documentarily articulated and legally fixed. These relationships are characterized by strong familiar ties that makes network members not easily replaceable and creates higher entrance and exit barriers (Moorhead and Griffin 1995), that are attributes of symbiotic networks.

Hence, the following effect is hypothesized:

H5B. A supervising manager's participation in subordinates' routine work flow in a SME is positively related to a predisposition to symbiotic type of IOR networking.

High degree of paternalism, from a human resources perspective, is a part of a company philosophy based on concern for employee needs and cooperation. The paternalistic approach is an attribute of relationship-motivated rather than task-motivated leadership (Fiedler and Chemers 1974; Bass 1985). The same approach, being applied to cross-organizational relationships, results in non-formalized, non-hierarchical IORs that are inherent to symbiotic networks (Culpan and Kucukemiroglu 1993).

Therefore, the following hypothesis is stated:

H5C. The paternalistic orientation of SME managers is positively related to a predisposition to symbiotic type of IOR networking.

The within-company information sharing style is also tightly linked to IOR strategies. The free information flow is the result of management strategy predisposed to intensive socialization (Ouchi 1984). Unlike formal communication, the informal or grapevine form of communications is where information flows freely and where rumors are allowed to flourish (Schermerhorn and Nyaw 1992). In interorganizational relationships, this posture results in the presence of non-written and non-verbal communication links, which play important role in networks. This communication pattern also leads to non-business related links, relationships that are not dictated by immediate economic profit, and higher interdependence of network members (Robbins *et al.* 1994), i.e. those relationships that are a characteristic feature of symbiotic rather than commensal networks.

Therefore, the next hypothesis is:

H5D. The higher within-SME information flow is positively related to a predisposition to symbiotic type of IOR networking.

The 'Individualism vs. collectivism' construct (IDV), as defined by Hofstede (1980), refers to "a preference for a loosely knit social structure in which individuals take care of themselves and their immediate families only." In contrast, collectivistic societies are those with tightly knit social structures in which people can expect members of one or more of their various in-groups (e.g., friends, relatives, coworkers, neighbors) to look after them.

The link between individualism vs. collectivism and type of IOR networking was explored in managerial and marketing literature (Hall and Hall 1990; Vinton 1992; Quaddus and Tung 2002; Li 2005). Hall and Hall (1990) indicate that individualistic orientation predisposes managers to pay attention to schedule and order, while collectivistic orientation puts major emphasis upon human relationships rather than formalized obligations. Collectivistic entities are less dependent upon formal settings and arrangements (Nakata and Sivakumar 2001) and therefore are adherent to more symbiotic rather than commensal types of networking relationships.

In the companies that are characterized by a higher degree of collectivism in corporate cultures the networking relationships go beyond formalized work settings and influence non-formal relationships between network members. In these corporate cultures, managers responsible for networking functions, in addition to work-related ones, assume social support roles towards network members as well (Ouchi 1981).

In individualistic cultures, managers of networking firms have a higher degree of mental and emotional independence from network members and their decision making style is characterized by less propensity to share informal responsibility with them (Earley 1989). For collectivistic cultures, people comprehend relationships in more emotional and less logical ways than in individualistic cultures. In the collectivistic cultural environment, managers of networking firms tend to be more involved in the relationship with network members and have a higher degree of non-formalized participation in the network exchange (Vinton 1992). That environment also creates a soil for symbiotic rather than a commensal type of IOR.

Therefore, the sixth hypothesis is:

H6. The individualism in a culture is negatively related to managers' predisposition to a symbiotic type of IOR networking.

An important factor influencing the relationship between networking variables and symbiotic networking is the degree of environmental turbulence (contingency). Previous research demonstrated the link between the degree of environmental turbulence and the firm's adherence to forming strategic alliances and other forms of IOR (e.g., Bensaou and Venkatraman 1995; Dess, Ireland, and Hitt 1990; Tung 1979). A highly unpredictable economic climate results in lack of information and other resources that can be obtained through networking mechanisms. This situation, in turn, makes SMEs in their decision making (e.g. whether to internationalize or not) more dependent on networking interactions rather than in conditions of low environmental turbulence, or makes them unsusceptible to any forms of alliances at all. According to Golden and Dollinger (1993), defensive and reactor strategic postures (that are quite typical for a high degree of environmental uncertainty) lead to increasing role of networking mechanisms in firms' strategic planning process.

More evidence of environmental turbulence's impact on how the "networking-internationalization" link performs is provided by Porter (1980, 1981, 1985, 1990), who views organization strategy as being environment driven. Environmental conditions influence the way in which firms position themselves in relation to their competitors (Porter 1985). Strategy choice is viewed as the product of (and response to) a sophisticated understanding of environmental conditions. Also, Porter (1990, 1998) asserts that a 'competitive diamond' of the following four factors affect regional growth and competitive advantage: factor conditions (i.e. infrastructure, availability of skills, capital and innovation), demand conditions (i.e. market size, industry structure, local purchasers, distribution channels and product development), related and supporting industries (i.e. the presence of suppliers and customers), and organization strategy, structure and competition (i.e. frameworks that shape the organization and management of firms and how they co-operate and/or compete with other firms).

Consequently, low degree of environmental turbulence allows firms to leverage their domestic skills abroad and acquire their market share rapidly (Bartlett and Ghoshal 1998). In those economies where the degree of environmental turbulence is high, for many SMEs building a large scale of international operations is challenging because of the diverse skills needed and the costs involved (Hill, Hwang, and Kim 1990). Success also requires integrating foreign operations, adopting new technologies, introducing control systems, and ensuring effective coordination (Porter 1986). These factors raise the cost of internationalization and increase the odds of an

SME's failure, heightening managerial perceptions of risks, and thus increasing the role of networking mechanisms, especially those that are non-formal by nature.

In contrast, those companies that operate in non-turbulent environments base their internationalization efforts on the established national infrastructure and therefore have lower entry barriers. A non-turbulent environment enables SMEs to gain greater returns from their intangible resources, to achieve market power, and to diversify risks (e.g., Tallman and Li 1996). It also encourages investments in building competencies and learning from distant markets and leveraging this knowledge to innovate (Hitt *et al.* 1997). Consequently, in these conditions, the role of networks is decreased.

Therefore, it is hypothesized that the impact of degree of network involvement on SME internationalization process will be moderated by the degree of environmental turbulence:

H7A. The influence of the degree of a SME network involvement on its internationalization will be higher for high level of environmental turbulence, and lower for low level of environmental turbulence.

The influence not only of degree of the network involvement, but also of the type of IOR on SMEs' internationalization is moderated by environmental turbulence. National economies develop as the degree of environmental turbulence decreases, preventing management from cultivating the synergies associated with symbiotic networking performance. SME internationalization in economies and industries with low environmental turbulence is to a much lesser degree connected with symbiotic networking relationships than in highly turbulent ones (Zain and Ng 2006, Hadley and Wilson 2003).

Other evidence of the moderating effect of environmental turbulence on "Symbiotic networking- SME internationalization" relationship is that symbiotic networking entities with flexible and less formally organized structures than commensal ones better fit more volatile external conditions. Since a highly volatile environment brings swift and unpredictable changes, trying to identify customer needs and competitive conditions far ahead in the future may not be feasible. In fact, attempts to analyze future markets and enter more organized and structured (commensal) networking alliances may even be counterproductive from the perspective of developing creative responses to changing environments, as such attempts can trap firms in visions of futures that may never happen (Danneels and Sethi 2003).Therefore, SMEs' decision making dependence on symbiotic networking mechanisms is increasing.

Based on the above, the following moderating effect is hypothesized:

H7B. The impact of predisposition to the symbiotic type of IOR networking on SME internationalization will be higher for high level of environmental turbulence, and lower for low level of environmental turbulence.

The overriding framework of the presented model can be stated as conceptualizing, converting to operationalizable terms and testing the network theory approach relatively to SME internationalization. In this way, the study overcomes the criticism that network theory is not predictive by nature and is not testable. The predictive power of network theory will be demonstrated once the model is tested and validated. To achieve this objective, the development of proper data collection procedures, measurement tools and research instruments is required.

CHAPTER IV

RESEARCH METHODOLOGY

In this chapter, the research methodology developed for testing the effects hypothesized in Chapter III is discussed. The sampling and data collection procedures, the measurement model, and data analysis techniques are the subjects of consideration. The reliability and validity issues relative to the measurement scales are discussed.

The chapter is organized as follows. First, the sampling frame is specified and sampling procedures are discussed. Then, the method, administration, and timeframe of the data collection procedures are presented. After that, the measurement instruments for each of the constructs are presented and the survey development rationale for each of the scales is discussed. Then, the scales' reliability and validity testing procedures are outlined and reasoned. Finally, in the data analysis section, the structural equation model is presented and the statistical analysis procedure is discussed.

Sampling Decisions and Their Theoretical Justification

The theoretical and practical difficulties of sampling in international research have long been recognized and addressed in scholarly literature (Frijda and Jahoda 1966; Berry 1969; Ferber 1977; Lonner and Berry 1986; Douglas, Morin, and Craig 1994; Reynolds, Simintiras, and Diamantopoulos 2003). A common problem in international studies is that "little attention...is paid to examining potential sources of bias arising from the nature of the samples or from differences in sample composition" (Douglas, Morin, and Craig 1994). Since sampling has a major impact on the reliability and validity of the research results "without a defensible sampling strategy, the results of the study may be ambiguous or misleading" (Lonner and Berry 1986).

Sampling in the international environment needs to satisfy the same requirements as sampling in the domestic environment, but there are additional issues to consider, such as the need to balance within-country representativeness with cross-national comparability (Usunier 1998; Craig and Douglas 2000). For example, differences in the marital roles in the purchase decision-making process between Chinese and American couples could be due to demographic differences between the two groups (e.g. education levels), or to "true" differences in the marital roles in the purchase decision-making processes between the two cultures (Ford, LaTour, and Herthorne 1995). Balancing within-country representativeness and between-country comparability represents a major theoretical dilemma. Its resolution depends largely on the type of research that is being conducted (Lonner and Berry 1986).

In the particular case of this study, the root of the conflict described above could be differences in industries' profiles or variations of industrial patterns of SME internationalization. There are at least two sampling decisions arising from this rationale. First, the SMEs in the sample should belong to the same industry; in this case, the textile industry. This choice is conditioned by the fact that it is an "SME-intensive" type of industry, i.e. in all three countries studied, SMEs constitute a dynamically growing sector of the textile industry (Collinson and Houlden 2005), with their total numbers ranging from 20 SMEs per 1000 capita in Russia to approximately 30 SMEs in the USA (U.S. Department of State 2006).

The second decision conditioned by the necessity of balancing within-country representativeness with cross-national compatibility is that there should be a compatible sample frame from these three countries. Since there is no universal industry list or any other source equally applicable to all three countries in the sample, the following sample frames were chosen: for US - Textile Yellow Pages (6283 firms); for China – the national list of domestic manufacturers issued by the China Chamber of Commerce for Import and Export of Textiles (中国▪▪品▪出口 商会) (17565 firms); for Russia – the list of RosTextile Concern Fair Members (Список участников ярмарки концерна Ростекстиль) (1621 firms).

Another important criticism connected with sampling issues in international research is the reliance placed on nonprobability sampling (Douglas, Morin, and Craig 1994). As was stated by Reynolds, Simintiras, and Diamantopolous (2003), "reviews of the literature indicate that nonprobability sampling in various forms (e.g. convenience, judgmental, quota) is used in most international studies". Unlike probability sampling, it is impossible to estimate the sampling error with nonprobability samples (Lohr 1999). However, probability sampling is typically very difficult if not impossible to apply in international studies, and such sample designs as simple random, stratified, clusters are seen as "a luxury afforded to few cross-cultural researchers" (Cavusgil and Das 1997). Even with fairly substantial resources, probability sampling is often not a viable choice for a variety of reasons, including the lack of reliable population data and the absence of suitable sampling frames (Malhotra *et al.* 1996; Craig and Douglas 2000).

Based on the above discussion, another sampling decision made in this study drew upon the random sample from the databases mentioned above. A systematic random sample was drawn on an nth name from each database to provide a stratified sample of the textile industry's SMEs in the US, China, and Russia.

One more criticism about sampling in international research was usually connected with the fact that samples were drawn from relatively homogeneous subgroups of the general population in each of the countries. This type of sampling was criticized as artificially removing the differences among respondents within a given country, and increasing the among-countries variance (Nasif *et al.* 1991; Douglas, Morin, and Craig 1994; Sin, Cheung, and Lee 1999). At the same time, the point of view advocating this approach holds that this sampling homogeneity allows the researcher to enhance the cross-national comparability and reduce the likelihood that observed variance is caused by any unobserved factors other than the variables of interest (Lonner and Berry 1986; van de Vijver and Leung 1997).

Taking into account that the model in the study does not include country of origin effects and that generalization is made across the three countries; the among-countries differences do not constitute a research problem. Therefore, while making the decisions on sample design, no further stratifications aimed at increasing within-country variances and decreasing among-country variances were made. The combination of reasonable homogeneity and heterogeneity of the sample was achieved by including in it those enterprises that have less than 500 employees (i.e. conforms to definition for SME) operating in the same industry and representing three different countries.

Other decisions made regarding the sample design were based on the following considerations. First, once the sample was based on enterprises operating in three different countries, it must equally include SMEs from US, China, and Russia. Since country of origin effects were not considered in the model, the diversified sample is used as an indication of external validity. Second, the respondents should be responsible for the major managerial decisions in a firm, i.e. be owners/managers of SMEs. Third, sample size should be large enough to satisfy the scale requirements. As was pointed out by Bentler and Chou (1987) relative to structural equation models, "the ratio of sample size to number of free parameters may be able to go as low as 5:1 under normal and elliptical theory, especially when there are many indicators of latent variables…; a ratio of 10:1 may be more appropriate for arbitrary distributions". The rule of thumb applied for this study is 10 responses per one item per one scale. Therefore, the size of the sample is expected to be at least 520 respondents, approximately equally distributed among the three countries.

In summary, the major parameters of the sampling design arising from the theoretical issues discussed are: 1) the companies represent the same (textile) industry; 2) the sampling frame is based on three sources: SIC in the U.S., China Chamber of Commerce for Import and Export of Textiles in China, and All-Russia Association of Textile Industry Enterprises in Russia; 3) the probability sample is drawn from the above databases on the nth name basis; 4) there is a criterion for number of employees in firms – not more than 500; 5) there are approximately equal numbers of respondents from each of the countries; 6) the respondents are executive managers (CEOs and/or owners) responsible for key managerial decisions in their companies; and 7) the number of responses is intended to be not less than 10 per item and 520 total.

Data Collection

The major decision on data collection procedure was that it should be based on the Internet survey technique and Vovici (former WebSurveyor) tool usage. Several issues were addressed while making this choice. The major issue widely discussed in the related literature is that electronic surveys have distinctive technological, demographic, and response rate characteristics that affect their design, distribution, and response rates (Sohn 2001). These characteristics are conditioned by the fact that not all potential respondents have Internet access.

Furthermore, it is suggested that size and demographic estimates of the online population are not consistent and differences between online and offline populations exist. These differences affect the ability to generalize to the total population (Couper 2000).

However, the Internet access rate of the respondents from the sample frame outlined above is approaching one hundred percent not only in the U.S., but in China and Russia as well. This high rate is explained by the fact that one of the requirements for being included in the list of China Chamber of Commerce for Import and Export of Textiles or All-Russia Association of Textile Industry Enterprises for a firm is providing valid contact information. One of the mandatory fields is an active e-mail address. The contact information is checked before being included in the list and listed firms are then regularly contacted by e-mail. Therefore, the concern about demographic and behavioral differences between online and offline populations in this particular case is overcome.

For data collection purposes, the respondents defined on the nth name basis, as discussed above, were to be contacted by e-mail. If no response rate improving techniques are applied, the expected response rate, based on results of the studies on industrial online surveys, should range from 25% (Bowling *et al.* 2006) to 45% (Obenour, Lengfelder, and Groves 2005). This low response rate is explained by managers' unwillingness to sacrifice their time and attention to complete the surveys and answer the numerous letters and postcards they receive in their everyday business life. Therefore, the decision to use some techniques for improving response rate was made.

In particular, the Internet survey – related scholarly literature recommends integrating online and offline invitations and reminders beginning with an invitation postal letter, and then Web survey followed with reminder postcards (Sheehan 2001; Sheehan and Hoy 1999). Researchers who used this technique with online surveys reported an increase in response rate up to 70-76% (Yun and Trumbo 2000; Church 1993; Porter and Whitcomb 2007).

The literature provides evidence that perceptions of the effort required to complete a survey may affect response rates (Bosnjak and Tuten 2001; McCoy and Marks 2001). Therefore, Web surveys should be designed in such a way that a respondent would see only one page at a time, without an idea of how long it will take to complete the entire survey. A guarantee of anonymity and a statement that respondents will not be contacted again regarding sales of any kind usually increases the response rate (Hudson *et al.* 2004).

Relative to the small and medium sized business sector, it was demonstrated by some researchers that SMEs managers' response patterns differ from those of large businesses; therefore response-inducing strategies should differ as well (Turley 1999). SME managers are found to be more sensitive to small monetary incentives, and more tolerable to long time-consuming questionnaires (Tuten, Bosnjak, and Bandilla 2000; Fox, Robinson, and Boardley 1998).

Based on the above cited literature, the techniques that appeared practically applicable in this particular case in a cross-cultural study were: the presence of an invitation postcard, Web design letting a respondent see only one page of a survey at a time, a guarantee of anonymity, a statement that respondents will not be contacted again with ads, and a follow-up letter or phone call. Some of the techniques could have different effects in the three countries involved. For example, monetary incentives may decrease the response rate in China and Russia, while increasing it in the US (Jaw and Liu 2004). Therefore, monetary incentives were excluded from the set of response rate enhancing techniques. As a result of applying these techniques, the response rate was expected to be at the 50-70% level (Yun and Trumbo 2000; Simsek and Veiga 2000, 2001). Therefore, taking into account a minimum sample size of 520 (discussed above), more than 1000 firms were to be contacted.

The major problem with surveys of any kind is non-response bias (Jobber, Birro, and Sanderson 1988; Yammarino, Skinner, and Childers 1991; Greer, Chuchinprakarn, and Seshadri 2000). As it is widely applied in the studies using a survey instrument (e.g., Larson and Poist 2004, Sin, Tse, and Yin 2005), non-response bias is to be addressed using the extrapolation method, i.e. comparing first- and second-wave respondents across a selection of items from the questionnaire. The chi-square tests are usually applied in order to detect whether significant differences exist between the early and late respondents (Rubin 1987; Merkle and Edelman 2002).

Measurement Tools: The Degree of SME Internationalization Construct

There is a controversy in the literature regarding degree of internationalization (DOI) measurement. The literature is replete with many measures of DOI. Some scholars differentiate DOI by relying on a single criterion, such as a percentage of total sales (Stopford and Dunning 1983), foreign assets as a percentage of total assets (Daniels and Bracker 1989), or number of foreign subsidiaries (Stopford and Wells 1972). Other researchers derive one synthesized item based on the following criteria: foreign revenues divided by total revenues and foreign assets divided by total assets (Riahi-Belhaoui 1999). These methodologies of measuring DOI are recognized as the positivist approach (Sullivan 1994; Ramaswamy, Kroeck, and Renforth 1996). The single item measure is criticized as not allowing one to take measurement error into account in analyses (Schoenfeldt 1984). In terms of testing hypotheses, the impossibility of determining the reliability of a single item measure increases the probability of a Type I or Type II error (Bagozzi, Yi and Phillips 1991).

