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UNIVERSIDADE DE
COIMBRA

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**INTERNATIONAL STRATEGIC MANAGEMENT
OF SMALL AND MEDIUM-SIZED ENTERPRISES**

THE ROLE OF THE INTERNATIONAL TOP MANAGERS' PSYCHOLOGICAL
CHARACTERISTICS AND NETWORKING BEHAVIORS IN THE FIRMS'
INTERNATIONAL STRATEGY AND INTERNATIONAL PERFORMANCE

Tese no âmbito do Doutoramento em Gestão de Empresas orientada
pelo Professor Doutor Fernando Manuel Pereira de Oliveira Carvalho e
pelo Professor Doutor José António de Vasconcelos Ferreira e
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International strategic management of small and medium-sized enterprises

The role of the international top managers' psychological characteristics and networking behaviors in the firms' international strategy and international performance

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Aos meus pais, Ângelo e Lola

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RESUMO

Objetivo: O principal objetivo da presente tese de doutoramento passa por estudar as características psicológicas dos gestores de topo internacionais, a relação entre si e o seu papel na internacionalização das micro, pequenas e médias empresas (PMEs). O seu valor preditivo no comportamento de redes dos gestores de topo é também abordado devido à elevada importância do *networking* no contexto internacional das empresas.

O papel distinto que a inteligência cultural e a inteligência emocional dos gestores de topo internacionais podem desempenhar no grau de internacionalização das PMEs e, este grau no desempenho internacional das empresas constituem os dois principais ramos de investigação da presente tese. Neste âmbito, as estratégias internacionais das PMEs foram estudadas quanto à sua escala e escopo das atividades internacionais. Um outro objetivo da presente tese passa por perceber se os diferentes grupos estratégicos afetam a performance internacional de forma diferente. A performance internacional foi tomada enquanto constructo multidimensional composto pela dimensão internacional de performance financeira, estratégica e global.

Design/metodologia/abordagem: Esta tese de doutoramento centra-se nos gestores de topo internacionais das PMEs. A amostra é composta por 307 gestores internacionais com responsabilidade direta nas decisões internacionais das PMEs. O instrumento de recolha de dados é o questionário online enviado por e-mail aos fundadores, proprietários, diretores executivos (CEOs), gestores das atividades internacionais, gestores dos mercados internacionais ou gestores comerciais. Foram utilizadas medidas de autorrelato para mensurar os diferentes constructos e variáveis. O questionário foi alvo de um pré-teste com um painel de 10 indivíduos representando gestores que trabalham em empresas internacionalizadas. Para o teste das hipóteses, foram utilizadas as análises de correlação, análises de correlação parcial, análises de regressão hierárquica e o método de regressão logística multinomial.

Resultados: A relação entre a inteligência cultural e a inteligência emocional dos gestores de topo internacionais foi estudada. Estas emergiram como duas inteligências diferentes mas significativamente relacionadas. Emergiram também relações significativas entre as dimensões das duas inteligências e também preditores emocionais significativos da inteligência cultural. A inteligência cultural e a inteligência emocional emergiram como preditores significativos do comportamento externo de rede dos gerentes de topo

internacionais. Neste último constructo, uma nova estrutura fatorial foi retida. Foram definidos três grupos estratégicos internacionais com base na escala e escopo internacionais das PMEs, refletindo uma alta, média e baixa exposição internacional. Outro resultado principal propõe a inteligência cultural dos gestores de topo internacionais como uma capacidade distinta dentro das empresas que exibem um elevado posicionamento estratégico internacional. No que diz respeito à importante relação entre o grau de internacionalização e o desempenho internacional, os resultados mostraram que níveis mais elevados de compromisso com os mercados internacionais conduzem a melhores desempenhos financeiros, estratégicos e globais.

Implicações/Originalidade/Valor: A presente tese de doutoramento apresenta um modelo conceptual de internacionalização. A capacidade de adaptação a novos contextos culturais, como também a capacidade de raciocinar sobre as emoções, ou seja, a inteligência cultural e a inteligência emocional, dotam os gestores de topo com capacidades críticas para interagir em contextos multiculturais. Essas inteligências são aprendíveis e, portanto, constituem um importante conjunto de capacidades que o nível da gestão e o nível da organização devem levar em consideração no contexto internacional empresarial. O grau de internacionalização foi tomado como constructo multidimensional e o escopo internacional das empresas foi mensurado por dois ângulos importantes, o número de países e o número de blocos regionais onde as empresas operam. Os resultados são de extrema importância do ponto de vista teórico e da prática de gestão. A tomada de decisão estratégica das PMEs deve levar em consideração as relações e os resultados obtidos nesta tese de doutoramento.

Palavras-chave: internacionalização das PMEs; inteligência emocional; inteligência cultural; gestão intercultural; performance internacional

ABSTRACT

Purpose: The purpose of the present PhD thesis is to study the psychological characteristics of international top managers, and their relationship and role in the internationalization of micro, small and medium-sized enterprises (SMEs). Their predictive value on the top managers' networking behavior is also addressed due to the major importance of networking in the context of international business.

The distinctive role that international top managers' cultural and emotional intelligences play in SMEs degree of internationalization, and the latter in firms' international performance are the two main branches of this research. Accordingly, SMEs international strategies were studied, in terms of the scale and scope of their international activities. To ascertain whether different strategic groups affect their international performance differently is one of the major goals of the present thesis. The international performance was taken as a multidimensional construct composed by financial, strategic, and overall international performances.

Design/methodology/approach: This PhD thesis focuses on the SMEs' international top managers. The sample is composed of 307 SMEs international top managers with direct responsibility on the firms' international decisions. The data collection instrument is the online survey sent by e-mail to the founders, owners, chief executive officers (CEOs), managers of international activities, international market managers or commercial managers. Self-report measures were used to assess the different constructs and variables. The survey was pretested with a panel of 10 individuals representing managers working in internationalized enterprises. To perform hypotheses testing, the correlation analyses, partial correlation analyses, hierarchical regression analyses and the multinomial logistic regression method were used.

Findings: This thesis assessed the relationship between the international top managers' cultural and emotional intelligences. They emerged as two different, yet significantly related intelligences. Both significant relationships between their dimensions and significant emotional predictors of cultural intelligence emerged. Cultural intelligence and emotional intelligence appeared as significant predictors of the international top managers' external networking behavior. In this latter a new factor structure was retained.

Three international strategic groups were defined based on SMEs' international scale and scope reflecting a high, medium and low international exposure. Other major result

supports the international top managers' cultural intelligence as a distinctive capability within the firms that exhibit a high international strategic positioning. Regarding the paramount relationship between the degree of internationalization and international performance, results showed that higher levels of commitment with the international markets lead to better financial, strategic and overall international performances.

Implications/Originality/value: The present PhD thesis presents a conceptual model of internationalization. The capability to adapt to new cultural contexts as well as the capability to reason about emotions, i.e. the cultural and emotional intelligences, endow top managers with critical abilities to interact in multicultural contexts. These intelligences are trainable, therefore they are an important set of capabilities that the managerial and the organizational levels should take into consideration in the international business context. The degree of internationalization was taken as a multidimensional construct and the firms' international scope, was assessed by two important angles, the number of countries and the number of regional blocs where the firms operate. The results are of utmost importance from theoretical and managerial practice points of view. The strategic decision-making of SMEs should take into consideration the relationships and the results obtained in this PhD thesis.

Keywords: SMEs' internationalization; emotional intelligence; cultural intelligence; cross-cultural management; international performance

LIST OF PUBLICATIONS

SCIENTIFIC FIELDS:

International strategic management, Psychology, and Networks

The present PhD thesis resulted in the publication of the following scientific articles.