There is also the instrumental approach to DOI measurement. The DOI of a firm is inferred by examining the evolution, structure, and processes of relationships among its demographic, strategic, market, organizational, product, and attitudinal characteristics of international expansion (Johanson and Vahlne 1977; Forsgren 1989; Welch and Luostarinen 1988). This approach is criticized as having loosely structured or unstructured inductive frameworks (Philips and Bagozzi 1985). As was argued by Sullivan (1994), “the moot external validity of gestalt-type measures has proved troublesome”.

In an attempt to utilize advantages, but at the same time overcome shortcomings of positivist and instrumental approaches, some scholars combined several measures of different dimensions of a firm’s internationalization. This combination is composed of three attributes: (1) performance (what goes on overseas); (2) structural resources (resources placed overseas); and (3) attitudinal (top management attitude towards international business). Based on this approach, Sullivan (1994) proposed a five-dimensional measure of DOI that includes: Foreign Sales as a Percentage of Total Sales (FSTS) as a performance measure; Foreign Assets as a Percentage of Total Assets (FATA) and Overseas Subsidiaries as a Percentage of Total Subsidiaries (OSTS) as structural measures; and Top Managers' International Experience (TMIE) and Psychic Dispersion of International Operations (PDIO) as attitude measures. In later research, the issue of validating Sullivan’s

(1994) DOI measure, relative to SMEs, was investigated by Stewart (1997) and validated for the small business sector.

In this study, Sullivan's (1994) measure of DOI was applied. All five variables constituting DOI - FSTS, FATA, OSTS, PDIO, TMIE - are ratio variables. The ratio content of the first three – FSTS, FATA, and OSTS – are apparent. The last two variables are ratios as well and are explained in more detail. TMIE is measured by tallying the cumulative duration of top managers' international assignments, as identified by the firm and as summarized in each manager's company-reported career history; then this sum is divided by the reported total number of years of work experience of the top management team of the firm as identified by the firm. PDIO is measured as a percentage by calibrating the dispersion of the subsidiaries of a firm among the ten psychic zones of the world as identified by Ronen and Shenkar (1985). If it has subsidiaries in one zone, its PDIO score is 1/10 .1, in two zones – it is .2, and so on.

A firm's score is calculated through the following operation: FSTS + FATA + OSTS + PDIO + TMIE = DOI. For each of the five variables, the lowest possible score is 0, and the highest is 1. As such, the range of value for a firm is 0.0 (absolutely no international involvement) to 5.0 (absolutely total international involvement).

Some researchers criticized this measure because the denominators of the ratios are all different from variable to variable and from firm to firm. The critical issue raised with reference to this measure is one of substitutability. They challenge the assumption that the effects of the component variables are substitutable. Hence, the conclusion that the summed index score reflects an implicit compensation effect that balances low scores on some variables with high scores on others is under question (Ramaswamy, Kroeck, and Renforth 1996).

While responding to this criticism, Sullivan (1996) provided a set of arguments. First, unit weights are optimal when one anticipates applying a scale to different populations. Second, an assumption of the item-total analysis for constructing homogeneous measures is that all items comprising the scale are weighted equally in the eventual scale - "it is recommended that total scores be obtained by an unweighted summation of item scores" (Nunnally 1978). Third, differential weights dilute the power of a composite measure since their derivation "consumes" degrees of freedom, their estimation inevitably has some degree of standard error, and they distort the "true" relative weights of the items (Sullivan 1996).

Measurement Tools: Networking Constructs

While discussing measurement instruments appropriate for the degree of network involvement, scholars consider three sub-dimensions that require distinct measurement tools; depending upon which one the research is focused on (Allen and Meyer 1990; Gruen, Summers, and Acito 2000; Witt 2004). First, the research may be focused on the process of creation of business networks, i.e. investigate the activities that an entrepreneur undertakes to build, sustain, or extend the network (‘networking activities’ sub-dimension). Second, the research may be directed at the structural characteristics of an entrepreneur’s network at a certain point in time, which is equivalent to measuring the results of earlier networking activities (‘network structure’ sub-dimension). Third, one could measure the economic benefit of the information and the services received from network partners over a certain period of time (‘network benefits’ sub-dimension) (Cohen and Levinthal 1990; Chell and Baines 2000; Witt 2004).

The entrepreneurial networking literature proposes a number of measures for each of these sub-dimensions. For ‘activities’ sub-dimension, it was proposed to ascertain the amount of time that an entrepreneur invests per month (per week) in the creation, the preservation, the maintaining, and the enlargement of his/her personal network, or measure the frequency of communication between the entrepreneur and (actual and potential) network partners per week (Aldrich and Reese 1993).

The ‘structure’ group of network measures contains several tools. One of the most frequently used measures is the size of an entrepreneur’s personal network, i.e. the number of different persons with whom the founder has talked about his/her business plan or the business idea (Aldrich, Rosen and Woodward 1987; Aldrich and Zimmer 1986). Then, network diversity, i.e. the heterogeneity of network participants may be measured; this measure is based on the idea of classifying network partners into three groups (family, friends, and acquaintances), and then to report the size of each of these groups. The concept underlying this measure is that the more heterogeneous and balanced (mixture of strong and weak ties) an entrepreneurial network structure is the more favorable it is to the founder’s economic success (Uzzi 1997, 1999). Finally, the network’s connectedness, which describes the number of direct relations between the entrepreneur’s personal network partners, i.e. the density of the network (Hansen 1995) can be measured.

The ‘benefits’ sub-dimension measure is aimed at quantifying the advantages an entrepreneur received from the networking activities. Examples are attempts to quantify the number and the value of network services that entrepreneurs received via network contacts (Bruderl and Preisendorfer 1998).

While deciding on the measurement instrument for this particular study, several factors were taken into account. First, this is a cross-cultural study, with the sample consisting of representatives of different nations and regions of the world. Therefore, the measurement tool should be as universal as possible. It means that such items as, for example, measuring the number of 'close', 'middle', and 'remote' network members should be excluded from the questionnaire since they may cause different interpretations in different cultures and therefore be a source of instrument bias.

Then, those measures that are purely quantitative (say, size of network), may also be confounding, since the same number of network members may be large for the U.S. and provide evidence of high network intensity, but small for China, and be an indicator of poor network links. In Confucian and overpopulated China, an average entrepreneur is used to maintaining a much larger number of personal contacts than do entrepreneurs in Western cultures (Luo and Chen 1997). As was pointed out by Yang (1994), managerial networking in Asian societies is even more pervasive and confronts every type of business. Except that, unlike in developed economies, market mechanisms and market-supporting institutions often are underdeveloped or under-enforced in emerging economies (Luo 2003). Consequently, top managers resort to networking as a substitute for formal governmental support or institutional privileges (Luo 2003; Xin and Rearce 1996).

Based on the above reasoning, the measurement scale applied by Ostgaard and Birley (1996), who adapted it from Birley, Cromie, and Myers (1991), was used in this study. It does not contain numerical measures of network size. As was discussed above, they could be misleading in cross-cultural settings. The rationale Ostgaard and Birley (1996) provided for this scale is that it measures the quantitative dimension of a network not by numbers, but by capturing the content of network exchanges and provides in this way a more objective measure because "…the transactional content of a relation gives a crude measure of its quality" (Boissevain 1974).

There is much less controversy in the literature on measuring symbiotic networking. A scale was introduced by Golden and Dollinger (1993) and then applied in the networking literature (e.g., Brown and Butler 1995; Jarratt 1998; Lechner and Dowling 1999; Gilmore *et al.* 2006; MacGregor 2004). The survey form contains the list of inter-organizational activities that reflect a company's involvement in different types of symbiotic networking (conjugate and organic collectives). Respondents are asked to express their agreement or disagreement with the statements about the presence of these activities in their company on a seven-point Likert scale (from "strongly agree" to "strongly disagree").

Measurement Tools: Attitudinal, Managerial, Environmental, and Cultural Constructs

The two attitudinal constructs – antecedents of network involvement – have measures well established in the scholarly literature. Relationship commitment was measured by a 5-item scale used by Kaufman, Jayachandran, and Rose (2006). The global mindset was measured using a 7-item scale applied by Nummela, Saarenketo, and Puumalainen (2004). There is another widely used scale for measuring global mindset (Gupta and Govindarajan 2002), but the Nummela, Saarenketo, and Puumalainen (2004) one appears to be more relevant for this study since it has well reported validity and reliability estimates in the literature. Respondents were asked to respond to attitudinal statements reflecting relationship commitment and global mindset on a 7-point Likert scale, with responses ranging from "strongly agree to strongly disagree".

The four management style constructs (group decision making, participative supervision, paternalistic orientation, and information sharing) were measured based on the work of Albaum *et al.* (1992), Albaum and Herche (1999), and Poon, Evangelista, and Albaum (2005). All questions were presented in a Likert-type format ranging from 1 to 7 with "1" being "strongly disagree" and "7" being "strongly agree". The scales include three to six items per construct (listed in Table III). Although Culpan and Kucukemiroglu (1993) used two more dimensions for their scale (interdepartmental relationships and control mechanism), they are not included in the scope of this study. The reason is that the applicability of these criteria to small entrepreneurial businesses is questionable (Lu and Lee 2005). Those measures that include characteristics of interdepartmental relationships and multi-level control mechanisms are hardly applicable to SMEs due to their smaller size and typically, non-departmental organizational structure (Siu and Liu 2005; Spillan and Parnell 2006).

The individualism scale was initially introduced by Hofstede (1980, 2001). In its modern version (Hofstede 2001), the calculation of individualism score is based on only four items, and is the subject of subsequent coefficient-based calculations. Some items load not only on one factor (individualism vs. collectivism), but also on another cultural dimension (masculinity vs. femininity). In order to avoid the criticism connected with these double-loadings, another scale for measuring individualism vs. collectivism was applied in this study. The 29-item scale developed by Triandis *et al.* (1988) was revealed to be disproportionately long for a study with enterprise executives as respondents (Thompson and Phua 2005). Following previous studies measuring collectivism vs. individualism (Earley 1993, 1994; Eby and Dobbins 1997; Gomez, Kirkman and Shapiro 2000), Earley's (1994) 8-item scale was adapted for use. The reason for this choice is that this scale is focused on the goal, task-performance, and in-group aspects of individualism and therefore is relevant in the context of this study.

The environmental turbulence scale includes five items and measures three sub-dimensions of environmental turbulence – complexity, predictability, and equivocality. It is a summated ratings scale (see Table X) adapted from Burton, Lauridsen and Obel (2002).

Control variables are measured as a firm's age, number of employees, and the date of entering an international market, as indicated in the survey by the respondents.

The detailed representation of measuring instrument is provided in Table X.

Table X. Summary of the Measuring Instruments for Constructs in the Literature

#		Items	Measurement	Literature where used	Reliability and validity measures reported
1	Firm internationalization (DOI_{INTS})	1) Three-year average of foreign sales as percentage of total sales (FSTS) 2) Three-year average of foreign assets as a percentage of total assets (FATA) 3) Overseas partners as percentage of total partners (OSTS) 4) Cumulative duration of firm managers' international assignments weighted by the reported total number of years of work experience of the management team (TMIE) 5) The dispersion of the firm's operations among the ten psychic zones of the world as identified by Ronen and Shenkar (1985)- Psychic Dispersion of International Operations (PDIO)	DOI_{INTS}= FSTS + FATA + OSTS + TMIE + PDIO	Sullivan (1994)	Not applicable
2	Network involvement	To what extent do your network members contribute to the following aspects of your business:1)Contacts with new customers; 2)Obtaining market information; 3)Access to distribution channels; 4)Advertising; 5)Product and service development; 6)Assistance in obtaining business loans or investors	7-point scale: from "very high" to "very low"	Ostgaard & Birley 1996; Witt 2004	Not reported

Table X. Cont'd

3	Relationship commitment	Recall five major business partners of your company. Express your agreement/disagreement with statements below. The relationship with these partners: 1) is something we are very committed to; 2) is very important to us; 3) is something we intend to maintain indefinitely; 4) is something we really care about; 5) deserves our maximum effort to maintain.	7-point Likert scale: from "strongly agree to strongly disagree"	Kaufman, Jayachandran, and Rose (2006)	Reliability: Cronbach α = .94. Convergent validity: factor loadings of items are .946, .926, .828, .918, and.878 respectively
4	Global mindset	Express your agreement/disagreement with statements below: 1) Networking is the only way to achieve our growth objectives 2) We will have to network in order to succeed in future 3) It is important for our company to internationalize rapidly 4) The company's management uses a lot of time for planning networking operations 5) The growth we are aiming at can be achieved mainly through internationalization 6) The founder/owner/management of the company is willing to take the company into international markets 7) The company's management sees the whole world as one big marketplace	7-point Likert scale: from "strongly agree to strongly disagree"	Nummela, Saarenketo, and Puumalainen (2004)	Reliability: Cronbach α = .93, convergent validity: factor loadings are .911, .902, .875, .864, .863, .842, and .616 respectively, eigenvalue 4.99, % of variance 71.3

Table X. Cont'd

5	Symbiotic networking	Express your agreement/disagreement with statements below: 1) My company conducts joint research with partners, suppliers or customers 2) My company is involved in joint advertising with partners, suppliers or customers 3) My company is active in community organizations 4) My company is a member of a social, political, religious organization(s)	7-point Likert scale: from "strongly agree to strongly disagree"	Golden and Dollinger 1993	Reliability: Cronbach $\alpha = .77$; convergent validity: checking for significance of standardized factor loadings (t-values from 6.8 to 16.9, all significant for $p<.001$; the discriminant validity: calculating a confidence interval + or - 2 st. errors around the covariances between the factors (whether it includes 1.0), none of the ranges included 1.0 (Mikhailitchenko and Lundstrom 2006)

Table X. Cont'd

<table>
<tr><td>6</td><td>Group decision making</td><td>Express your agreement/disagreement with statements below:
1) There is always a considerable number of suggestions from unit members
2) Decision is often delegated to the lowest level
3) Consensus decision making is typical for the company
4) Employees usually participate in decision making
5) Employees have the freedom in selecting their own course of actions
6) The employees are typically initiate improvements in our company</td><td rowspan="2">7-point Likert scale: from "strongly agree to "strongly disagree"</td><td rowspan="2">Culpan and Kucukemiroglu 1993; Poon, Evangelista and Albaum 2005</td><td>Reliability: Cronbach $\alpha = .81$[1]</td></tr>
<tr><td>7</td><td>Participative supervision</td><td>Express your agreement/disagreement with statements below:
1) The subordinates in my company are given a considerable amount of discretion
2) The authority is in high degree delegated to employees
3) The supervision in my company is democratic
4) Supervisor is backing up for his/her employees
5) Supervisor sacrifices for his/her employees</td><td>Reliability: Cronbach $\alpha = .79$[1]</td></tr>
</table>

[1] Convergent and discriminant validity measures the same as for item 5; all reported in Mikhailitchenko and Lundstrom (2006)

Table X. Cont'd

8	Paternalistic orientation	Express your agreement/disagreement with statements below: 1) Manager is often involved in family matters of employees 2) Manager often helps employees with non-work related matters 3) The atmosphere in our company is family-like	7-point Likert scale: from "strongly agree to "strongly disagree"	Culpan and Kucukemiroglu 1993; Poon, Evangelista and Albaum 2005	Reliability: Cronbach $\alpha = .83^1$
9	Information sharing	Express your agreement/disagreement with statements below: 1) The information flow within our company is free 2) Supervisor is always aware of what happens within the unit 3) Complaints always reach top manager 4) Employees are always aware of changes in policies and directives 5) Communications within our company are blocked			Reliability: Cronbach $\alpha = .77^1$
10	Environmental turbulence	Express your agreement/disagreement with statements below: 1) It is necessary to watch many conditions in the environment 2) We can to a high degree predict the development in our environment 3) Our environment only changes marginally 4) Our environment only changes slowly 5) We know what to watch in our environment	7-point Likert scale: from "strongly agree to "strongly disagree"	Burton, Lauridsen and Obel 2002	Reliability: Cronbach $\alpha = .89^1$

Table X. Cont'd

11	Individualism in a Culture	Express your agreement/disagreement with statements below: 1) In my company employees like to work in a group rather than by themselves 2) If a group is slowing me down, it is better to leave it and work alone 3) To be superior, a man must stand alone 4) One does better work working alone than in a group 5) I would rather struggle through a personal problem by myself than discuss it with my friends 6) An employee should accept the group's decision even when personally he or she has a different opinion 7) Problem solving by groups gives better results than problem solving by individuals 8) The needs of people close to me should take priority over my personal needs.	7-point Likert scale: from "strongly agree" to "strongly disagree"	Earley (1993,1994)	Reliability: Cronbach $\alpha =$ .73. Validity: A principal-components analysis demonstrated that the items loaded on a single factor having an eigenvalue of 4.89, accounting for 49 percent of the total variance; factor loadings ranged from .51 to .82 (Earley 1994)

The three control variables (firm size, firm age, and time of foreign entry) are measured as the following. Firm size is a categorical variable classifying firm in four groups based on the number of employees: 1-10, 11-20, 21-50, 51 and over. Firm age is the number of years since a firm started its operations. Time of foreign entry is number of years since a firm entered a foreign market.

Data Pretest and Scales' Purification

Before starting the field study the pretesting process was initiated based on recommendations in the literature (e.g., Cadogan, Diamantopoulos, and de Mortanges 1999). The pretest sample included 59 SMEs from the U.S. (14 SMEs), China (22 SMEs), and Russia (23 SMEs).

The pretest sample selection was based on the sample used in previous research on symbiotic business networks in the U.S., China, and Russia (Mikhailitchenko and Lundstrom 2006). The most of respondents (54 of 59) were in the sample in this study. All of them are managers of SMEs operating in the same industry (garments and textiles retailing). The respondents were contacted in advance, and the questionnaire was sent only to those who expressed their consent to participate in survey. The relative small size of the sample was mitigated by diversifying the sample in terms of companies' size (though all of them qualify as an SME, i.e. have less than 500 employees) as well as by region within the country. Initially 64 SMEs were contacted, therefore response rate on this stage was 92 per cent.

The purpose of this stage was threefold. First, the questionnaire was pretested for wording, understanding, and overall appropriateness in the cross-cultural setting. Survey language, question interpretation consistency, logical question sequencing, and survey “look and feel” were evaluated, as recommended by Andrews, Nonnecke, and Preece (2003).

Second, to ensure the conceptual equivalence of instructions and survey items in the three countries, a translation/back translation process was employed (Miracle 1988; Andrews *et al.* 1994; Douglas and Craig 2007). Translating survey instruments helps ensure that items and response formats have identical meanings across cultures. Otherwise, "cross-national differences in scale means might be due to differences between countries on the underlying construct or due to systematic biases in the way people from different countries respond to certain items" (Steenkamp and Baumgartner 1998).