ARTICLE 1: International strategic management: A conceptual model with top managers' emotional intelligence, cultural intelligence, and networking

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ARTICLE 2: Emotional intelligence and cultural intelligence in top management of international SMEs

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CONFERENCE PAPER: A inteligência emocional e cultural nos processos de internacionalização: Uma abordagem metodológica

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LIST OF ABBREVIATIONS, ACRONYMS, AND SYMBOLS

AVE	Average variance extracted
BEC	Building external contacts
BEH	Behavioral
BMEC	Building and maintaining external contacts
χ^2	Chi-square
CCEC	Commitment in creating external contacts
CEOs	Chief executive officers
CFA	Confirmatory factor analysis
CFI	Comparative fit index
CMB	Common method bias
COG	Cognitive
CQ	Cultural intelligence
CQS	Cultural Intelligence Scale
CR	Composite reliability
α	Cronbach's Alpha
d	Durbin-Watson statistic
DoI	Degree of internationalization
EFA	Exploratory factor analysis
EI	Emotional intelligence
ENB	External networking behavior
FSTS	Foreign sales to total sales
G	Gender
IFP	International financial performance
IOP	International overall performance
ISP	International strategic performance
IQ	Conventional analytic intelligence
KMO	Kaiser-Meyer-Olkin
MC	Metacognitive

MCSDS	Marlowe Crowne Social Desirability Scale
MEC	Maintaining external contacts
MOT	Motivational
OEA	Others-emotions appraisal
PCFI	Parsimony comparative fit index
RIE	Respondents' international experience
RMR	Root mean square residual
RMSEA	Root mean square error of approximation
ROE	Regulation of emotion
SD	Social desirability
SEA	Self-emotions appraisal
SMEs	Micro, small and medium-sized enterprises
SRMR	Standardized root mean square residual
UEC	Using external contacts
UECWW	Using external contacts in a win-win perspective
UOE	Use of emotion
VIF	Variance inflation factor
WLEIS	Wong and Law Emotional Intelligence Scale
WLEIS-P	Wong and Law Emotional Intelligence Scale Portuguese translation

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INTRODUCTION

GENERAL INTRODUCTION

The present PhD thesis focuses on the business context of Portuguese international small and medium-sized enterprises (SMEs). Research on SMEs is a field of utmost importance and interest (Steinhäuser et al., 2020) due to the high economic and social relevance of these enterprises (European Commission, 2015), their increasing presence in the international business environment (Morais & Ferreira, 2020) and influence in the world economy (Genc et al., 2019). SMEs' internationalization is a growing phenomenon and one of the main business strategies (Ismail & Kuivalainen, 2015), which merits attention from scientific research. Therefore, the study of business internationalization in Portugal, according to the observatory of economic complexity was, in 2018, the 44th largest export economy in the world (Datawheel, 2020), is a highly pertinent line of research, especially given their decisive role for the country's economic growth (Lages et al., 2009) and the fact that exports have grown and have an important role in rebalancing the economy (European Commission, 2020). At this point, to further support the importance of studying the internationalization of SMEs in Portugal, according to the European Commission (2020), it should be stressed that Portugal has the potential to promote a greater internationalization of SMEs. Thus, knowing and understanding how the international strategies of the SMEs can be affected and which are their outcomes is important both to them and to the country's economy.

Moreover, in this context, studying SMEs' international decisions (Lobo et al., 2020) as well as the relationship between SMEs' internationalization and performance (Hosseini et al., 2018; Morais & Ferreira, 2020; Steinhäuser et al., 2020) are both relevant and current lines of research. In fact, SMEs' international strategy is a field that deserves more investigation (Lobo et al., 2020), namely in its relationship with performance (Benito-Osorio et al., 2016).