Since the sample consisted of respondents who not only speak different languages, but represent completely different cultures and cultural domains (North America, Far East, and Eastern Europe), establishing equivalence of meaning in each language and ensuring that each respondent clearly understands the questionnaire and instructions is critically important for the study success (Douglas and Craig 2006). Given the conditions of this particular study the fulfillment of this task was facilitated by the fact that the researcher is familiar with all three languages the respondents speak and the three cultures they represent. On the other side, this familiarity may lead to subjective linguistic judgment and measurement error arising out of it (Harkness and Schoua-Glusberg 1998).

Taking the above arguments into consideration, a committee approach combined with in-depth interviews was applied, following Douglas and Nijssen (2003) and Douglas and Craig (2006). After translation and back translation the extensive checking and debriefing of the questionnaire were performed by the committee consisting of three English, Chinese, and Russian speakers. In-depth interviews were conducted to examine the equivalence of meaning and significance of the terms and expressions to American, Chinese, and Russian respondents. Then, the modified version of the questionnaire was translated and back translated again. As a result of these two steps, wording changes were made in some of the scales.

Third, the dimensionality of constructs and scales reliability and validity were preliminarily tested. This method follows the procedure well established in the marketing and management literature (e.g., Cadogan, Diamantopoulos, and de Mortanges 1999; Sin, Tse, and Yin 2005; Young 2005). Conducting this pretest allows the researcher to assess psychometric properties of the measures applied in the study and their equivalence to ones used elsewhere in other studies.

Reliability and convergent and discriminant validity of measures were assessed. The reliability issue was addressed by calculating Cronbach's coefficient alpha. The convergent validity was examined by conducting exploratory factor analysis for the scale items, extracting the number of factors corresponding to the number of proposed dimensions of each construct and evaluating factor loading coefficients. The discriminant validity check was made based on a factor test performed for each set of theoretically closely related constructs, to determine whether these factors overlap conceptually.

The exploratory factor analysis was applied for determining whether the obtained scales fit the dimensionality of constructs. Based on the results of the pretest, those items that did not demonstrate satisfactory loading patterns were eliminated (e.g., De Vellis 2003). The cutoff for significant factor loadings was .4 and factors were kept based, first, on the dimensionality of the constructs and, second, on the explained variance (Deng and Dart 1994). All factors were rotated using the varimax procedure.

Specifically, the pretest procedure produced the following results for each set of constructs. The first test was conducted for two constructs that conceptualize the antecedents of network involvement: relationship commitment and global mindset. Two factors that explained 79.5% of the overall variance were extracted. The data produced high reliabilities (from .925 to .950). All items except two marked in red (Table XI) demonstrated satisfactory loading patterns fitting their theoretical content.

Table XI. Pretest Rotated Factor Analysis Results (Network Involvement Antecedents) Before Scale Purification

Item	Global Mindset	Relationship Commitment
Relationship Commitment (5 items) (alpha=.925)		
Recall five major business partners of your company. The relationship with these partners: 1) is something we are very committed to;	**.761**	.280
2) is very important to us;	**.757**	.414
3) is something we intend to maintain indefinitely;	**.525**	.619
4) is something we really care about;	**.934**	.213
5) deserves our maximum effort to maintain.	**.780**	.546
Global Mindset (7 items) (alpha=.950)		
1) Internationalization is the only way to achieve our growth objectives;	.383	**.851**
2) We will have to internationalize in order to succeed in future;	.549	**.708**
3) It is important for our company to internationalize rapidly;	.557	**.614**
4) The company's management uses a lot of time for planning international networking operations;	.203	**.905**
5) The growth we are aiming at can be achieved mainly through internationalization;	.419	**.857**
6) The founder/owner/management of the company is willing to take the company into international markets;	**.719**	.501
7)The company's management sees the whole world as one big marketplace.	**.736**	.468
Eigenvalue	**8.557**	**.989**
Cumulative % of explained variance	**71.30**	**79.54**

After removing these two items from the scale, the pretest produced a relatively clean factor structure with two factors explaining 81.5% of variance and a theoretically appropriate loading pattern (Table XII).

Table XII. Pretest Rotated Factor Analysis Results (Network Involvement Antecedents) After Scale Purification

Item	Global Mindset	Relationship Commitment
Relationship Commitment (5 items) (alpha=.925)		
Recall five major business partners of your company. The relationship with these partners: 1) is something we are very committed to;	.272	**.776**
2) is very important to us;	.397	**.824**
3) is something we intend to maintain indefinitely;	.575	**.628**
4) is something we really care about;	.230	**.903**
5) deserves our maximum effort to maintain.	.548	**.782**
Global Mindset (5 items) (alpha=.938)		
1) Internationalization is the only way to achieve our growth objectives;	**.855**	.379
2) We will have to internationalize in order to succeed in future;	**.731**	.502
3) It is important for our company to internationalize rapidly;	**.619**	.559
4) The company's management uses a lot of time for planning international networking operations;	**.912**	.179
5) The growth we are aiming at can be achieved mainly through internationalization.	**.852**	.428
Eigenvalue	**7.174**	**.973**
Cumulative % of explained variance	**71.74**	**81.47**

The next group of pretested factors included SME internationalization antecedents that are composed of network involvement and symbiotic networking. The data produced rather high reliability (.930 and .902). Factor structure was reasonably clean, except for item #6 in Network Involvement scale (Table XIII).

Table XIII. Pretest Rotated Factor Analysis Results (SME Internationalization Antecedents) Before Scale Purification

Item	Network Involvement	Symbiotic Networking
Network Involvement (6 items) (alpha=. 930)		
To what extent do your network members contribute to the following aspects of your business:1)Contacts with new customers;	**.883**	.249
2)Obtaining market information;	**.726**	.569
3)Access to distribution channels;	**.758**	.428

4)Advertising;	**.890**	.216
5)Product and service development;	**.898**	.245
6)Assistance in obtaining business loans or investors	.384	**.698**
Symbiotic Networking (4 items) (alpha=.902)		
1) My company conducts joint research with partners, suppliers or customers;	.738	**.547**
2) My company is involved in joint advertising with partners, suppliers or customers;	.613	**.621**
3)My company is active in community organizations;	.382	**.829**
4)My company is a member of a social, political, religious organization(s)	.114	**.946**
Eigenvalue	**6.985**	**1.151**
Cumulative % of explained variance	**47.07**	**81.36**

After this item was removed, the factor loadings became completely consistent with proposed components, with two factors explaining 84.18% of variance and reliability coefficients .944 and .902 respectively (Table XIV).

Table XIV. Pretest Rotated Factor Analysis Results (SME Internationalization Antecedents) After Scale Purification

Item	**Network Involvement**	**Symbiotic Networking**
Network Involvement (5 items) (alpha=.944)		
To what extent do your network members contribute to the following aspects of your business:1)Contacts with new customers;	**.874**	.269
2)Obtaining market information;	**.751**	.513
3)Access to distribution channels;	**.750**	.455
4)Advertising;	**.898**	.190
5)Product and service development;	**.914**	.200
Symbiotic Networking (4 items) (alpha=.902)		
1) My company conducts joint research with partners, suppliers or customers;	.744	**.541**
2) My company is involved in joint advertising with partners, suppliers or customers;	.606	**.654**
3)My company is active in community organizations;	.388	**.850**
4)My company is a member of a social, political, religious organization(s)	.127	**.947**
Eigenvalue	**6.483**	**1.093**
Cumulative % of explained variance	**72.04**	**84.18**

The next analysis was centered on managerial style variables (group decision making, participative supervision, paternalistic orientation, and information sharing). Four factors, according to four dimensions of this construct, were extracted, accounting for 82.25% of total variance. Overall, the factor structure was reasonably clean, and only 3 items of 19 – two in group decision making scale (1 and 4) and one in information sharing scale (5) - did not load as was predicted (Table XV).

Table XV. Pretest Rotated Factor Analysis Results (Managerial Style) Before Scale Purification

Item	**Information sharing**	**Participative supervision**	**Group decision making**	**Paternalistic Orientation**
Group decision making (6 items) (alpha=.923)				
1)There is always a considerable number of suggestions from unit members;	**.650**	.119	.613	.144
2)Decision is often delegated to the lowest level;	.354	.195	**.800**	.272
3)Consensus decision making is typical for the company;	.361	.344	**.709**	.005
4)Employees usually participate in decision making;	**.771**	.236	.485	-.070
5)Employees have the freedom in selecting their own course of actions;	.051	.268	**.892**	-.131
6)The employees are typically initiate improvements in our company.	.075	.081	**.922**	.128
Participative supervision (5 items) (alpha=. 934)				
1)The subordinates in my company are given a considerable amount of discretion;	.471	**.473**	.318	.206
2)The authority is in high degree delegated to employees;	.300	**.851**	.209	.118

3)The supervision in my company is democratic;	.403	**.751**	.332	.086
4)Supervisor is backing up for his/her employees;	.366	**.822**	.197	.089
5)Supervisor sacrifices for his/her employees.	.455	**.718**	.368	.049
Paternalistic Orientation (3 items) (alpha=.912)				
1)Manager is often involved in family matters of employees;	.301	.282	.265	**.779**
2)Manager often helps employees with non-work related matters;	.102	.343	.062	**.855**
3)The atmosphere in our company is family-like.	.457	.586	.110	**.534**
Information sharing (5 items) (alpha=. 789)				
1)The information flow within our company is free;	**.782**	.354	.263	.081
2)Supervisor is always aware of what happens within the unit;	**.643**	.418	.005	.404
3)Complaints always reach top manager;	**.815**	.466	.139	.086
4)Employees are always aware of changes in policies and directives;	**.846**	.426	.117	.047
5) Communications within our company are blocked.	.124	.248	.063	**-.682**
Eigenvalue	**10.587**	**2.292**	**1.787**	**.961**
Cumulative % of explained variance	**25.40**	**48.08**	**69.23**	**82.25**

After removal of these three items, all factor loadings became appropriate, demonstrating convergent and discriminant validity of the measures. Internal reliability test for the purified scales demonstrated strong Cronbach alpha coefficients, ranging from .901 to .929 (Table XVI).

Table XVI. Pretest Rotated Factor Analysis Results (Managerial Style) After Scale Purification

Item	Information Sharing	Supervision Style	Decision Making	Paternalistic Orientation
Group decision making (4 items) (alpha=.901)				
1)Decision is often delegated to the lowest level	.375	.086	**.814**	.346
2)Consensus decision making is typical for the company	.327	.355	**.707**	.094
3)Employees have the freedom in selecting their own course of actions	.048	.278	**.891**	.071
4)The employees are typically initiate improvements in our company	.043	.097	**.921**	.134
Participative supervision (5 items) (alpha=.934)				
1)The subordinates in my company are given a considerable amount of discretion	.281	**.662**	.273	.259
2)The authority is in high degree delegated to employees	.301	**.872**	.202	.191
3)The supervision in my company is democratic	.542	**.549**	.369	.247
4)Supervisor is backing up for his/her employees	.381	**.811**	.197	.188
5)Supervisor sacrifices for his/her employees	.525	**.621**	.386	.181
Paternalistic Orientation (3 items) (alpha=.912)				
1)Manager is often involved in family matters of employees	.311	.087	.272	**.860**
2)Manager often helps employees with non-work related matters	.018	.224	.037	**.951**
3)The atmosphere in our company is family-like	.416	.482	.099	**.671**
Information sharing (4 items) (alpha=.929)				
1)The information flow	**.866**	.223	.299	.182

within our company is free				
2)Supervisor is always aware of what happens within the unit	**.584**	.391	.000	.493
3)Complaints always reach top manager	**.797**	.459	.144	.180
4)Employees are always aware of changes in policies and directives	**.853**	.390	.130	.148
Eigenvalue	**9.339**	**2.096**	**1.474**	**.833**
Cumulative % of explained variance	**58.37**	**71.47**	**80.68**	**85.89**

The last set of construct measures, which were validated using pretest factor analysis procedure contained items reflecting cultural and environmental dimensions (Individualism in a Culture and Environmental Turbulence). The reason why these two constructs were considered conceptually close is that various studies demonstrated either direct (Sinha and Kao 1988; Triandis 1994) or interactional (Lincoln, Hanada, and McBride 1986; Lincoln and McBride 1987) relationships between these two variables.

In this pretest, when the number of extracted factors was restricted to two, all items demonstrated a relatively satisfactory loading pattern. However, these two factors explained only 67.95% of total variance. In contrast to the other three pretests, this one produced not only lower percentage of explained variance, but also one extra factor with an eigenvalue greater than 1. With this factor added, the explained variance was increased to 78.56%. But with this factor structure, the two last items of the individualism scale ("Problem solving by groups gives better results than problem solving by individuals" and "The needs of people close to me should take priority over my personal needs") demonstrated the significant loadings only on this third factor and thus appeared to measure some other distinct construct (Table XVII).

Table XVII. Pretest Rotated Factor Analysis Results (Cultural Variables), Before Scale Purification

Item			
Environmental Turbulence (5 items) (alpha=.892)	**Individualism in a Culture**	**Environmental Turbulence**	**??**
Express your agreement/disagreement with statements below: 1) It is necessary to watch many conditions in the environment;	.289	**.730**	-.041
2)We can to a high degree predict the development in our environment;	-.111	**.917**	.029
3)Our environment only changes marginally;	.101	**.924**	.070
4)Our environment only changes slowly;	-.035	**.955**	.082
5)We know what to watch in our environment	-.428	**.674**	-.030
Individualism in a Culture (8 items) (alpha=. 888)			
1) In my company employees like to work in a group rather than by themselves	**.886**	-.136	.149
2) If a group is slowing me down, it is better to leave it and work alone	**.910**	-.001	-001
3) To be superior, a man must stand alone	**.865**	.064	.102
4) One does better work working alone than in a group	**.906**	-.056	.005
5) I would rather struggle through a personal problem by myself than discuss it with my friends	**.873**	.213	.108
6) An employee should accept the group's decision even when personally he or she has a different opinion	**.755**	-.099	.355
7) Problem solving by groups gives better results than problem solving by individuals	.340	-.020	**.802**
8)The needs of people close to me should take priority over my personal needs.	-.002	.107	**.882**
Eigenvalue	**5.134**	**3.699**	**1.380**
Cumulative % of explained variance	**39.49**	**67.95**	**78.56**

After removing these items, only two factors with eigenvalues greater than 1 were left, and they accounted for 77.85% of overall variance. This pretest demonstrated a clean factor structure (Table XVIII). The data also produced satisfactory reliabilities (.892 and .938 respectively).

Table XVIII. Pretest Rotated Factor Analysis Results (Cultural Variables) After Scale Purification

Item		
Environmental Turbulence (5 items) (alpha=.892)	**Individualism in a Culture**	**Environmental Turbulence**
Express your agreement/disagreement with statements below: 1) It is necessary to watch many conditions in the environment;	.268	**.730**
2)We can to a high degree predict the development in our environment;	-.114	**.919**
3)Our environment only changes marginally;	.106	**.925**
4)Our environment only changes slowly;	-.029	**.956**
5)We know what to watch in our environment	-.431	**.672**
Individualism in a Culture (6 items) (alpha=.938)		
1) In my company employees like to work in a group rather than by themselves	**.897**	-.128
2) If a group is slowing me down, it is better to leave it and work alone	**.903**	.005
3) To be superior, a man must stand alone	**.872**	.070
4) One does better work working alone than in a group	**.904**	-.055
5) I would rather struggle through a personal problem by myself than discuss it with my friends	**.877**	.219
6) An employee should accept the group's decision even when personally he or she has a different opinion	**.799**	-.081
Eigenvalue	**4.895**	**3.669**
Cumulative % of explained variance	**44.50**	**77.85**

The items comprising the final scales were then used for data collection from the larger main study sample.

Some of the items demonstrated cross-loadings, and in three cases, they were significantly high. These three items are: “My company conducts joint research with partners, suppliers or customers”; “My company is involved in joint advertising with partners, suppliers or customers” (both on the Symbiotic Networking scale), and “The supervision in my company is democratic” (on the Participative Supervision scale). The first and second items had high cross-loadings on Symbiotic Networking and Network Involvement factors, and the third one cross-loaded on the Participative Supervision and Information Sharing factors.

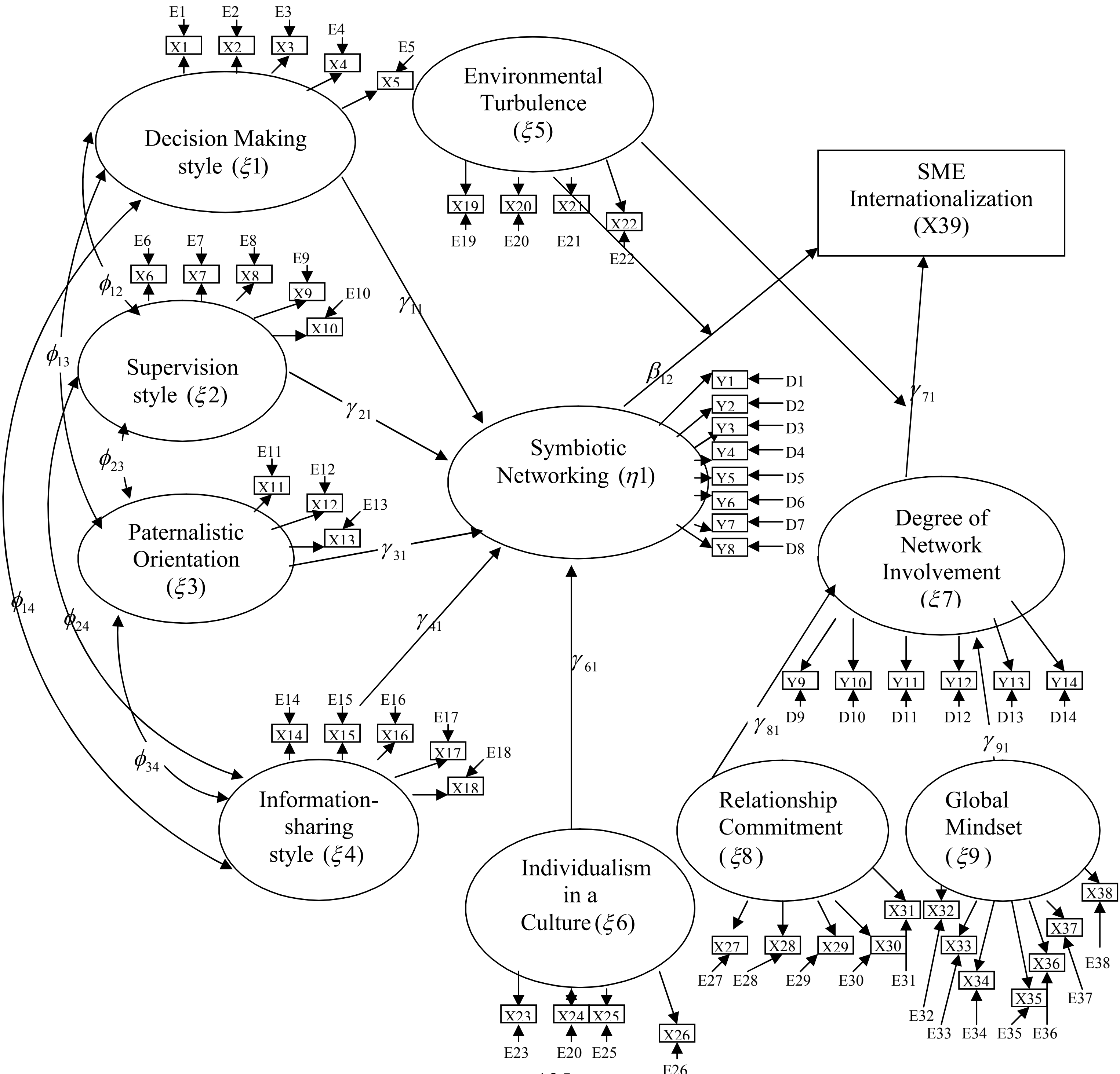
While deciding whether to retain these items in the scales, the following factors were taken into consideration. First, extant literature suggests that when the factors are conceptually related, one would expect cross-loadings (e.g., Tang and Kim 1999). Second, cross-loadings can be partially explained by the small size of the sample involved in the pre-test, and may be expected to disappear when the sample size becomes reasonably large. This result is quite typical for dissertation studies that utilize pretesting procedures (e.g., Young 2005; Todd 2006). Therefore, the items mentioned above were not removed from the scales. By retaining the items, the researcher can investigate during the main research study whether the cross-loadings are eliminated with the larger sample size.

Structural Equation Model

The collected data were analyzed using structural equation modeling (SEM) technique. Causal relationships were inferred based on the model discussed in Chapter 3. The moderating effect of the ‘environmental turbulence’ variable was tested using Ping (1996) and Kline and Dunn (2000) procedures that are based on a deviation-score approach. The model includes 11 exogenous variables, seven of which are unobservable (latent) variables and four are observable (manifest) variables. There are two endogenous variables, one of which (symbiotic networking) is latent, and another one (SME internationalization) is a manifest variable. All latent variables are measured with reflective indicators. Four of exogenous latent variables (dimensions of management style) are assumed to covary in the model based on the theory, while covariance of others is fixed to zero.

The indices on the path diagram can be explained by the following. Each latent construct is associated with multiple measures (manifest variables). These variables are linked on the path diagram to the latent constructs by straight one-headed arrows. Once all these measures are reflective (i.e. those all manifest variables that are linked to latent variables are the reflection of one underlying construct), the direction of these arrows is from latent variable to its indicators. That is, each latent construct is modeled as a common factor underlying the associated measures. In summary, the tested model appears in Figure 2.

FIGURE 2
STRUCTURAL EQUATION MODEL



Manifest variables associated with exogenous constructs are labeled X, while those associated with endogenous constructs are labeled Y. Measurement error terms associated with X measures are labeled with E while terms associated with Y measures are labeled with D. Exogenous constructs are indicated by the Greek character "xi" (ξ), and endogenous constructs are indicated by the Greek character "eta" (η). Parameters representing regression relations between latent constructs are labeled with the Greek character "gamma" (γ) for the regression of an endogenous construct on an exogenous construct. Those paths that represent the regression of one endogenous construct on another endogenous construct are indicated with the Greek character "beta" (β). Those exogenous constructs are allowed to covary freely, e.g. four constructs representing managerial style, are connected with double-headed curve arrows. The parameters labeled with the Greek character "phi" (φ) represent these covariances.

The results of the main field study and its findings are reported in Chapter V.

CHAPTER V

DATA ANALYSIS

This Chapter reviews the psychometric properties of the scales tested in the main study and the results of testing the hypothesized effects.

Data Collection Procedure and Non-response Analysis

The sample frames mentioned in the previous chapter included 6283 firms from the U.S., 17565 firms from China, and 1621 firms from Russia. Respectively, the random sample was drawn and the 18th name was chose for the U.S., 41st for China, and 3rd for Russia.

In the field study stage, 350 respondents from the U.S., 427 respondents from China, and 540 respondents from Russia (1317 total) were contacted through the online survey tool Vovici (formerly WebSurveyor). The difference in number of initially contacted respondents in three countries was caused by different response rate expectations. The final number of responses from these countries was 293, 244, and 287 respectively (824 total). Thus, the final response rate was 62.5 percent. This level of response fits the indicators given in the literature related to online surveying (Yun and Trumbo 2000; Church 1993; Porter and Whitcomb 2007).

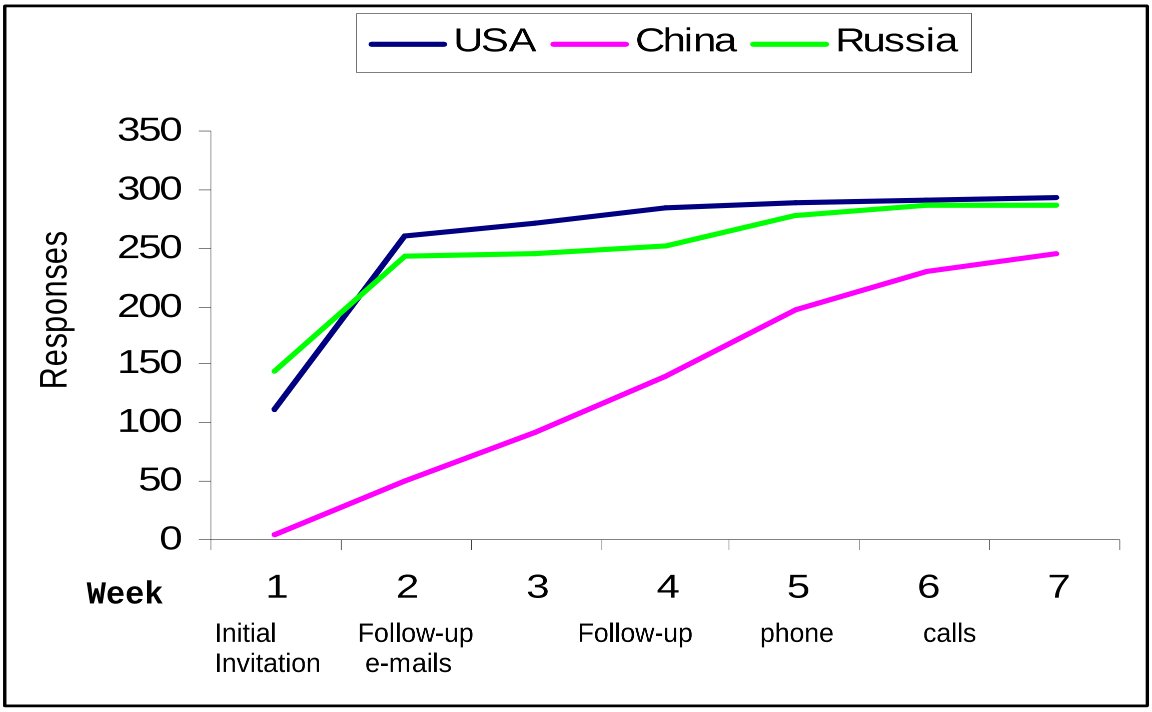
However, the data collection was a multistage procedure, and response rate improvement techniques were applied. In the first stage of the field study, the respondents were contacted with the survey-inviting tool built in the Vovici program. In this stage, 111 responses were obtained from the U.S., 148 from Russia, and only 6 from China. Then, after a week, the respondents were contacted again by follow-up e-mails. At this point, the number of responses from US companies reached 270, from Russia 246, but the response rate from China still remained unacceptably low (51 total, or a 12% response rate). Initially it was planned for data collection to take two weeks, and the planned number of responses was 520 (discussed in the previous chapter). However, once this benchmark was achieved, the number of responses from China was found to be disproportionately low (less than 10%). Thus, the cross-cultural value of the study could be brought into question. Therefore, the decision of extending the data collection period beyond the initially scheduled timeline and increasing the pool of respondents by making follow-up phone calls, first to Chinese respondents, was made.

In the next stage (approximately two weeks after the first invitation), the follow-up phone calls started. Overall, more than 300 phone calls to Chinese respondents and approximately 100 to Russian ones were made. The period of making follow-up calls was one month. This technique was found to be especially effective in the case of Chinese respondents: on average, six out of each 10 follow-up phone calls were successful and resulted in receiving an additional filled survey.

A week after completing the follow-ups (approximately five weeks after the start of the second stage and seven weeks after the start of the first one), the data gathering procedure was closed resulting in 824 observations approximately equally distributed between participating countries. Overall, the data collection period stretched for approximately seven weeks. The rate of obtaining the responses within this period of time from the U.S., Chinese and Russian samples is demonstrated in Figure 3.

The important element of any study applying response rate improvement techniques and dealing with non-response of a substantial part of a sample is evaluation of non-response error (Malhotra 2004; Groves 2006; Groves and Couper 1998). In this study, it was assessed by comparing early to late respondents on several key characteristics.

FIGURE 3
GRAPHIC REPRESENTATION OF DATA COLLECTION PROCESS



These characteristics included, the degree of internationalization of a firm. The DOI mean score was compared across the three groups: first-wave respondents (those who responded within a week after the first invitation, group size 260), second-wave respondents (those who filled out the questionnaire within one week after the follow-up e-mail, or two weeks after the first invitation, group size 293), and third-wave respondents (those who responded as a result of the follow-up phone calls, or within seven weeks after the first invitation, group size 271). The ANOVA did not reveal significant differences (p value .05) between these three groups in terms of DOI score.

In addition, the first wave versus second wave versus third wave respondents were also compared on firm demographic characteristics (age, number of employees, year of foreign entry). All these comparisons were insignificant at $p \leq .05$ level as well. The literature in the field suggests that these comparisons provide assurance that there is no serious non-response bias in the data (Curtin, Presser, and Singer 2000; Rajamma, Paswan, and Ganesh 2007).

Reliability, Validity, and Cross-Cultural Stability Issues on the Field Study Stage

The results of the pretest provided confidence in the psychometric properties of the scales. In the main study, the stability of the final measures was assessed again after data collection was completed. Taking into consideration the relatively small pretest sample size, the items that did not load as was predicted during the pretest stage were not removed from the final questionnaire. The rationale behind this decision was to assess the validity and reliability of the measures again by performing exploratory factor analysis, based on the larger sample size. This assessment provides more confidence in the obtained results and avoids unreasonable numbers of excluded items. After completion, it provides well-grounded reasons for final purification of the scales before the stage of SEM analysis.

The *reliability* issue was addressed by calculating Cronbach's alpha coefficient. The rationale for this choice is that it is by far the most frequently reported reliability index (Hogan, Benjamin and Brezinski 2000; Peterson 1994). The Cronbach alpha coefficient was calculated for all ten scales, following the guidelines of methodological literature, including recent developments (e.g., Iacobucci and

Duhachek 2003). The coefficients α were considered acceptable if higher than .7 (Nunnally 1978). The reliability coefficient was calculated and reported separately for the U.S., Chinese, and Russian sub-samples (Iacobucci and Duhachek 2003).

The *convergent validity* of the measures was assessed as well. Evidence of convergent validity in all the scales was examined through simple correlation among the scales' components. The obtained item-item correlation coefficients were tested for significance. The unidimensionality assessment of all ten scales was made as well. The items comprising all the scales were then subjected to principal components analysis. Following Hair *et al.* (1992), the data were factor analyzed, and all items were checked whether they loaded as predicted. The factor loadings were also examined in order to find out whether the components are convergent on a common construct.

The evaluation of *discriminant validity* was made based on a simple factor test performed for each pair of theoretically closely related constructs. Items representing these constructs were factor analyzed together as a single dataset, using principal components analysis. The extraction of the number of factors conforming to the number of measured constructs and examining the items' loading on these factors were performed. The discriminant validity was demonstrated by obtaining a clean factor structure as expected by the theory, following Podsakoff and Organ (1986), and confirming in this way that these factors do not overlap conceptually. Such a result suggests that the respondents clearly discriminate between the closely related constructs and offers evidence to support discriminant validity for the measurement of these constructs.

First, the measures of network involvement antecedents (relationship commitment and global mindset) were factor analyzed. The results are shown in

Table XIX. Unlike in the pretest stage, two items measuring Global Mindset construct (items 6 and 7) loaded well as predicted, and the scale as a whole demonstrated a clean factor structure.

Table XIX. Main Study Rotated Factor Analysis Results (Network Involvement Antecedents)

Item	**Global Mindset**	**Relationship Commitment**
Relationship Commitment (5 items) (alpha=.776)		
Recall five major business partners of your company. The relationship with these partners: 1) is something we are very committed to;	-,069	**,724**
2) is very important to us;	,016	**,742**
3) is something we intend to maintain indefinitely;	-,071	**,769**
4) is something we really care about;	-,051	**,748**
5) deserves our maximum effort to maintain.	,037	**,640**
Global Mindset (7 items) (alpha= .796)		
1) Internationalization is the only way to achieve our growth objectives;	**,690**	-,058
2) We will have to internationalize in order to succeed in future;	**,758**	-,020
3) It is important for our company to internationalize rapidly;	**,533**	-,087
4) The company's management uses a lot of time for planning international networking operations;	**,709**	,037
5) The growth we are aiming at can be achieved mainly through internationalization;	**,735**	-,003
6) The founder/owner/management of the company is willing to take the company into international markets;	**,621**	-,001
7)The company's management sees the whole world as one big marketplace.	**,660**	-,019
Eigenvalue	**3.276**	**2.586**
Cumulative % of explained variance	**26.78%**	**48.85%**

The interscale correlation coefficients were all positive and significant within 99% confidence interval (Tables XX & XXI).

Table XX. Item-item Pearson Correlation Coefficients (Relationship Commitment Scale)

	1	2	3	4	5
1	1	,410(**)	,445(**)	,445(**)	,334(**)
2	,410(**)	1	,473(**)	,446(**)	,340(**)
3	,445(**)	,473(**)	1	,467(**)	,385(**)
4	,445(**)	,446(**)	,467(**)	1	,342(**)
5	,334(**)	,340(**)	,385(**)	,342(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

Table XXI. Item-item Pearson Correlation Coefficients (Global Mindset Scale)

	1	2	3	4	5	6	7
1	1	,479(**)	,279(**)	,376(**)	,431(**)	,319(**)	,345(**)
2	,479(**)	1	,334(**)	,440(**)	,495(**)	,380(**)	,379(**)
3	,279(**)	,334(**)	1	,278(**)	,325(**)	,239(**)	,231(**)
4	,376(**)	,440(**)	,278(**)	1	,432(**)	,367(**)	,403(**)
5	,431(**)	,495(**)	,325(**)	,432(**)	1	,320(**)	,408(**)
6	,319(**)	,380(**)	,239(**)	,367(**)	,320(**)	1	,360(**)
7	,345(**)	,379(**)	,231(**)	,403(**)	,408(**)	,360(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

The reliability coefficients were at a satisfactory level (Cronbach alpha .776 and .796 for Relationship Commitment and Global Mindset scales respectively). Based on the above, all the items initially included in both scales were retained for the subsequent statistical analysis.

Then two scales measuring SME Internationalization antecedents (Network Involvement and Symbiotic Networking) were factor analyzed. During the pretest, one item from Network Involvement scale ("To what extent do your network members contribute to assistance in obtaining business loans or investors?") did not load well. However, factor analysis of the final dataset produced satisfactory loadings of all items, including the mentioned one (loading coefficients ranging from .775 to

.858 for Network Involvement scale and from .894 to .938 for Symbiotic Networking scale) (Table XXII).

Table XXII. Main Study Rotated Factor Analysis Results (SME Internationalization Antecedents)

Item	**Network Involvement**	**Symbiotic Networking**
Network Involvement (6 items) (alpha=.890)		
To what extent do your network members contribute to the following aspects of your business:1)Contacts with new customers;	**,775**	-,012
2)Obtaining market information;	**,858**	-,029
3)Access to distribution channels;		
4)Advertising;	**,817**	,023
5)Product and service development;	**,783**	,037
6)Assistance in obtaining business loans or investors	**,782**	,008
Symbiotic Networking (4 items) (alpha=.937)		
1) My company conducts joint research with partners, suppliers or customers;	,020	**,932**
2) My company is involved in joint advertising with partners, suppliers or customers;	,015	**,913**
3)My company is active in community organizations;	,017	**,894**
4)My company is a member of a social, political, religious organization(s)	-.005	**,938**
Eigenvalue	**3.892**	**3.367**
Cumulative % of explained variance	**38.74%**	**72.60%**

The item-item correlation table demonstrates results supporting the convergent validity of both scales (Tables XXIII & XXXIV).

Table XXIII. Item-item Correlation Coefficients (Network Involvement Scale)

	1	2	3	4	5	6
1	1	,591(**)	,562(**)	,532(**)	,507(**)	,555(**)
2	,591(**)	1	,663(**)	,601(**)	,615(**)	,637(**)
3	,562(**)	,663(**)	1	,541(**)	,557(**)	,603(**)
4	,532(**)	,601(**)	,541(**)	1	,570(**)	,544(**)
5	,507(**)	,615(**)	,557(**)	,570(**)	1	,529(**)
6	,555(**)	,637(**)	,603(**)	,544(**)	,529(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

Table XXXIV. Item-item Pearson Correlation Coefficients (Symbiotic Networking Scale)

	1	2	3	4
1	1	,806(**)	,775(**)	,846(**)
2	,806(**)	1	,736(**)	,815(**)
3	,775(**)	,736(**)	1	,785(**)
4	,846(**)	,815(**)	,785(**)	1
** Correlation is significant at the 0.01 level (2-tailed).				

The reliability indicators were also at an acceptable level (Cronbach alpha .890 for Network Involvement and .937 for Symbiotic Networking scales). Based on the results of validity and reliability assessment, all the data for these scales were retained for the SEM analysis.

The assessment of the scales measuring different dimensions of Managerial Style, by means of factor analysis, resulted in four distinct factors with eigenvalues greater than 1.0 explaining 53.73% of variance (Table XXV). As in the pretest, item 4 from Group Decision Making scale ("Employees usually participate in decision making") did not load as was predicted (loading coefficient -.554). However, another item that did not demonstrate satisfactory loading ("There is always a considerable number of suggestions from unit members") in the preliminary dataset now loaded quite well (coefficient .792). As a whole, a clean factor structure was obtained with satisfactory loading coefficients for all items with one exception mentioned above.