It should be stressed that within the international business context, several emotional and cultural vicissitudes may emerge due to the high cultural diversity which managers have to deal with. This thesis takes international top managers' emotional and cultural intelligences as major psychological characteristics to address international environments (Moon, 2010). Additionally, networks and the networking activity embody important dimension to firms' internationalization (Hughes et al., 2019; Jin & Jung, 2016;

Musteen et al., 2014). Therefore, this research also focuses on the fact that the international context calls for managers' networking behaviors.

The present PhD thesis is grounded on the fields of the international business management, psychology, and networks. The conceptual and empirical approach addresses the small and medium-sized enterprises' international strategy and international performance, their international top managers' psychological characteristics and networking behaviors.

This investigation, follows and analyzes the holistic model of Kuivalainen, Sundqvist, et al. (2012) making it analytically fitting to the SMEs' international strategic groups concerning their international scale and scope and considering their antecedents and performance. In fact, the research into the SMEs' internationalization with due consideration to its dimensions, antecedents and performance is relevant and necessary (Kuivalainen, Sundqvist, et al., 2012).

The antecedents of the SMEs' international strategy are composed by international top managers' psychological characteristics, namely cultural intelligence (CQ) and emotional intelligence (EI). These two intelligences appear to have a relevant role in international top managers' cross-cultural interactions (Alon & Higgins, 2005; Jyoti & Kour, 2017; Moon, 2010). In fact, the characteristics of the top managers play an important role in business internationalization (Li, 2018; Oesterle et al., 2016; Saeed & Ziaulhaq, 2019). In this line, their psychological attributes have a relevant role to firms internationalization (Anwar et al., 2018). Additionally, the relationships by networks are considered an important element for firms' internationalization (Masiello & Izzo, 2019). Thus, in this context, the international top managers' CQ and EI are taken as significant antecedents to their networking behaviors (e.g. Charoensukmongkol, 2015; Leonidou et al., 2019), and the later on firms' international strategies.

The international strategy is addressed through firms' international strategic groups, taking into consideration their international strategic decisions concerning scale and geographical scope. The scale reflects the intensity of the firms' international presence, and the geographical scope the number of countries or regions in which they operate (Tallman & Li, 1996; Zahra, 2020). In this research, international SMEs are considered a macro strategic group with different groups within it, according to the firms' international exposure (López, 2007). As an important and widely used indicator within the firms' internationalization (Cerrato et al., 2016; Genc et al., 2019; Kuivalainen, Sundqvist, et al., 2012), the degree of internationalization (DoI) was applied to assess firms'

internationalization through the combination between those dimensions, the scale and scope of internationalization.

Concerning the SMEs' international performance, the present thesis also acknowledges a required multidimensional approach with different types of outcomes (Carneiro et al., 2016; Diamantopoulos & Kakkos, 2007; Gerschewski & Xiao, 2015). The financial and strategic objectives of the firms' international activities are taken into account, together with an overall evaluation of the international activities respectively. Additionally, the importance and satisfaction of the different objectives were assessed in order to accomplish a more accurate measure of international performance (Diamantopoulos & Kakkos, 2007).

To perform this investigation, a conceptual conjugation was followed between the literature concerning the rationale of the positive influence of internationalization over the firms' performance, the upper echelons (UE) theory, resource-based view (RBV) and networks theory.

According to the stated main branches of this research, it should be stressed, as a recent line of research, the scientific relevance of studying top managers' characteristics within the field of international management and the SMEs' internationalization (e.g. Adomako et al., 2019; Anwar et al., 2018; Crespo & Aurélio, 2020; Hsu et al., 2013; Prange & Pinho, 2017). Top managers play a decisive role within business internationalization (Hsu et al., 2013; W.-T. Lin & Liu, 2012; Saeed & Ziaulhaq, 2019). In this field, the influence of their psychological characteristics on firms' international decisions is acknowledged and embodies an important line of research (Adomako et al., 2019; Anwar et al., 2018; Crespo & Aurélio, 2020; Francioni et al., 2015; Oesterle et al., 2016). This thesis, takes international SMEs top managers' emotional intelligence as an important facilitator to interact within the firm' intercultural contexts and as an important capability that deserves more research in the organizational context (e.g. Leonidou et al., 2019). Accordingly, "researchers recognize that emotionally intelligent individuals are an essential factor for organizational success" (Clark & Polesello, 2017, p. 339), even though there is a lack of research concerning their roles within the international business environments (Y. Lin et al., 2012). This research takes EI as the "[...] capacity to reason about emotions, and of emotions to enhance thinking" (Mayer et al., 2004, p. 197) and follows its multidimensional nature with four dimensions: self-emotions appraisal (SEA); others-emotions appraisal (OEA); use of emotion (UOE); and regulation of emotion (ROE) (Ingram et al., 2019). Following Y. Lin et al. (2012), EI allows for those who interact with different cultures, to be more capable of expressing their

emotions, to understand those of others, and to use and regulate emotions towards a more appropriate way of acting. In the international business context, cultural diversity is a constant that forces individuals to deal with the most varied and different cultural aspects (Earley & Mosakowski, 2004; Van Dyne et al., 2012). Thus, cultural competencies are a prerequisite (Vaccarini et al., 2019), and cultural intelligence a significant capability, for interacting in intercultural business environments (Imai & Gelfand, 2010). “Cultural intelligence refers to a person's capability to adapt effectively to new cultural contexts” (Earley & Ang, 2003, p. 59) and this research takes it as a multidimensional construct with four dimensions: metacognitive (MC), cognitive (COG), motivational (MOT) and behavioral (BEH) (Ang et al., 2007). This is a recent concept that requires further research (Crowne, 2013b). Therefore, this thesis focuses on the emotional intelligence and cultural intelligence of the international SMEs' top managers. These intelligences are taken as significant capabilities for the top managers' interactions within cross-cultural contexts (Alon & Higgins, 2005; Jyoti & Kour, 2017; Moon, 2010). In this sense, given the importance of these capabilities, this research examines the relationship between EI and CQ. This is a significant subject of research that also requires further empirical studies (Crowne, 2013a).

Moreover, this research focuses the networking facet of the SMEs' international top managers. Within the international business environment the relationships by networks play a relevant role (Masiello & Izzo, 2019). Following Johanson and Vahlne (2009), the business environment is a network embedded by relationships. Accordingly, managers are faced with a lot of relationships when in the performance of their responsibilities. Thus, networking is a crucial activity to the SMEs' internationalization, that allows firms to solve constraints about resources, to recognize opportunities and to promote access to information (Hughes et al., 2019; Ismail & Kuivalainen, 2015; Jin & Jung, 2016). Networking incorporates internal and external behaviors into organizations (Gibson et al., 2014). In this sense, the present research studies top managers' external facet of networking behavior and takes individual differences as major antecedents (Wolff et al., 2008). In this context, studying the antecedents of the networking behaviors outside the firms is paramount to understand how networking relationships may be affected. Psychological characteristics involve relevant drivers of networking (cf. Gibson et al., 2014). As mentioned, CQ and EI are two major capabilities to interact in multicultural environments. In fact, when performing their responsibilities, international top managers face different types of emotional and cultural vicissitudes. Thus, these two intelligences, given their potentialities, may facilitate their

intercultural interactions. Accordingly, CQ is a required capability for cross-cultural interactions (Caputo et al., 2018) that helps to build quality relationships with foreign customers, suppliers and competitors (Charoensukmongkol, 2015). Those with higher levels in this intelligence, when dealing with cross-cultural contexts, are more disposed to interact with others due to their cross-cultural adjustment capability and cooperative attitudes (Imai & Gelfand, 2010; Jyoti & Kour, 2017). Concerning EI, this capability appears to have a significant role within networks and external networking behavior (Naudé et al., 2014). Due to the interpersonal relationships within networking (Gibson et al., 2014), EI appears to have an important role, explained by its benefits in social interactions (Mayer, Salovey, et al., 2008). Therefore, this research suggests that those who better reason about emotions and use emotional knowledge to enhance thought (Mayer, Roberts, et al., 2008) are better prepared to improve their networking behaviors. Taking the above into account, the conceptual and empirical approach, takes CQ and EI as significant antecedents of the international top managers' external networking behaviors within the international context of SMEs. It is suggested that the capability to adapt to new cultural contexts and the capability to reason about emotions and to use emotional knowledge to enhance thought improve international top managers' networking behaviors outside firms. This embodies an under-researched topic with relevance for the SMEs' internationalization and to the networks literature.