Table XXV. Main Study Rotated Factor Analysis Results (Managerial Style)

Item	**Group decision making**	**Participative supervision**	**Paternalistic Orientation**	**Information sharing**
Group decision making (6 items) (alpha=.611)				
1)There is always a considerable number of suggestions from unit members;	**.792**	-.013	-.036	-.022

2)Decision is often delegated to the lowest level;	**.818**	-.005	-.003	.019
3)Consensus decision making is typical for the company;	**.617**	-.009	-.089	.092
4)Employees usually participate in decision making;	-.554	-.012	-.037	.026
5)Employees have the freedom in selecting their own course of actions;	**.651**	.067	.061	-.035
6)The employees are typically initiate improvements in our company.	**.746**	-.024	.034	.006
Participative supervision (5 items) (alpha=. 742)				
1)The subordinates in my company are given a considerable amount of discretion;	.031	**.731**	-.008	.022
2)The authority is in high degree delegated to employees;	.023	**.692**	.035	-.064
3)The supervision in my company is democratic;	-.046	**.677**	-.005	-.024
4)Supervisor is backing up for his/her employees;	.017	**.747**	.001	.046
5)Supervisor sacrifices for his/her employees.	.011	**.658**	-.043	.050
Paternalistic Orientation (3 items) (alpha=.558)				
1)Manager is often involved in family matters of employees;	.017	-.050	**.635**	.060
2)Manager often helps employees with non-work related matters;	.001	.026	**.775**	.002
3)The atmosphere in our company is family-like.	-.009	.011	**.764**	-.022
Information sharing (5 items) (alpha=.848)				
1)The information flow within our company is free;	.047	-.041	.044	**.827**
2)Supervisor is always aware of what happens within the unit;	-.003	.071	.075	**.786**
3)Complaints always reach	.027	-.019	-.032	**.755**

top manager;				
4)Employees are always aware of changes in policies and directives;	-.009	-.021	-.004	**.829**
5) Communications within our company are blocked.	-.031	.040	-.015	**.747**
Eigenvalue	**3.142**	**2.970**	**2.481**	**1.614**
Cumulative % of explained variance	**16.53%**	**32.17%**	**45.23%**	**53.73%**

After the removal of the item mentioned above, the factor analysis returned a clean factor structure of the purified scale (Table XXVI).

Table XXVI. Main Study Rotated Factor Analysis Results, After Scale Adjustment (Managerial Style)

Item	**Group decision making**	**Participative Supervision**	**Paternalistic Orientation**	**Information Sharing**
Group decision making (5 items) (alpha=.791)				
1)There is always a considerable number of suggestions from unit members;	**,806**	-,011	-,028	-,028
2)Decision is often delegated to the lowest level;	**,839**	-,003	,006	,013
3)Consensus decision making is typical for the company;	**,617**	-,008	-,085	,088
5)Employees have the freedom in selecting their own course of actions;	**,686**	,069	,072	-,041
6)The employees are typically initiate improvements in our company.	**,731**	-,022	,037	,003
Participative supervision (5 items) (alpha=. 742)				
1)The subordinates in my company are given a considerable amount of discretion;	,021	**,731**	-,009	,023
2)The authority is in high degree delegated to	,015	**,692**	,034	-,063

employees;				
3)The supervision in my company is democratic;	-,045	**,677**	-,005	-,024
4)Supervisor is backing up for his/her employees;	,017	**,747**	,001	,046
5)Supervisor sacrifices for his/her employees.	,019	**,658**	-,042	,049
Paternalistic Orientation (3 items) (alpha=.558)				
1)Manager is often involved in family matters of employees;	,015	-,049	**,635**	,060
2)Manager often helps employees with non-work related matters;	-,006	,026	**,775**	,002
3)The atmosphere in our company is family-like.	-,015	,011	**,764**	-,022
Information sharing (5 items) (alpha=.848)				
1)The information flow within our company is free;	,052	-,041	,044	**,827**
2)Supervisor is always aware of what happens within the unit;	,005	,071	,076	**,786**
3)Complaints always reach top manager;	,033	-,019	-,031	**,755**
4)Employees are always aware of changes in policies and directives;	-,009	-,021	-,005	**,830**
5) Communications within our company are blocked.	-,030	,040	-,015	**,747**
Eigenvalue	**3.155**	**2.738**	**2.477**	**1.611**
Cumulative % of explained variance	**17.45%**	**32.70%**	**46.48%**	**55.45%**

The item-item correlations in general supported the convergent validity of the scales (Tables XXVII through XXX). It should be noticed that the Paternalistic Orientation scale correlations (Table XXIX) were generally lower than the other ones. However, all of them were positive and still significant at .01 level.

Table XXVII. Item-item Pearson Correlation Coefficients (Group Decision Making Scale)

	1	2	3	4	5
1	1	,600(**)	,402(**)	,442(**)	,469(**)
2	,600(**)	1	,385(**)	,500(**)	,542(**)
3	,402(**)	,385(**)	1	,268(**)	,334(**)
4	,442(**)	,500(**)	,268(**)	1	,340(**)
5	,469(**)	,542(**)	,334(**)	,340(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

Table XXVIII. Item-item Pearson Correlation Coefficients (Participative Supervision Scale)

	1	2	3	4	5
1	1	,421(**)	,347(**)	,424(**)	,353(**)
2	,421(**)	1	,317(**)	,389(**)	,308(**)
3	,347(**)	,317(**)	1	,407(**)	,327(**)
4	,424(**)	,389(**)	,407(**)	1	,367(**)
5	,353(**)	,308(**)	,327(**)	,367(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

Table XXIX. Item-item Pearson Correlation Coefficients (Paternalistic Orientation Scale)

	1	2	3
1	1	,254(**)	,240(**)
2	,254(**)	1	,393(**)
3	,240(**)	,393(**)	1

** Correlation is significant at the 0.01 level (2-tailed)

Table XXX. Item-item Pearson Correlation Coefficients (Information Sharing Scale)

	1	2	3	4	5
1	1	,585(**)	,525(**)	,632(**)	,507(**)
2	,585(**)	1	,470(**)	,579(**)	,475(**)
3	,525(**)	,470(**)	1	,527(**)	,483(**)
4	,632(**)	,579(**)	,527(**)	1	,512(**)
5	,507(**)	,475(**)	,483(**)	,512(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

In reliability analysis, the problem with a lower than acceptable Cronbach's alpha coefficient was revealed for the Paternalistic Orientation scale (alpha=.558, while the Nunnally (1978) criteria provides 0.7 level). The Group Decision Making scale also had unsatisfactory Cronbach's alpha coefficient (.611); however, after removal of item 4 that had a poor factor loading, discussed above, it increased to .791. All other scales had satisfactory reliability coefficients as well (.742 for Participative Supervision and .848 for Information Sharing scale) (Table XXVI).

In order to address the issue of an unsatisfactory Cronbach's alpha coefficient for Paternalistic Orientation scale, additional reliability tests were performed. As was demonstrated in the literature (e.g., Raykov 1997, 1998; Graham 2006), Cronbach's alpha may underestimate scale reliability. It is especially probable under the condition of a small number of items, and therefore is applicable to the considered case, since the Paternalistic Orientation scale has only three items. The reason for high probability of underestimation of scale reliability in the case of a small number of items is, as was explained by Raykov (1997), that coefficient alpha underestimates the reliability of test scores when the test violates the assumption of tau-equivalence. Specifically, "the larger the violation of tau-equivalence that occurs, the more coefficient alpha underestimates score reliability. Scales with a greater number of items are less vulnerable to underestimation when tau-equivalence is violated than tests with only a small number of items. This is due to the fact that, when a single item violates tau-equivalence, the proportion of true score variance that is congeneric to the other item's true scores is smaller when one has a greater number of items than when one has fewer items".

As was pointed out by Graham (2006), in this case examining item standard deviations may be of some utility. If the standard deviations of item scores composing a test are vastly different from one another, the tau-equivalence assumption is likely violated and Cronbach's alpha is more likely to underestimate scale reliability. In the Paternalistic Orientation scale, standard deviation in item 2 is apparently higher than in items 1 and 3, thus providing the grounds for suspicion of tau-equivalence assumption violation and, respectively, non-adequate assessment of scale reliability with Cronbach's alpha coefficient (Table XXXI).

Table XXXI. Means and Standard Deviations Across the Items in Paternalistic Orientation Scale

Item	Mean	Std. Deviation
1	4,05	1,888
2	**3,97**	**1,965**
3	4,17	1,885

In these conditions, the alternative reliability estimate calculated using SEM analysis is recommended (Raykov 1997, 1998; Graham 2006). It is commonly referred to as Raykov reliability rho index. Its computation involves building a SEM mini-model that involves a latent true variable, individual observed variables, error terms, and the composite observed variable. This variable is created by adding the variances of the individual observed variables while taking into account the shared variance of the individual observed variables (Miller 1995; Raykov 1997). Then, the reliability rho index is calculated as the proportion of observed score variance accounted for by the true score variance. It is obtained by squaring the implied correlation between the composite latent true variable (T) and the composite observed variable (X) to arrive at the percentage of the total observed variance that is accounted for by the "true" variable (Miller 1995).

This test, being performed for Paternalistic Orientation scale, returned implied correlation between T and X equal to .961, and respectively, reliability rho index equal to .924 (Table XXXII).

Table XXXII. Implied Correlation Between Variables in Paternalistic Orientation Scale SEM

	e3	e2	e1	T	Item3	Item2	Item1	X
e3	1,000							
e2	,000	1,000						
e1	,000	,000	1,000					
T	,000	,000	,000	1,000				
Item3	,399	,000	,000	,917	1,000			
Item2	,000	,431	,000	,903	,828	1,000		
Item1	,000	,000	,497	,868	,795	,783	1,000	
X	,148	,148	,179	**,961**	,941	,931	,923	1,000

The performed test demonstrated a satisfactory reliability level of the Paternalistic Orientation scale and confirmed the conclusions of the studies cited above that Cronbach's alpha coefficient may underestimate reliability of scales with small numbers of items. Based on the above analysis, all items measuring Managerial Style dimensions except item 4 from the Group Decision Making scale were retained for further analysis.

Finally, exploratory factor analysis was performed for the scales measuring cultural variables (Individualism in a Culture and Environmental Turbulence). The results resembled ones obtained while analyzing the pretest sample: two items from Individualism in a Culture scale not only demonstrated non-satisfactory loadings, but also formed distinct factors with eigenvalues greater than 1.0 (Table XXXIII).

Table XXXIII. Main Study Rotated Factor Analysis Results (Cultural Variables)

Item				
Environmental Turbulence (5 items) (alpha=.737)	**Individualism in a Culture**	**Environmental Turbulence**	??	??
Express your agreement/disagreement with statements below:	-,005	**,727**	-,027	,008

1) It is necessary to watch many conditions in the environment;				
2)We can to a high degree predict the development in our environment;	,033	**,655**	,015	,105
3)Our environment only changes marginally;	-,034	**,779**	,123	,054
4)Our environment only changes slowly;	,029	**,594**	-,001	-,227
5)We know what to watch in our environment	-,048	**,724**	-,058	-,002
Individualism in a Culture (8 items) (alpha= .600)				
1) In my company employees like to work in a group rather than by themselves	**,606**	-,015	,081	-,123
2) If a group is slowing me down, it is better to leave it and work alone	**,632**	,000	-,207	,138
3) To be superior, a man must stand alone	**,687**	,023	-,181	,079
4) One does better work working alone than in a group	**,723**	,011	,004	-,013
5) I would rather struggle through a personal problem by myself than discuss it with my friends	**,697**	-,031	,126	-,106
6) An employee should accept the group's decision even when personally he or she has a different opinion	**,596**	-,004	,180	,008
7) Problem solving by groups gives better results than problem solving by individuals	,046	,031	**,941**	,046
8)The needs of people close to me should take priority over my personal needs.	-,029	-,003	,042	**,953**
Eigenvalue	**2.618**	**2.443**	**1.059**	**1.001**
Cumulative % of explained variance	**20.09%**	**38.89%**	**46.88%**	**54.78%**

Thus, the exploratory factor analysis of the final dataset confirmed the results of the pretest stage and demonstrated that these two items do not conceptually fit the measure of Individualism in a Culture construct. With these two items in the scale, the reliability coefficient was unacceptably low as well (.600). Therefore, they were excluded from the analysis that followed.

After scale purification, the clean factor structure conforming to the theory was obtained with coefficients ranging from .597 to .779. (Table XXXIV).

Table XXXIV. Main Study Rotated Factor Analysis Results After Scale Adjustment (Cultural Variables)

Item		
Environmental Turbulence (5 items) (alpha=.737)	**Individualism in a Culture**	**Environmental Turbulence**
Express your agreement/disagreement with statements below: 1) It is necessary to watch many conditions in the environment;	-,002	**,726**
2)We can to a high degree predict the development in our environment;	,029	**,654**
3)Our environment only changes marginally;	-,035	**,782**
4)Our environment only changes slowly;	,034	**,597**
5)We know what to watch in our environment	-,050	**,722**
Individualism in a Culture (6 items) (alpha= .734)		
1) In my company employees like to work in a group rather than by themselves	**,611**	-,009
2) If a group is slowing me down, it is better to leave it and work alone	**,626**	-,007
3) To be superior, a man must stand alone	**,683**	,017
4) One does better work working alone than in a group	**,723**	,012
5) I would rather struggle through a personal problem by myself than discuss it with my friends	**,701**	-,025
6) An employee should accept the group's decision even when personally he or she has a	**,599**	,003

different opinion		
Eigenvalue	**2.615**	**2.438**
Cumulative % of explained variance	**23.72%**	**45.94%**

Convergent validity was supported by the significant correlation item-item coefficients for both scales (Tables XXXV & XXXVI).

Table XXXV. Item-item Pearson Correlation Coefficients (Environmental Turbulence Scale)

	1	2	3	4	5
1	1	,347(**)	,503(**)	,272(**)	,367(**)
2	,347(**)	1	,366(**)	,242(**)	,361(**)
3	,503(**)	,366(**)	1	,346(**)	,442(**)
4	,272(**)	,242(**)	,346(**)	1	,327(**)
5	,367(**)	,361(**)	,442(**)	,327(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

Table XXXVI. Item-item Pearson Correlation Coefficients (Individualism in a Culture Scale)

	1	2	3	4	5	6
1	1	,250(**)	,267(**)	,303(**)	,356(**)	,289(**)
2	,250(**)	1	,362(**)	,336(**)	,302(**)	,254(**)
3	,267(**)	,362(**)	1	,423(**)	,349(**)	,263(**)
4	,303(**)	,336(**)	,423(**)	1	,407(**)	,317(**)
5	,356(**)	,302(**)	,349(**)	,407(**)	1	,308(**)
6	,289(**)	,254(**)	,263(**)	,317(**)	,308(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

The reliability estimates were at the acceptable level for both of scales (.737 for Environmental Turbulence and .734 for Individualism in a Culture, with two items discussed above removed from the scale) (Table XXXIV).

The *cross-cultural stability* was assessed by performing exploratory factor analyses on three datasets separately—the U.S., Chinese, and Russian samples respectively. Then, the extent to which reliability and validity indicators are invariant across these three samples was examined. This analysis utilizes the testing procedure used in cross-cultural studies (e.g., Singh 1995; Cheung and Rensvold 1999).

The exploratory factor analysis of three cultural datasets did not reveal any substantial differences in factor loadings as well as in Cronbach's alpha indicators (Table XXXVII).

Table XXXVII. Reliability and Validity Indicators in Cross-Cultural Setting

Scale	U.S. sample	Chinese sample	Russian sample
Relationship Commitment			
Cronbach alpha	.756	.786	.789
% of explained variance (Network Involvement Antecedents)	28.03%	22.50%	22.14%
Factor loadings of items:			
1	.576	.747	.690
2	.658	.794	.708
3	.745	.763	.672
4	.701	.760	.683
5	.630	.587	.623
Global Mindset			
Cronbach alpha	.801	.782	.803
% of explained variance (Network Involvement Antecedents)	20.56%	25.93%	27.99%
Factor loadings of items:			
1	.659	.707	.675
2	.717	.747	.736
3	.537	.461	.584
4	.711	.713	.588
5	.686	.700	.738
6	.583	.657	.568
7	.681	.622	.600
Network Involvement			
Cronbach alpha	.890	.892	.889
% of explained variance (SME Internationalization	34.38%	32.03%	33.14%

Antecedents)			
Factor loadings of items:			
1	.787	.786	.743
2	.870	.856	.806
3	.821	.825	.771
4	.798	.775	.732
5	.752	.790	.769
6	.789	.792	.796
Symbiotic Networking			
Cronbach alpha	.941	.935	.935
% of explained variance (SME Internationalization Antecedents)	38.77%	33.77%	39.18%
Factor loadings of items:			
1	.932	.936	.873
2	.911	.917	.848
3	.909	.871	.854
4	.942	.931	.890
Group Decision Making			
Cronbach alpha	.794	.798	.780
% of explained variance (Managerial Style)	15.67%	15.62%	14.69%
Factor loadings of items:			
1	.744	.812	.737
2	.764	.855	.692
3	.579	.596	.539
4	.663	.688	.663
5	.682	.722	.612
Participative Supervision			
Cronbach alpha	.773	.727	.722
% of explained variance (Managerial Style)	14.51%	13.43%	13.17%
Factor loadings of items:			
1	.691	.720	.669
2	.631	.668	.666
3	.665	.674	.612

4	.668	.755	.727
5	.631	.576	.641
Paternalistic Orientation			
Cronbach alpha	.562	.558	.550
% of explained variance (Managerial Style)	9.00%	8.98%	8.80%
Factor loadings of items:			
1	.613	.634	.590
2	.744	.767	.767
3	.775	.731	.753
Information Sharing			
Cronbach alpha	.846	.879	.816
% of explained variance (Managerial Style)	17.76%	19.23%	16.96%
Factor loadings of items:			
1	.787	.875	.741
2	.771	.797	.707
3	.761	.785	.633
4	.829	.837	.744
5	.707	.780	.656
Environmental Turbulence			
Cronbach alpha	.724	.681	.785
% of explained variance (Cultural Variables)	21.71%	20.11%	24.62%
Factor loadings of items:			
1	.671	.682	.700
2	.584	.657	.661
3	.749	.715	.741
4	.622	.543	.559
5	.709	.690	.618
Individualism in a Culture			
Cronbach alpha	.719	.719	.760
% of explained variance (Cultural Variables)	23.22%	23.13%	25.12%
Factor loadings of items:			
1	.585	.601	.540

2	.542	.588	.672
3	.680	.714	.583
4	.698	.723	.638
5	.698	.672	.646
6	.567	.574	.567

Based on the results of the analysis, the conclusion that the factor pattern and factor loadings are invariant in the three samples, was made. Thus, the cross-cultural stability of all measurement scales was supported.

Research Model Testing Results

To test the hypothesized model, the AMOS 6.0 software was used. Initially, LISREL was the planned software product; however, AMOS was found to be more functional for the particular purposes of this study, taking into consideration that it requires testing interaction effects and the effects of control variables.

In analyzing the data, the two-step analytic procedure recommended by Anderson and Gerbing (1988) was followed. The first step consisted of the procedures employed for testing the psychometric properties of the scales and their purification described in detail in sections *Data Pretest and Scales' Purification* (Chapter IV) and *Reliability, Validity, and Cross-Cultural Stability Issues on the Field Study Stage* (Chapter V).

In the next step, the fit measures of the proposed model were obtained. First, the proposed model was compared with the null model. The obtained fit indicators show that the proposed model demonstrates significant improvement over the null model.

Table XXXIX. Comparison of the Proposed and Independence Model Fit Indicators

Model	**RMR**	**GFI**	**AGFI**	**PGFI**
Proposed	.134	.931	.924	.848
Independent	.707	.408	.382	.391

At the same time, the chi-square test resulted in a significant value ($\chi^2 = 1381.49$, df=1028, p<.01). The interpretation of this test result is that the null hypothesis that the model specified holds exactly in the population, and, thus, can account completely for actual values of the population covariance matrix among the observed variables is rejected.