Moving on with the research line, it should be emphasized that within SMEs' international environments, the competitiveness and dynamic of markets is high. In this context, top managers in charge of the firms' main international decisions face a set of differences, difficulties and complexities that generate other vicissitudes, namely emotional and cultural, which they have to deal with. Accordingly, this research takes top managers' emotional and cultural intelligences as a significant set of capabilities to deal with international business environments, and more precisely as significant top managers' capabilities within distinct SMEs' international strategies. Hence, the present research addresses these psychological characteristics as distinctive capabilities that characterize the intensity and scope of firms' international strategies. The characteristics of top managers are a relevant, important and recent line of research within the SMEs international context (Adomako et al., 2019; Anwar et al., 2018; Nielsen, 2010; Saeed & Ziaulhaq, 2019), as is the influence of their psychological characteristics on firms' international decisions (Adomako et al., 2019; Anwar et al., 2018; Francioni et al., 2015; Oesterle et al., 2016). It should be stressed that this research follows the upper echelons theory. Accordingly, top managers make their strategic decisions on the basis of their observable, but also

psychological characteristics, that is, by their idiosyncrasies, affecting the firms' strategic outcomes (Carpenter et al., 2004; Hambrick, 2007; Hambrick & Mason, 1984).

Concerning the final line of research, the present thesis addresses the relationship between the SMEs' international strategies and international performance. This is a very important relationship within the field (Cerrato et al., 2016; Morais & Ferreira, 2020) and a current line of research (Morais & Ferreira, 2020; Steinhäuser et al., 2020). SMEs' international strategy embodies an opportunity for development and growth (Benito-Osorio et al., 2016; Navarro et al., 2010; Ruzzier et al., 2007), allows to achieve economies of scale and scope (Hsu et al., 2013) and enhances entrepreneurial performance (Gnizy & Shoham, 2014; Hsu et al., 2013). Thus, studying the impact of international strategy on firms' international performance is a critical line of research (Kuivalainen et al., 2007), a current discussion theme (Benito-Osorio et al., 2016) and a significant source of information for the activity of SMEs. To study this relationship, this research took the SMEs' international strategy as a multidimensional construct composed by the firms' international strategic decisions concerning the scale and scope of internationalization (e.g. Cerrato & Fernhaber, 2018). Accordingly, three different strategic groups were classified based on SMEs international exposure. Concerning international performance, it should be noted that this is an important issue, although surrounded by difficulties and inconsistencies regarding its measurement (Hult et al., 2008). In this study, a multidimensional approach with different outcomes concerning the SMEs' international performance is acknowledged (Carneiro et al., 2016; Diamantopoulos & Kakkos, 2007; Gerschewski & Xiao, 2015).

The major purpose of this thesis is composed by the study of four main research questions. Firstly, this research examines, within the international business context, whether emotional intelligence and cultural intelligence of the SMEs' international top managers are related. Secondly, this research examines whether the levels of CQ and EI of the international SMEs' top managers are associated with the performance in their external networking behavior. Thirdly, it studies whether top managers' emotional intelligence and cultural intelligence are distinctive capabilities within different SMEs' international strategies. The final research question concerns whether different combinations of the SMEs' international scale and scope affect SMEs' international performance differently.