However, the literature suggests that chi-square test of exact fit has several well-recognized constraints and limitations and therefore must be supplemented by other goodness-of-fit tests (e.g., MacCallum, Browne, and Sugawara 1996). The major criticism is focused on the fact that a chi-square test of the exact fit of a model generally imposes an overly stringent and unrealistic criterion for evaluating the adequacy of a model (e.g., Jöreskog 1983). It is emphasized that from an interpretive standpoint, it is primarily a "badness of fit" measure that facilitates dichotomous yes/no decisions but provides less useful information about degree of fit (Browne and Cudeck 1993).

Except that, sample size is the issue. When sample sizes are small (e.g., < 100), the test of exact fit may not have sufficient power to reject models with rather significant misspecifications. Conversely, when sample sizes are sufficiently large (like in the case of this study, i.e. >800), even trivial misspecifications might be sufficient to warrant rejection of a model (MacCallum 1995; MacCallum and Austin 2000). An additional criticism of this test is that it simply tests the wrong hypothesis.

The hypothesis that the model specified fits exactly in the population is tested. However, researchers noted that the structural models are typically only approximations to reality (e.g., Browne and Cudeck 1993; Cudeck and Henly 1991; Jöreskog 1993).

Based on the above, other goodness-of-fit tests recommended in the literature were performed as well. The indicators were selected after reviewing Hair *et al.* (1995), Hoyle (1995), and Schumacker and Lomax (1996). Each of them is discussed below in detail.

Normed chi-square is the chi-square divided by the degrees of freedom. Models with χ^2 / df less than 1 are considered over fitted or relying on chance. Models with values greater than 2.0 or 3.0 are considered not representative of the observed data (Wheaton *et al.* 1977). This measure suffers the same sample size limitations associated with the chi-square measure.

Root Mean Square Residual (RMSR) is the square root of the mean of the squared residuals of the actual and estimated input matrices. It is used to compare models utilizing the same data. RMSR applicability to analysis using covariances is questionable because of differences in scale unit of measure. Values less than .10 are advisable (Hu and Bentler 1999).

Root Mean Square Error of Approximation (RMSEA) is similar to the RMSR, but differs because it measures the discrepancy between the matrix in terms of the population and not just the sample. Steiger (1990) proposed the RMSEA statistic emphasizing the fact that it takes particular account of the error of approximation in the population. Browne and Cudeck (1993) suggest that an RMSEA value of .05 indicates a close fit and that values of up to .08 represent reasonable errors of approximation in the population.

Goodness of fit index (GFI) is a nonstatistical measure that ranges between 0 and 1. It represents the degree in which the predicted square residuals match the actual data. Values greater than .90 are considered acceptable (Joreskog and Sorbom 1988).

Adjusted goodness of fit index (AGFI) is modified by the ratio of degree of freedom for the proposed model versus the null model. It is an extension of the goodness of fit index; a value greater than or equal to .90 is recommended (Joreskog and Sorbom 1988).

The normed fit index (NFI) compares the baseline and proposed models, and represents the proportion of total covariance among observed variables explained by the proposed model. A value greater than or equal to .90 is recommended (Bentler and Bonnett 1980).

The Tucker and Lewis index (TLI) is a measure of misfit that is based on correction for model complexity (a parsimony measure into the comparison between the proposed and null model). A value greater than or equal to .90 is recommended (Tucker and Lewis 1973).

The relative fit index (RFI) is similar to the normed fit index, but the difference is adjustment to the chi-square measure. Numbers higher than or equal to .90 are recommended (Bollen 1986).

The incremental fit index (IFI) is also similar to the normed fit index, but the difference is that IFI modifies the denominator by subtracting the proposed model's degrees of freedom from the baseline model's χ^2. Values exceeding or equal to .90 are desirable (Bollen 1989).

The comparative fit index (CFI) measures the improvement in noncentrality between models and uses the noncentral χ^2, which is the difference between the models χ^2 and the corresponding degrees of freedom. Index greater or equal to .90 indicates the acceptable fit (Bentler 1990).

The results of these tests are summarized in Table XL.

Table XL. Model Fit Indices

Statistic	*Suggested*	*Calculated*
χ^2		1381.49
Degrees of Freedom		1028
χ^2 significance	$p \geq .05$	.00
χ^2/d.f. (Wheaton *et al.* 1977)	1<x<2	1.34
RMSR (Hu and Bentler 1999)	$\leq$ .10	.13
RMSEA (Browne and Cudeck 1993)	$\leq$.05	.02
GFI (Joreskog and Sorbom 1988)	$\geq$.90	.93
AGFI (Joreskog and Sorbom 1988)	$\geq$.80	.92
NFI (Bentler and Bonnet 1980)	$\geq$.90	.91
TLI (Tucker and Lewis 1973)	$\geq$.90	.97
RFI (Bollen 1986)	$\geq$.90	.90
IFI (Bollen 1989)	$\geq$.90	.97
CFI (Bentler 1990)	$\geq$.90	.97

Most of the indicators exceed the recommended values. Based on this observation, it can be stated that examining fit indices suggests the model reflects the collected data. Therefore, goodness-of-fit tests provide evidence of a satisfactory model fit.

Hypotheses Testing

To review the study results, the hypotheses tested in the paper are again summarized below:

Hypothesis 1: A SME's degree of network involvement positively influences its internationalization.

Hypothesis 1 is supported by the obtained results. The examination of the path coefficient (.073, critical ratio (C.R.) 4.933, p-value < .00) demonstrates that Network Involvement is significantly related to the Degree of Internationalization of a firm (Table XL)

Hypothesis 2: Symbiotic network relationships are positively related to a SMEs' degree of internationalization.

Path coefficient from Symbiotic Networking to the Degree of Internationalization is .182, with C.R. 16.704 and p-value <.00. Thus, hypothesis 2 is supported as well (Table XL).

Hypothesis 3: A SME's relationship commitment is positively related to its network involvement.

Relationship Commitment is significantly related to Network Involvement (path coefficient .595, C.R. 13.722, p-value <.00). Hypothesis 3 is supported (Table XL).

Hypothesis 4: A SME's owner/manager global mindset is positively related to its network involvement.

The path coefficient from Global Mindset to Network Involvement is 1.217, with C.R.14.990 and p-value <.00. Thus, hypothesis 4 is supported (Table XL).

Hypothesis 5A: The pre-disposition to group decision making in a SME is positively related to adherence to symbiotic type of IOR networking.

Group Decision Making has significant positive effect on Symbiotic Networking (path coefficient .694, C.R. 17.331 and p-value <.00). Hypothesis 5A is supported (Table XL).

Hypothesis 5B: A supervising manager's participation in subordinates' routine workflow in a SME is positively related to a predisposition to symbiotic type of IOR networking.

Participative Supervision is significantly correlated with Symbiotic Networking (path coefficient .479, C.R. 10.576, p-value <.00). Hypothesis 5B is supported (Table XL).

Hypothesis 5C: The paternalistic orientation of SME managers is positively related to a predisposition to symbiotic type of IOR networking.

Paternalistic Orientation to Symbiotic Networking path is estimated as 1.805, with C.R. 9.394 and p-value <.00). Hypothesis 5C is supported (Table XL).

Hypothesis 5D: The higher within-SME information flow is positively related to a predisposition to symbiotic type of IOR networking.

The Information Sharing is significantly correlated with Symbiotic Networking in hypothesized direction (path coefficient .465, C.R.15.187, p-value <.00). Hypothesis 5D is supported (Table XL).

Hypothesis 6: The individualism in a culture is negatively related to managers' predisposition to a symbiotic type of IOR networking.

The Individualism score is positively related with Symbiotic Networking (path coefficient .019). However, it is not significant (C.R. 0.394 and p-value .794). Therefore, hypothesis 6 is rejected.

The analysis of the obtained path coefficients demonstrates the especially strong positive relationship between: 1) global mindset and network involvement and

2) paternalism and symbiotic networking. The relative strength of the link between global mindset and network involvement is an expected result, based on the literature overview (discussed in detail in Chapter II). The higher impact of paternalism, rather than decision-making, information sharing, and supervision styles, on symbiotic networking, is one of the unexpected results of the study. This phenomenon may be explained by the fact that this study primarily deals with small businesses, the substantial part of which are family based, and therefore are strongly adherent to paternalistic types of interpersonal relationships. Except that, this is the first study on the topic that investigates these relationships in cross-cultural settings and includes traditionally paternalistic cultures such as China and Russia in the scope of the research.

Another observation that can be made based on examination of path coefficients is the relatively higher influence of symbiotic networking (in comparison to network involvement) on the degree of internationalization. This observation suggests that the quality rather than quantity of network relationships makes an impact on a company's internationalization pace.

Hypothesis 7A: The influence of the degree of a SME network involvement on its internationalization will be higher for high levels of environmental turbulence, and lower for low levels of environmental turbulence.

Hypothesis 7B: The impact of predisposition to the symbiotic type of IOR networking on SME internationalization will be higher for high levels of environmental turbulence, and lower for low levels of environmental turbulence.

Since the model provides the tests for interaction effects, a special procedure in SEM testing was applied, as recommended by Joreskog and Yang (1996) and Jaccard and Wan (1996). This procedure is based on multiple group analysis that is conducted for two groups of observations: low- and high-turbulence. The turbulence summary score obtained as a sum of scores on all six environmental turbulence scales was converted into categorical values (high vs. low turbulence) and used as a grouping variable.

The applied procedure comprises a nested goodness-of-fit strategy that accompanies a multiple-group solution. First, no across-group (i.e. unconstrained model) constraints were estimated for the high and low environmental turbulence groups. Then, the across-group (i.e., constrained model) constraints were estimated. Further, the parameter estimates for the high and low environmental turbulence groups were constrained to be equal (i.e., a moderator effect). The $\Delta\chi^2$ test (i.e. comparison of unconstrained and constrained models) was used to detect a moderator effect. Based on Joreskog and Yang (1996) methodology, if the unconstrained model has a substantially better overall fit than the constrained model, it will suggest that some paths are significantly different between the high and low environmental turbulence groups.

The obtained results clearly demonstrated a moderator effect (Table XLI).

Table XLI. Comparison of Unconstrained and Constrained Models

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Measurement weights	39	838,538	,000	,050	,057	,049	,056
Structural weights	46	1002,488	,000	,060	,068	,058	,067
Structural covariances	53	1037,303	,000	,062	,071	,060	,069
Measurement residuals	100	1397,075	,000	,083	,095	,077	,088

The chi-square test demonstrated significantly better (p-value <.00) fit of unconstrained model that suggested difference of regression estimates between the high- and low-turbulence groups.

Examination of path coefficients obtained for two separate (high- and low-turbulence) groups revealed that while in the low-turbulence group, the coefficient that reflects the relationship between network involvement and degree of a firm's internationalization is insignificant (p-value .628), in the high-turbulence group it is significant (p-value <.00).

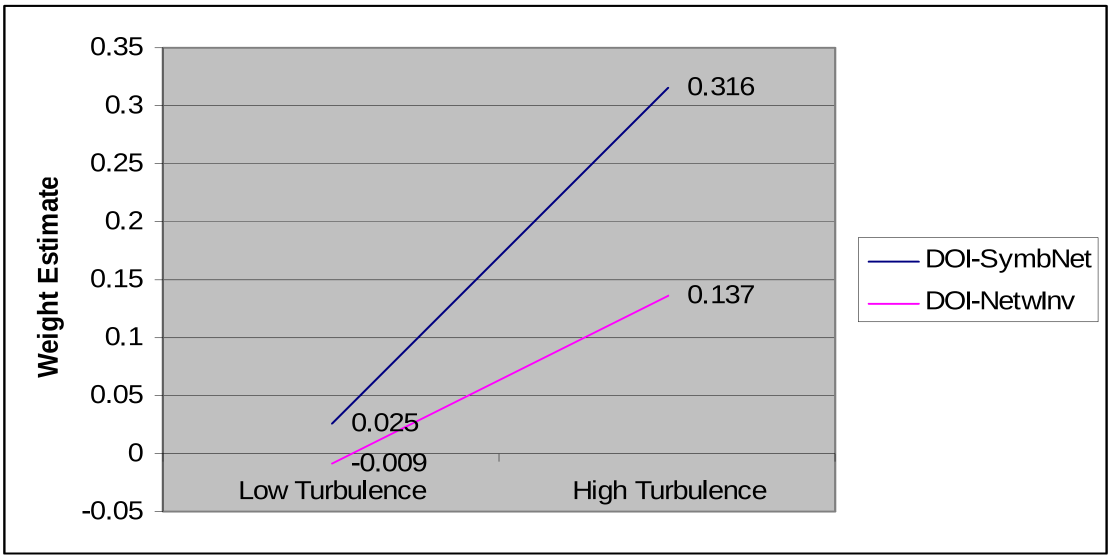
The path coefficient from Symbiotic Networking to Degree of Internationalization is significant for the high-turbulence group (p-value <.00). In the low-turbulence group, it is significant at .05 levels, but is not significant at .01 levels (p-value .033) (Table XLII).

Table XLII. Regression Weights of Network Involvement and Symbiotic Networking vs. Degree of Internationalization of a Firm for Low-Turbulent and High-Turbulent Groups:

Path	Weight Estimate	S.E.	C.R.	P
Low Turbulence Group:				
DOI <--- SymbNet	,025	,012	2,134	,033
DOI <--- NetwInv	-,009	,018	-,484	,628
High Turbulence Group:				
DOI <--- SymbNet	,316	,015	21,509	,000
DOI <--- NetwInv	,137	,018	7,643	,000

Based on the above, it is concluded that both Hypotheses 7A and 7B are supported by the statistical analysis results. The obtained results clearly show that the relationship between networking variables and internationalization is significantly stronger in the conditions of high rather than low environmental turbulence. This is especially true for the link between degree of network involvement and internationalization that was found to be insignificant in the low turbulence group. The contrast between the two groups mentioned above is especially visible on the graph (Figure 4).

FIGURE 4
INTERACTION EFFECTS



Finally, the results of hypotheses testing are summarized in the Table XLIII:

Table XLIII. Hypotheses Testing Results

Hypothesis	Result
1. A SME's degree of network involvement positively influences its internationalization	Supported
2. Symbiotic network relationships are positively related to a SMEs' degree of internationalization.	Supported
3. A SME's relationship commitment is positively related to its network involvement.	Supported
4. A SME's owner/manager global mindset is positively related to its network involvement.	Supported
5A. The pre-disposition to group decision making in a SME is positively related to adherence to symbiotic type of IOR networking.	Supported
5B. A supervising manager's participation in subordinates' routine work flow in a SME is positively related to a predisposition to symbiotic type of IOR networking.	Supported
5C. The paternalistic orientation of SME managers is positively related to a predisposition to symbiotic type of IOR networking.	Supported
5D. The higher within-SME information flow is positively related to a predisposition to symbiotic type of IOR networking.	Supported
6. The individualism in a culture is negatively related to managers' predisposition to a symbiotic type of IOR networking.	Not supported

7A. The influence of the degree of a SME network involvement on its internationalization will be higher for high level of environmental turbulence, and lower for low level of environmental turbulence.	Supported
7B. The impact of predisposition to the symbiotic type of IOR networking on SME internationalization will be higher for high level of environmental turbulence, and lower for low level of environmental turbulence.	Supported

Cross-Cultural Comparisons

The country-by-country examination of path coefficients does not reveal any substantial differences in model performance across the three cultures (Table XLIV).

Table XLIV. Country-by-Country Comparison of Regression Estimates

			USA		Russia		China	
			Estimate	P	Estimate	P	Estimate	P
DOI	<---	SymbNet	,176	***	,216	***	,157	***
DOI	<---	NetwInv	,064	,007	,088	***	,078	,005
NetwInv	<---	RelCommit	,743	***	,454	***	,618	***
NetwInv	<---	GlobMind	1,361	***	1,127	***	1,172	***
SymbNet	<---	Individ	-,134	,313	,305	,004	-,167	,284
SymbNet	<---	InfShar	,501	***	,400	***	,474	***
SymbNet	<---	Patern	1,842	***	1,764	***	1,641	***
SymbNet	<---	Superv	,420	***	,555	***	,503	***
SymbNet	<---	DecMak	,639	***	,803	***	,672	***

The stability of relationships provides further evidence of external validity of the model. At the same time, one of the relationships works in different ways in the three cultures, i.e. the relationship between individualism in a culture and symbiotic networking. Overall, it was found to be insignificant, but still negative. However, in the case of Russia, in contrast to China and the USA, it was positive. At the same time, taking into account that in all three cases this relationship was statistically insignificant, it would be hardly reasonable to derive any theoretical conclusions or practical implications based on instability of cross-cultural performance of this link.

Control Variables' Effects

The research model includes three control variables: a company's age, time of foreign entry, and size (number of employees). The model was tested for their effects using Bettencourt, Gwinner, and Meuter's (2001) procedure.

Specifically, the mini-model including three control variables and the dependent variable (SME Internationalization) was entered into the AMOS program in order to compute the unique variance that the control variables added to the explanation of SME internationalization. Then "Symbiotic networking" was entered, along with control variables, against "SME internationalization." Next, "Degree of network involvement," together with control variables, against "SME internationalization" was regressed as well. Finally, both "Symbiotic networking" and "Degree of network involvement" were entered together, along with control variables.

For the first stage that included testing the effects of control variables only, no significant regression weights were obtained (Table XLV).

Table XLV. Regression Weights of Control Variables against SME Internationalization

			Estimate	S.E.	C.R.	P
SME Internationalization	<---	Size	,021	,026	,787	,431
SME Internationalization	<---	Age	,049	,026	1,872	,061
SME Internationalization	<---	Entry	-,031	,024	-1,284	,199
SME Internationalization	<---	Error	,680	,017	40,571	,000

Then, after including Symbiotic Networking in the model, a significant regression coefficient of this variable vs. SME Internationalization, was obtained, while control variables' coefficients all remained insignificant (Table XLVI).

Table XLVI. Regression Weights of Symbiotic Networking and Control Variables against SME Internationalization

			Estimate	S.E.	C.R.	P
SME Internationalization	<---	Size	,012	,023	,545	,586
SME Internationalization	<---	Age	,009	,023	,393	,694
SME Internationalization	<---	Entry	-,021	,021	-1,004	,315
SME Internationalization	<---	Error	,582	,015	39,708	,000
SME Internationalization	<---	Symbiotic Networking	,184	,011	16,364	,000

The same regression structure was obtained while including Network Involvement together with control variables in the model (Table XLVII).