This PhD thesis is composed by a group of five scientific articles, comprising the parts of the present thesis. Concerning the structure of the thesis, part one is composed of the theoretical foundation regarding the major theories and major branches of the research model. In that part, the literature revision is performed alongside with the development of

the conceptual model. Part two is composed by the article that investigates the relationship between the international top managers' emotional intelligence and cultural intelligence. In part three, the research examines whether the levels of CQ and EI of the international SMEs' top managers are associated with the performance in their external networking behavior. The following part, number four, presents the research concerning whether the top managers' emotional intelligence and cultural intelligence are distinctive capabilities within the different SMEs' international strategies. The last part, number five, addresses the association between the SMEs' international strategies and international performance. After the refereed structure, finally it is presented a global conclusion and the main limitations and future research avenues.

PART I

Theoretical approach and conceptual model of SMEs' internationalization

SMEs' INTERNATIONAL STRATEGY

TOP MANAGERS' PSYCHOLOGICAL CHARACTERISTICS

NETWORKING

INTERNATIONAL PERFORMANCE

INTERNATIONAL STRATEGIC MANAGEMENT: A conceptual model with top managers' emotional intelligence, cultural intelligence, and networking

ABSTRACT

The conceptual approach in this article follows and analyzes the holistic model of Kuivalainen, Sundqvist, Saarenketo, and McNaughton in 2012, making it analytically fitting to the SMEs' international strategic groups concerning their international scale and scope. That model, according to our conceptual proposal, needs a methodological readjustment to an effective conformity towards the cross-sectional research. Accordingly, we presented two main considerations. First, we put together a conceptual model, fitted towards the field of top managers' psychological characteristics as major antecedent of the firms' international strategy. Second, the proposed conceptual model is methodologically oriented for cross-sectional studies. In relation to the antecedents, we took top managers' emotional intelligence and cultural intelligence as distinctive capabilities of the firms' international strategy and as major antecedents of top managers' networking behaviors. Regarding firms' international performance as the major conceptual model outcome, a multidimensional approach is taken with financial, strategic, and overall performance. These elements of the international firms are regarded as of major importance within the international firms' enterprise architecture. Methodologically, we performed a bibliographic review on the fundamental concepts that we present in the model. Concerning the results, we provided a research model that raised a whole set of new leads for research with some proposals for future investigations.

Keywords: strategic management; internationalization; emotional intelligence; cultural intelligence; networking; international performance

This part of the thesis is composed of the article:

Cabral, Â. M. R., Carvalho, F. M. P. O., & Ferreira, J. A. V. (2020). International strategic management: A conceptual model with top managers' emotional intelligence, cultural intelligence, and networking. *Information*, 11(12), 577. <https://doi.org/10.3390/info11120577>

1. INTRODUCTION

The conceptual framework developed is grounded in international business, psychology, and networks fields. It addresses firms' international strategic groups, their international strategic decisions concerning the scale and scope of internationalization, and international performance. It also addresses the psychological characteristics of the international top managers in charge of the firms' international activities as distinctive capabilities that characterize the intensity and scope of firms' international strategy, as well as significant precursors of their networking behavior.

The methodological approach in this article follows and analyzes the holistic model of Kuivalainen, Sundqvist, et al. (2012), which calls for research into international patterns of small and medium-sized enterprises (SMEs), their identification, and explanation, with due consideration to their dimensions, antecedents, and performance. According to the model, the main dimensions for the internationalization patterns are the time, scale, and scope of internationalization. Regarding their antecedents, the model emphasize the managerial, firm, and environmental levels. In relation to performance, the model highlights, among others, the international financial performance, international growth performance, and performance relative to firm goals. Then, this paper focuses on the managerial level, specifically on the international top managers' psychological characteristics, namely, on emotional intelligence and cultural intelligence as major antecedents of the firms' international decisions concerning the scale and scope of internationalization. Regarding the international performance, our approach reflected the emphasized performance relative to firm goals concerning the international financial and strategic spectrum as well as the overall international performance.