Table XLVII. Regression Weights of Network Involvement and Control Variables against SME Internationalization

			Estimate	S.E.	C.R.	P
SME Internationalization	<---	Size	,025	,026	,967	,334
SME Internationalization	<---	Age	,050	,026	1,912	,056
SME Internationalization	<---	Entry	-,033	,024	-1,359	,174
SME Internationalization	<---	Error	,669	,017	40,416	,000
SME Internationalization	<---	Network Involvement	,088	,018	4,844	,000

Finally, both networking predictor variables, being included in a model together with control variables, resulted in the significant regression weights, while control variables' effects still remained insignificant (Table XLVIII)

Table XLVIII. Regression Weights of Symbiotic Networking, Network Involvement, and Control Variables against SME Internationalization

			Estimate	S.E.	C.R.	P
SME Internationalization	<---	Size	,016	,022	,739	,460
SME Internationalization	<---	Age	,010	,022	,426	,670
SME Internationalization	<---	Entry	-,023	,021	-1,085	,278
SME Internationalization	<---	Error	,571	,014	39,510	,000
SME Internationalization	<---	Symbiotic Networking	,183	,011	16,518	,000
SME Internationalization	<---	Network Involvement	,082	,016	5,238	,000

Then, as additional evidence, a comparison of fit measures of the hierarchy of the four models discussed above was made (Table XLIX)

Table XLIX. Fit Measures of Hierarchical Model with Control Variables

Independent variables	*GFI*	*RMSEA*	χ^2 / *df*
Control variables only	.816	.446	164.38
Symbiotic Networking & control variables	.892	.174	25.99
Network Involvement & control variables	.908	.132	15.44
Symbiotic Networking & Network Involvement & control variables	,924	.091	7.882

Thus, the hierarchical regression results provided evidence that predictor variables explain unique variance in "SME Internationalization" over and above that explained by control variables.

The results of the study, their managerial relevance, theoretical contribution, study limitations and directions for future research are summarized in the next chapter.

CHAPTER VI

OVERVIEW AND DISCUSSION

This Chapter provides an overview of the study results. It discusses its theoretical contributions, presents the managerial and practical relevance of the findings, considers the study limitations, and suggests directions for future research.

Theoretical Contribution

The major theoretical contribution of this dissertation can be characterized in most general terms as extending the frameworks of networking theory.

This study builds on the existing body of research that investigates the nature of networking processes in small and medium business sectors and their influence on SMEs' internationalization. The study explores both antecedents and outcomes of SMEs' networking activities by putting into one framework networking, managerial, behavioral, environmental, and cultural variables. In this way, the research provides the answers to research questions stated in Chapter I. It demonstrates what factors and under what conditions they produce an impact on the degree and configuration of networking relationships, and what influence these relationships have on SMEs' internationalization.

More specifically, the study documented the positive effect of the degree of network collaboration between SMEs on their internationalization. It also demonstrated that internationalization process of small and medium enterprises is positively influenced by their prevailing predisposition to symbiotic types of network interactions. This research revealed attitudinal factors conditioning network involvement of an SME – relationship commitment and global mindset.

The study investigated the link between different elements of managerial style within a company and the type of network relationships with other firms it is involved in. Group decision-making, participative supervision style, paternalism of an owner/senior manager, and free within-company information flow were found to be factors, leading to symbiotic types of networking interactions. Cultural factor (individualism in a culture) was also found to be an antecedent of symbiotic rather than commensal types of between-company collaboration. The effects of networking factors on an SME's internationalization proved to be stronger under high rather than low degrees of turbulence in the environment that a firm operates in.

Thus, the study classified, conceptualized, and explained factors underlying networking strategies of SMEs and their influence of SME's internationalization based on the tenets of marketing and managerial theory. The study findings are consistent with earlier research performed by Oviatt and McDougall (1994), McDougall, Shane, and Oviatt (1994), Bell (1995), and other studies in the field that conceptualize the internationalization process as relying on network relationships. These studies demonstrate that networks are used by SMEs for market selection, mode of entry, access to additional relationships and established channels, access to local market knowledge, obtaining initial credibility, and lowering cost and risk.

At the same time, the findings of this study disagree with some of the concepts existing in the literature. For example, it challenges the widely applied conceptualization of pros and cons of the network theory approach to SME internationalization. The networking perspective was recognized as having an advantage over stage-based and resource-based models in small and medium business sectors due to its ability to explain non-economic motives underlying the decision-making process of small business owners/managers (Coviello and Munro 1995, 1997; Oviatt and McDougall 1995, 1997). At the same time, the models based on it were argued to be highly qualitative, not predictive, and hardly measurable and operational (Malhotra, Agarwal and Ulgado 2003).

However, in this research the constructs reflecting SME's networking activities (degree of network involvement, symbiotic networking) as well as their attitudinal, managerial, cultural antecedents are measured and operationalized. The network theory approach to SME internationalization is conceptualized as a multi-leveled model that was converted to operationalizable terms and tested. In this way, the study overcame the traditional criticism existing in the marketing and managerial literature relative to the networking theory in that it does not provide a predictive and testable framework that could explain SME's internationalization.

Another contribution of the study to the field is that it validated the proposed model on a highly diversified sample coming from the three countries that are very distinct from each other in terms of culture, business, legal, political environment, history and traditions - USA, China, and Russia. These environments are also distinct in terms of level of economic development they represent: the developed economy (US), the emerging economy (China) and the transition economy (Russia). By employing this highly diversified sample not only is the credibility of the proposed model supported, but also the measures of the constructs proposed in marketing and management literature validated in a cross-cultural setting.

The obtained results of the study (the effect of resource-based control variables) provide evidence that network theory works better than a resource-based approach to explaining internationalization in the case of small and medium businesses. This finding builds on the existing research that compares relative predictive strength of various perspectives of internationalization in different industries and sectors of economy (Granovetter 1985; Chen and Chen 1998; O'Farrell, Wood, and Zheng 1998). The results are consistent with the findings of Carson *et al.* (1995), Coviello and McAuley (1999) and other researchers who argue that the limited support of resource- and OLI-based theories in case of SMEs is explained by the fact that in small businesses, subjective factors play a much higher role in managerial decision-making, including the decision on internationalization, rather than in large firms. This is because less rigid and more fluid managerial processes manage smaller firms, and these processes are often driven by the nature of the owner and manager and their personal contact networks.

The overriding interdisciplinary framework of the study can be stated as the crossroad of two streams of research—managerial research in the enterprise networking area and marketing research in the SME internationalization area. More specifically, it builds the bridge between SME networking and SME internationalization research fields. While being based on the tenets of networking theory, the study at the same time tests the relative applicability of networking and resource-based approaches by including resource-related factors as control variables in the model.

Managerial and Practical Relevance of the Study Results

The study results are relevant also from managerial and practical points of view as well. A major imperative among high performing SMEs is to seek new regional and global markets. This reflects the growth potential and dynamism of these enterprises (Liesch and Knight 1999). The study results suggest that different attitudinal, cultural, and managerial postures result in different types of networking relationships that have an impact on SME's internationalization process. Networking interactions as a vital component of corporate strategy play the core role in small and medium businesses' overseas expansion. The obtained findings may assist in identifying networking clusters of SMEs in different countries that are more likely to enter foreign markets.

The performed research provides evidence that internationalizing SMEs may increase their competitiveness through the networking collaboration, especially while acting in the conditions of a turbulent environment. The results of the study suggest that the symbiotic type of network ties will facilitate their internationalization. Under the situation of unpredictable and changing environment, SMEs starting their overseas operations could develop their niche in the international market by drawing strength from networking interactions. In contrast, in non-turbulent environments, networking collaboration does not play a primary role contributing to the internationalization process.

In terms of managerial application of the obtained results, the analysis of path coefficients suggests that managers of SMEs, while building their internationalization strategy should pay primary attention to close and mutually dependent (i.e. symbiotic) relationships with their network members. This type of relationship may be achieved, for example, in an enterprise that specializes in some small particular segment of a value supply chain, and relies on outsourcing and other forms of close cooperation with its network members. One of the numerous examples of this type of an enterprise in the textile industry is an SME specializing in designing special garments and selling its templates to a sewing factory for production of ready-made goods. This kind of a small business has a better chance of successfully internationalizing rather than the one that combines market research, product design, production and distribution functions in one SME and is relatively independent of its network members.

The fact that the relationships between networking variables and internationalization work much better under the conditions of a turbulent rather than non-turbulent environment, from a managerial point of view, suggests that managers should pay special attention to networking activities as an antecedent of internationalization in the situation of an unstable and contingent business environment. For instance, in a situation of economic crisis the impact of a firm's networking relationships on internationalization is much stronger rather than in economically stable conditions.

The research findings can be of interest to four major groups of stakeholders. First are *governmental organizations* that are executing policies and regulations related to domestic small businesses. The role of federal and local governmental authorities in SME internationalization is extremely high. This role is conditioned by the scarce resource base of most small business sector enterprises and, respectively, their need for various kinds of governmental assistance in different areas, including internationalization. Those SMEs that are entering foreign markets require comprehensive support in financial, organizational, informational and other areas.

By understanding the networking mechanisms of SME internationalization, governmental organizations may execute more articulated and well-targeted programs of small business support. To be effective, these programs must be geared to networks of business entities rather than individual businesses or groups of businesses identified based on other parameters rather than their networking characteristics. Making a distinction between symbiotic and commensal networking entities will also assist in making the SME internationalization support campaigns more effective and efficient.

Another group of stakeholders that the results of this study benefit is *international organizations*. The bi-directional impact of small businesses and the largest global organizations, such as WTO, World Bank, etc., is growing, in addition to smaller international and regional structures (Gilmore *et al.* 2006). The results of this study provide international organizations with knowledge needed for elaboration and carrying out international networking programs for small and medium enterprises. It especially refers to those international organizations and multinational structures that act within the Asia-Pacific framework (which includes the U.S., China, and Russia), such as the Asia-Pacific Economic Cooperation (APEC).

The results of the study should be demanded by *educational institutions*, especially those business colleges and schools that have Executive MBA programs in Entrepreneurship and International Business areas as well as those who maintain Small Business Centers and other outreach activities aimed at relationships with local entrepreneurial communities. Understanding networking factors leading to SME internationalization as well as vision of their behavioral, cultural, attitudinal and environmental antecedents helps to develop educational programs, training projects, seminars, workshops, etc. designed for owners and managers of those enterprises that are entering world markets.

Finally, the findings may assist *small and medium businesses* themselves. The theoretical comprehension of a networking perspective of internationalization provides guidance in the area of building network relationships for facilitating the fulfillment of an enterprise's business goals for global markets and more effective planning of internationalization processes. SME executives may strategically plan the intended internalization steps based on diagnosing their current networking position (in terms of both the degree and type of network involvement) and turbulence of their business environment. Most importantly, they may strive to take practical steps to enhance their network involvement and evolve from one type of networking strategy to another (e.g., from commensal to symbiotic) in case it better fits their internationalization strategy.

Another area of application of the study's results to business practice is elaboration of managerial tools of managing multinational entrepreneurial businesses and business entities with culturally diverse staff. Proper understanding of the mechanisms of a culture's impact on SME networking and internationalization helps their managers in turning cross-cultural distinctions that exist within these enterprises into a valuable asset rather than an obstacle to their effective functioning.

Study Limitations and Future Research Directions

The study has certain limitations that must be recognized and discussed. First, the sample is homogeneous in terms of industry that the SMEs included in it represent. All of them belong to the textile industry (fabrics, garments and accessories production and distribution). This choice was made based on the rationale of keeping control over the "industry" variable in order to avoid criticism that the variance in the dependent variable results from the difference of industries that companies represent rather than from variance in networking, attitudinal, managerial, cultural, and environmental variables included in the model.

Another reason for the industry choice was that since the textile industry deals with tangible goods, it is an example of the "conservative" choice while performing a network theory – related study. Literature suggests that SMEs operating in knowledge-based industries (e.g., software production) and in services (e.g., consulting) are to a higher degree predisposed to being dependent on networking relationships than those dealing with tangible goods manufacturing and distribution (Coviello and Martin 1999; Coviello and McAuley 1999). Therefore, the results that are obtained in the "conservative" industry can be treated as those that can be generalized across the whole array of industries.

Generalizability of the research results can be made only after performing the studies that validate the findings in other industries. Two industrial cluster samples, which can be used for future research are knowledge-based industries and service industries. Examples of knowledge –based industries from which SME samples could be drawn are information and communications technologies, computer industry, electronics, biotechnology, and healthcare equipment. Examples of service-based SMEs that could be used in future research are financial services, tourism, media and information services, real estate, and transportation.

Another important limitation of the study is that it uses samples drawn from only three countries: the U.S., China, and Russia. Though consisting of highly distinct cultures, this sample does not represent the entire diversity of the global cultural, economic, legal, and social environment. The future research should validate this study's results as well as measures of the constructs applied in it in environments that are more diverse.

To be consistent with SME internationalization theory, the decision about the sampling design for future studies should be based on the methodology of the division of the world into major psychic zones. These zones, according to Ronen and Shenkar (1985) and Sullivan (1994) are: 1) Anglo (U.S., Canada, Australia, New Zealand, United Kingdom, Ireland, South Africa); 2) Germanic (Germany, Austria, Switzerland); 3) Nordic (Finland, Norway, Denmark, Sweden); 4) Latin European

(France, Belgium, Italy, Spain, Portugal); 5) Latin American (Argentina, Venezuela, Chile, Mexico, Peru, Colombia); 6) Far Eastern (China, Malaysia, Singapore, Hong Kong, Philippines, Vietnam, Indonesia, Taiwan, Thailand); 7) Arab (Bahrain, United Arab Emirates, Oman, Kuwait, Saudi Arabia); 8) Near Eastern (Turkey, Iran, Greece); 9) "Independent" (Brazil, Japan, India, Israel); and 10) Any other country not mentioned above. The heterogeneity of the sample for SME internationalization and networking studies can be achieved by drawing samples from different world psychic zones.

Additional limitations are connected using the WebSurveyor data collection tool. The sample was limited to those respondents who have Internet access. Except that, the sample frame included those companies that are a member of certain organizations (in case of China and Russia) or who listed their businesses in Textile Yellow Pages (in case of the U.S.) These SMEs are already members of certain networks or at least are predisposed to network relationships; therefore, their “network involvement” score may be higher than industry average. Future studies must use a broader sample frame in order to encompass those businesses that do not have Internet access and are not members of some pre-defined organizations or network entities.

One more limitation of the study is the usual caveats concerning the use of self-reported questionnaires and single organizational informants. The self-report, non-report, and other biases typical for this sampling design and data collection method require further validation of study results. Future studies may be based on smaller samples, but incorporating multiple informants within one firm. The use of other scales that exist in the literature rather than those that were applied in this study would assist in validation of research findings.

Future research agendas may also include the investigation of influence of different types of symbiotic and commensal networking on SME's internationalization. As discussed in Chapter II, these sub-types are confederate and agglomerate collectives (commensal networking) and conjugate and organic collectives (symbiotic networking). This path of research appears to be promising; first of all because this sub-classification differentiates between direct and indirect types of networking collaboration (confederate and conjugate collectives belong to the direct type, while agglomeate and organic collectives belong to symbiotic type) (Astley and Fombrum 1983). The theory as well as the author's managerial experience indicates that the influence of direct and indirect types of networking on the pace of internationalization should be expected to be different.

Future studies can also include additional variables in the model. For instance, other factors such as networking antecedents may be explored. They can include additional dimensions of managerial style constructs (Tse *et al*. 1988; Albaum *et al*. 1992), other cultural variables (Hofstede 1980; Hall 1976) as well as different attitudinal variables (Rhinesmith 1993; Arora *et al.* 2004).

Concluding Statement

The small and medium business networks are playing more of a substantial role in the world economy. The study attracts attention to the fact that the relevance of the networking perspective of SME internationalization in the contemporary marketing and managerial science is drastically increasing. This happens mainly because the modern economic landscape is characterized by the rapid development of networking mechanisms based on Web information resources, communication tools and transactional technologies.

The obtained findings clearly indicate that now it is more difficult for small and medium- sized firms to operate independently, in relatively protected environments. Networks now compete for the market share in international markets and contemporary entrepreneurs are able to gain a competitive edge by utilizing the pooled capabilities and knowledge stock of their networks. The paradigm shift from SME's independence toward interdependence makes the networking approach one of the most dynamic and promising fields of scholarly research. Academia faces the challenge of conceptualizing network capabilities existing for SMEs in a new era and indicating means for effective utilization.

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APPENDICES

Appendix A. Questionnaire Items and Response Format (the U.S. Version)

You are invited to participate in a survey that investigates the influence of small and medium enterprises' (SMEs) networking activities on their internationalization and is a part of a Doctoral dissertation of Cleveland State University College of Business Administration student Andrei Mikhailitchenko (phone 216-246-4035).

The questionnaire will take 10-20 minutes to complete. Your participation is fully anonymous, and the information obtained through it will never be used for contacting you in any way. Your participation is voluntary, and you may withdraw from the survey at any time without penalty. If you have any questions, feel free to contact either Andrei Mikhailitchenko via the phone number mentioned above, or his academic advisor Dr.Thomas W.Whipple (216-687-4771).

In case of any concerns or suggestions you may also contact CSU Institutional Review Board for Human Subjects in Research that is responsible for ensuring compliance with all Federal and State regulations regarding human subjects. Their phone number is 216-687-3630, fax number is 216-687-9382, mailing address is: Cleveland State University Office of Sponsored Programs and Research, 2121 Euclid Avenue, KB 1150, Cleveland, OH 44115-2214, and e-mail address is: k.maccluskie@csuohio.edu.

Thank you for your cooperation.

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1) What is the size of your firm (number of employees)?

[ ] people

2) What is the age of your company?

[ ] years

3) Does your firm have any operations on international market?

○ Yes ○ No

4) If yes, within how many years your firm has been operating on international market?

[ ] years

5) What is approximately three-year average of foreign sales as percentage of total sales in your company?

[ ] percent

6) What is approximately three-year average of foreign assets as a percentage of total assets in your company?

[ ] percent

7) How many overseas partners your company has, as percentage of total partners?

[ ] percent

8) What is approximately cumulative duration of firm managers' *international* assignments weighted by the reported total number of years of work experience of the management team?

[ ] percent

9) How many among the following ten psychic zones of the world your company operates in: *1)Anglo (U.S., Canada, Australia, New Zealand, United Kingdom, Ireland, South Africa); 2) Germanic (Germany, Austria, Switzerland); 3) Nordic (Finland, Norway, Denmark, Sweden); 4) Latin European (France, Belgium, Italy, Spain, Portugal); 5)Latin American (Argentina, Venezuela, Chile, Mexico, Peru, Colombia); 6)Far Eastern (China, Malaysia, Singapore, Hong Kong, Philippines, Vietnam, Indonesia, Taiwan, Thailand);7)Arab (Bahrain, United Arab Emirates, Oman, Kuwait, Saudi Arabia); 8)Near Eastern (Turkey, Iran, Greece); 9)"Independent" (Brazil, Japan, India, Israel); 10) Any other country not mentioned above.*

[ ] zones

10) How important are for your company network relationships with other companies in the following aspects of business:

	Extremely Important	Very Important	Important	Somewhat Important	Not Very Important	Not Important At All
Contacts with new customers						
Obtaining market information						
Access to distribution channels						
Advertising						
Product and service development						
Assistance in obtaining business loans or investments						

11) Recall five major business partners of your company. Express your agreement/disagreement with statements below.
The relationship with these partners:

	Strongly Agree	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Strongly Disagree
Is something we are very committed to							
Is very important to us							

Is something we intend to maintain indefinitely							
Is something we really care about							
Deserves our maximum attention							

12) Express your agreement/disagreement with statements below

	Strongly Agree	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Strongly Disagree
Networking is the only way to achieve our growth objectives							
We will have to network in order to succeed in future							
It is important for our company to internationalize rapidly							
The company's management uses a lot of time for planning networking operations							
The growth we are aiming at can be achieved mainly through internationalizati on							
The founder/owner/m anagement of the company is willing to take the company to international markets							

The company's management sees the whole world as one big marketplace							

13) Express your agreement/disagreement with statements below:

	Strongly Agree	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Strongly Disagree
My company shares transportation/ licensing costs with some competitors							
My company is engaged in joint advertising/ research/ training/ sales/ procurement with some competitors							
My company practices pricing from industry- wide lists							
My company shares information with competitors							

14) Express your agreement/ disagreement with statements below

	Strongly Agree	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Strongly Disagree
There is always a considerable number of suggestions from employees in our company							
Decision is often delegated to the lowest level							
Consensus decision making is typical for the company							
Employees usually participate in decision making							

Employees have the freedom in selecting their own course of actions							
The employees do typically initiate improvements in our company							
The subordinates in my company are given a considerable amount of discretion							
The authority is in high degree delegated to employees							
The supervision in my company is democratic							
Supervisor is backing up for his/her employees							
Supervisor sacrifices for his/her employees							
Manager is often involved in family matters of employees							
Manager often helps employees with non-work related matters							
The atmosphere in our company is family-like							
The information flow within our company is free							
Supervisor is always aware of what happens within the unit							
Complaints always reach top manager							

Employees are always aware of changes in policies and directives							
Communications within our company are blocked							

15) Express your agreement / disagreement with statements below

	Strongly Agree	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Strongly Disagree
It is necessary to watch many conditions in the environment							
We can to a high degree predict the development in our environment							
Our environment only changes marginally							
Our environment only changes slowly							
We know what to watch in our environment							

16) Express your agreement / disagreement with statements below:

	Strongly Agree	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Strongly Disagree
In my company employees like to work in a group rather than by themselves							
If a group is slowing me down, it is better to leave it and work alone							
To be superior, a man must stand							

alone							
One does better work working alone than in a group							
I would rather struggle through a personal problem by myself than discuss it with my friends							
An employee should accept the group's decision even when personally he or she has a different opinion							
Problem solving by groups gives better results than problem solving by individuals							
The needs of people close to me should take priority over my personal needs							

Thank you for your time. If you have any questions or concerns about this survey, please feel free to contact me by e-mail a.mikhailitchenko@csuohio.edu.

Appendix B. Questionnaire Items and Response Format (Chinese Version)

中小企▪国▪化▪▪

本调查表的目的是进行一个关于国际中小企业的跨文化调查。请您回答下列问题，该调查青不署名，我们为将您提供的所有信息保密，除调查情况、统计数据外，本调查表内容不用于任何其它目的。

谢谢您用您宝贵的时间参与调查！

1）**贵公司的规模有多大？（员工人数）**

2）**贵公司成立多长时间？**

3）**贵公司在国际市场上有无业务？**

❍ 有
❍ 无

4）**如果有的话，贵公司在国际市场上的业务进行了多长时间？**

5）**平均每三年贵公司在国外市场上销售量占贵公司总销售量的百分比是多少？**

6）**平均每三年▪公司在国外市▪上的▪▪占▪公司▪▪▪的百分比是多少？**

7）**▪公司在海外有多少个合作伙伴，占▪公司所有伙伴的百分之几？**

8）
公司管理人员在国际业务中承担的任务多年积累下来占公司管理层多年总结出的管理经验总数的百分比是多少？

9)
▪公司的▪▪▪及以下全球十个主要地区的哪些地区：（1）北欧裔英▪系▪言区（美国、加拿大、澳大利▪、新西▪、英国、冰▪、南非）；（2）日尔曼▪言区（德国、奥地利、瑞士）；（3）北欧区（芬▪、挪威、丹麦、瑞典）；（4）拉丁▪系欧洲区（法国、比利▪、意大利、西班牙、葡萄牙）；（5）拉丁美洲（阿根廷、委内瑞拉、智利、墨西哥、秘▪、哥▪比▪）；（6）▪▪地区（中国、▪来西▪、新加坡、香港地区、菲律▪、越南、印度尼西▪、中国台湾、泰国）；（7）阿拉伯国家（巴林、阿拉伯▪合酋▪国、阿曼、科威特、沙特阿拉伯）；（8）中▪地区（土耳其、伊朗、希腊）；（9）“独立国家”（巴西、日本、印度、以色列）（10）其它国家

____

10) ▪于公司与其它公司的网▪▪系，下列商▪因素的重要程度:

	极其重要	非常重要	重要	比▪重要	一般	不重要
▪找新客▪	❍	❍	❍	❍	❍	❍
▪取市▪信息	❍	❍	❍	❍	❍	❍
▪入▪售▪域	❍	❍	❍	❍	❍	❍
广告	❍	❍	❍	❍	❍	❍
研制新▪品和售后服▪	❍	❍	❍	❍	❍	❍
▪得商▪▪款和投▪等▪助	❍	❍	❍	❍	❍	❍

11) 回想▪公司的五个商▪伙伴，表达▪下列▪述的意▪。
与▪些商▪伙伴的▪系▪▪公司来▪：

	很▪同	▪同	有点▪同	无所▪	有点反▪	反▪	很反▪
是我公司一直致力▪▪的	❍	❍	❍	❍	❍	❍	❍
▪我▪很重要	❍	❍	❍	❍	❍	❍	❍
是我▪▪划▪期▪▪的	❍	❍	❍	❍	❍	❍	❍
是我▪确▪在乎的	❍	❍	❍	❍	❍	❍	❍
▪得到我▪最大的▪注	❍	❍	❍	❍	❍	❍	❍

12) 表达▪下列▪述的意▪:

	很▪同	▪同	有点▪同	无所▪	有点反▪	反▪	很反▪
国▪化是我▪▪取▪▪▪展的唯一途径	❍	❍	❍	❍	❍	❍	❍
▪了未来的成功我▪不得不去与国▪商▪伙伴建立▪系	❍	❍	❍	❍	❍	❍	❍

迅速地使▪▪国▪化▪我▪公司十分重要	❍	❍	❍	❍	❍	❍	❍
公司管理▪花很多▪▪来▪划建立国▪合作▪▪	❍	❍	❍	❍	❍	❍	❍
我▪能▪通▪国▪化来▪▪我▪追求的目▪	❍	❍	❍	❍	❍	❍	❍
公司的▪▪者/▪有者/管理者愿意公司走向国▪市▪	❍	❍	❍	❍	❍	❍	❍
公司管理▪▪整个世界▪一个大市▪	❍	❍	❍	❍	❍	❍	❍

13) **表达▪下列▪述的意▪**:

	很▪同	▪同	有点▪同	无所▪	有点反▪	反▪	很反▪
我公司与一些▪争者分享运▪和特批▪用	❍	❍	❍	❍	❍	❍	❍
我公司▪衷于与一些▪争者合作广告/研究/培▪/▪售/采▪	❍	❍	❍	❍	❍	❍	❍
我公司根据工▪范▪列表定价	❍	❍	❍	❍	❍	❍	❍
我公司与▪争者分享信息	❍	❍	❍	❍	❍	❍	❍

14) **表达▪下列▪述的意▪**:

	很▪同	▪同	有点▪同	无所▪	有点反▪	反▪	很反▪
我公司▪常有相当数量的▪工建▪	❍	❍	❍	❍	❍	❍	❍
决断力水平▪常极低	❍	❍	❍	❍	❍	❍	❍
我公司决策制定一般比▪一致	❍	❍	❍	❍	❍	❍	❍
▪工▪常参与决策制定	❍	❍	❍	❍	❍	❍	❍
▪工有▪▪自己工作方式的自由	❍	❍	❍	❍	❍	❍	❍
在我公司▪工都能得到提高	❍	❍	❍	❍	❍	❍	❍
在我公司▪▪能▪听取下▪人▪的心声	❍	❍	❍	❍	❍	❍	❍
掌权者能▪▪工高度授权	❍	❍	❍	❍	❍	❍	❍
我公司的▪督管理是民主的	❍	❍	❍	❍	❍	❍	❍
管理者能在一定程度上保▪他/她的▪工	❍	❍	❍	❍	❍	❍	❍
管理者能▪他/她的▪工做出一定程度的▪牲	❍	❍	❍	❍	❍	❍	❍
管理者▪常介入▪工家庭事▪	❍	❍	❍	❍	❍	❍	❍
管理者▪常在与工作无▪的事▪上帮助▪工	❍	❍	❍	❍	❍	❍	❍
我▪公司的氛▪象家庭一▪	❍	❍	❍	❍	❍	❍	❍
在我公司内部信息流▪是自由的	❍	❍	❍	❍	❍	❍	❍
管理者▪常注意到▪位里▪生了什么	❍	❍	❍	❍	❍	❍	❍
抱怨能▪▪达到高▪管理者	❍	❍	❍	❍	❍	❍	❍
▪工▪是能意▪到政策和指令的▪化	❍	❍	❍	❍	❍	❍	❍
在我公司相互沟通很困▪	❍	❍	❍	❍	❍	❍	❍

15）**表**达▪**下列**▪**述的意**▪:

	很▪同	▪同	有点▪同	无所▪	有点反▪	反▪	很反▪
我▪必▪持▪地▪注周▪▪境	❍	❍	❍	❍	❍	❍	❍
我▪能清晰地▪▪我▪周▪▪境的▪展	❍	❍	❍	❍	❍	❍	❍
我▪的▪境▪化很小	❍	❍	❍	❍	❍	❍	❍
我▪的▪境▪化得很慢	❍	❍	❍	❍	❍	❍	❍
我▪知道去▪注我▪▪境的什么方面	❍	❍	❍	❍	❍	❍	❍

16）**表**达▪**下列**▪**述的意**▪:

	很▪同	▪同	有点▪同	无所▪	有点反▪	反▪	很反▪
我公司▪工更喜▪在▪▪中工作而不是自己工作	❍	❍	❍	❍	❍	❍	❍
如果一个▪▪会使我工作慢下来，我最好离▪他自己工作	❍	❍	❍	❍	❍	❍	❍
只有▪独工作的人都能取得杰出成就	❍	❍	❍	❍	❍	❍	❍
▪独工作比在▪▪中工作能得到更好的成果	❍	❍	❍	❍	❍	❍	❍
我更喜▪独自与个人的困▪▪斗而不愿与朋友▪▪	❍	❍	❍	❍	❍	❍	❍
即使一个▪工有不同于▪▪的意▪▪他/她也▪▪接受▪▪的决定	❍	❍	❍	❍	❍	❍	❍
依靠▪▪解决▪▪比依靠自己解决▪▪▪果要好	❍	❍	❍	❍	❍	❍	❍
▪▪▪先考▪朋友▪的需求，之后才是自己的需求	❍	❍	❍	❍	❍	❍	❍

谢谢您百忙之中答完问卷！如果对于这个调查您有任何问题或关注，请随时与我们联系，我们的e-mail是：a.mikhailitchenko@csuohio.edu

Appendix C. Questionnaire Items and Response Format (Russian Version)

Интернационализация малых и средних предприятий

Уважаемый респондент,

Этот опрос проводится в рамках международного исследования в Кливлендском университете (штат Огайо, США) по вопросам интернационализации малых и средних предприятий. Пожалуйста, уделите немного Вашего времени для ответа на эти вопросы. Полученная от Вас информация будет анонимной, конфиденциальной, и никогда не будет использована для каких-либо целей, кроме указанных выше.

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1) Каков размер Вашей фирмы (количество сотрудников)?

[ ] человек

2) Сколько лет существует Ваша компания?

[ ] лет

3) Имеет ли Ваша компания какие-либо операции на международном рынке?

○ Да ○ Нет

4) Если да, то в течение какого количества лет Ваша компания работает с международным рынком?

[ ] лет

5) За последние три года примерно какой процент продаж Вашей компании приходился на продажи на международном рынке?

[ ] процентов

6) За последние три года примерно какой процент активов Вашей компании приходился на зарубежные активы?

[ ] процентов

7) Каков процент иностранных партнеров среди общего числа партнеров Вашей компании?

[ ] процентов

8) Какую примерно долю своего рабочего времени менеджеры Вашей компании в среднем тратят на работу, связанную с операциями на международном рынке?

[ ] процентов

9) В скольких из указанных «культурно-психологических» зон мира Ваша компания ведет свои операции: 1) Англосаксонская (США, Канада, Австралия, Новая Зеландия, Великобритания, Ирландия, Южная Африка); 2) Германская (Германия, Австрия, Швейцария); 3) Нордическая (Финляндия, Норвегия, Дания, Швеция); 4) Латиноевропейская (Франция, Бельгия, Италия, Испания, Португалия); 5)Латиноамериканская (Аргентина, Венесуэла, Чили, Мексика, Перу, Колумбия); 6) Дальневосточная (Китай, Малайзия, Сингапур, Гонконг, Филиппины, Вьетнам, Индонезия, Тайвань, Таиланд); 7) Арабская (Бахрейн, ОАЭ, Оман, Кувейт, Саудовская Аравия); 8) Околовосточная (Турция, Иран, Греция); 9) «Независимая» (Бразилия, Япония, Индия, Израиль); 10) Любые другие страны, не поименованные выше.

зон

10) Насколько важно для Вашей компании партнерские отношения с другими компаниями в следующих аспектах бизнеса:

	Исключительно важны	Очень важны	Важны	В какой-то степени важны	Не очень важны	Вовсе не важны
Поиск новых покупателей						
Получение маркетинговой информации						
Доступ к каналам реализации продукции						
Реклама						
Разработка новых товаров и услуг						
Содействие в получении займов и инвестиций						

11) Вспомните пять основных бизнес-партнеров Вашей компании. Выразите свое согласие/несогласие со следующими утверждениями.
Отношения с этими партнерами:

	Абсолютно согласен (на)	Согласен (на)	Скорее всего, согласен (на)	Не знаю	Скорее всего, не согласен (на)	Не согласен (на)	Абсолютно не согласен (на)
Это нечто, к чему мы сильно привязаны							
Это то, что очень важно для нас							

Это то, что мы должны во что бы то ни стало всегда поддерживать							
Это то, чем мы действительно дорожим							
Заслуживают нашего максимального внимания							

12) Выразите Ваше согласие/несогласие со следующими утверждениями:

	Абсолютно согласен (на)	Согласен (на)	Скорее всего, согласен (на)	Не знаю	Скорее всего, не согласен (на)	Не согласен (на)	Абсолютно не согласен (на)
Интернационализация нашего бизнеса– это единственный путь достижения целей нашего развития							
Мы должны вступать в отношения международного бизнес-партнерства, чтобы преуспеть							
Для нашей компании важно интернационализировать свои операции быстрыми темпами							
Менеджеры компании уделяют значительную часть своего времени на							

планирование операций, связанных с международным сотрудничеством							
Рост, на который мы нацелены, может быть достигнут в основном через интернационализацию бизнеса							
Основатель/ собственник /управленцы нашей компании желают вывести нашу компанию на международные рынки							
Управленцы нашей компании видят весь мир как один большой рынок							

13) Выразите свое согласие/несогласие со следующими утверждениями:

	Абсолютно согласен (на)	Согласен (на)	Скорее всего, согласен (на)	Не знаю	Скорее всего, не согласен (на)	Не согласен (на)	Абсолютно не согласен (на)
Моя компания осуществляет совместные исследования с партнерами, поставщиками или покупателям							

и							
Моя компания вовлечена в совместную рекламу с партнерами, поставщиками или покупателями							
Моя компания активно участвует в деятельности бизнес-сообщества							
Моя компания является членом общественных, политических, религиозных организаций							
Моя компания вовлечена в совместные транспортные и лицензионные расходы с конкурентами							
Моя компания вовлечена в совместную рекламную/исследовательскую/тренинговую/реализационную/закупочную деятельность с некоторыми конкурентами							

Моя компания практикует получение ценовой информации из отраслевых каталогов и прайс-листов							
Моя компания делится некоторой информацией с конкурентами							

14) Выразите свое согласие/несогласие со следующими утверждениями:

	Абсолютно согласен (на)	Согласен (на)	Скорее всего, согласен (на)	Не знаю	Скорее всего, не согласен (на)	Не согласен (на)	Абсолютно не согласен (на)
Сотрудники нашей фирмы выдвигают большое количество предложений по поводу совершенствования ее работы							
Принятие решений в нашей компании часто делегируется на нижестоящий уровень							
Принятие решений методом консенсуса типично для нашей компании							
Сотрудники компании обычно участвуют в							

принятии решений							
Сотрудники пользуются свободой в выборе способов работы							
Сотрудники обычно инициируют инновации в нашей компании							
К подчиненным в нашей компании руководство обычно прислушиваетс я							
Полномочия в нашей компании в большой степени делегированы сотрудникам							
Управление в нашей компании демократично							
Управленцы в нашей компании проявляют заботу о своих подчиненных							
Управленцы в нашей компании приносят определенные жертвы ради своих подчиненных							
Управленцы в нашей компании часто вовлечены в семейные дела своих подчиненных							

Управленцы в нашей компании часто помогают сотрудникам с делами, не относящимися к работе							
В нашей компании семейная атмосфера							
Обмен информацией в нашей компании свободный							
Управленцы в нашей компании всегда в курсе того, что происходит внутри подчиненных подразделений							
Жалобы в нашей компании всегда достигают главного руководителя							
Сотрудники нашей компании всегда в курсе изменений в политике и порядках							
Общение внутри нашей компании блокировано							

15) Выразите свое согласие/несогласие со следующими утверждениями:

	Абсолютно согласен (на)	Согласен (на)	Скорее всего, согласен (на)	Не знаю	Скорее всего, не согласен (на)	Не согласен (на)	Абсолютно не согласен (на)
Нам необходимо держать в							

поле зрения многие окружающие нас условия							
Мы в значительной степени в состоянии предсказать развитие обстановки вокруг нас							
Наша среда меняется незначительно							
Наша среда меняется медленно							
Мы знаем, что в нашей бизнес-среде требует первоочередного внимания							

16) Выразите свое согласие/несогласие со следующими утверждениями:

	Абсолютно согласен(на)	Согласен(на)	Скорее всего, согласен (на)	Не знаю	Скорее всего, не согласен(на)	Не согласен (на)	Абсолютно не согласен(на)
В нашей компании сотрудники больше любят работать коллективно чем в одиночку							
Если коллектив тормозит мою работу, то лучше его оставить и работать в одиночку							
Только в одиночку человек							

может добиться выдающегося результата							
Работая в одиночку можно добиться лучших результатов, чем в коллективе							
Я предпочту пережить свою личную проблему сам, чем обсуждать ее с друзьями							
Сотрудник фирмы должен следовать коллективному решению даже тогда, когда у него другое мнение							
Групповое решение проблем дает лучшие результаты, чем индидуальное							
Нужды близких мне людей для меня приоритетны по сравнению с моими персональными нуждами							

Спасибо за уделенное Вами время. Если у Вас есть какие-либо вопросы по поводу этого опроса, пожалуйста, свяжитесь со мной через электронную почту по адресу a.mikhailitchenko@csuohio.edu.