Therefore, the present theoretical proposal follows the conceptual overview of the internationalization patterns of Kuivalainen, Sundqvist, et al. (2012), making it analytically fitting to the SMEs' international strategic groups concerning their international scale and scope. Within the international business field the bulk of research is controlled by cross-sectional studies. The longitudinal ones are a minority. Hence, the presented model (Figure 1), according to our proposal, needs a methodological readjustment to an effective conformity towards the cross-sectional research. Therefore, taking into account the dynamic nature of the top managers' emotional and cultural intelligences, since these are learnable and can be improved over time (Ramsey et al., 2017; Santos et al., 2018), and the fact that

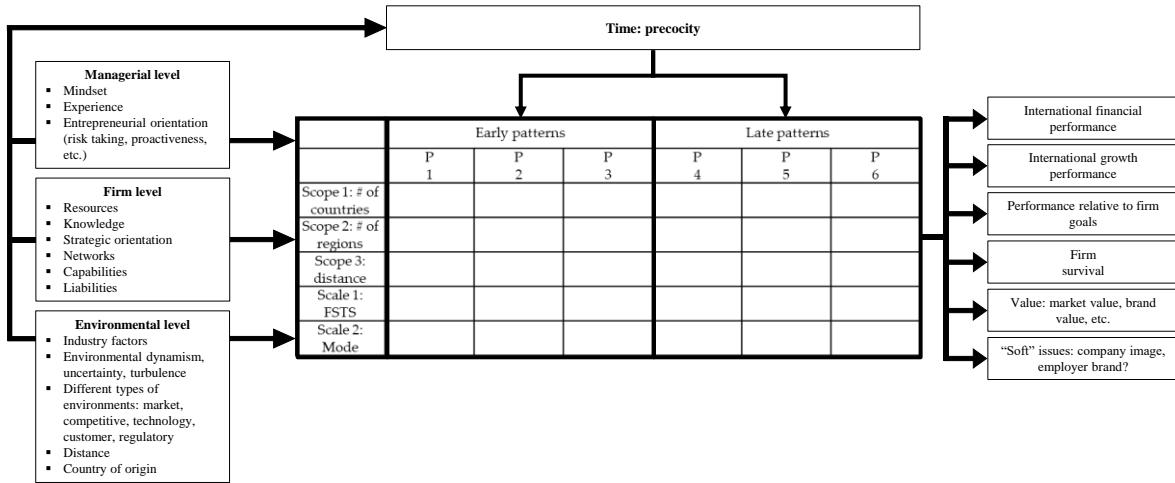
the top managers may not be the same of those at the beginning of the firm's internationalization process, we must avoid studying their influence on the past decision to internationalize. Thus, we took as non-methodologically adequate studying the influence of the current top managers' intelligence levels over the time dimension that reflects the time span between the founding of a firm and the beginning of the internationalization process. In line with this, and also due to the dynamic nature of internationalization (Olejnik & Swoboda, 2012), we emphasize the methodological adequacy of the longitudinal analysis. It contributes to a deeper understanding of the internationalization causal relationships between antecedents and outcomes (Cerrato et al., 2016). Therefore, for that purpose, laboratories of firms should be set up, and there should be built laboratories information systems to collect and monitor all the information of interest for the respective phenomena under study.

Through our bibliographic review, we present a model with a cross-sectional methodological character. Our conceptual proposal consists of a research model with two new considerations. In the first place, the conceptual model is fitted towards the field of the top managers' psychological dimension, specially, emotional intelligence and cultural intelligence as antecedents of the firms' international strategy. Secondly, the proposed conceptual model contains a fundamental methodological signature for cross-sectional studies. Moreover, through our bibliographic review of the different concepts and theories, the proposed model takes those two types of top managers' intelligences as distinctive capabilities of the firms' international strategy and as major antecedents of their networking behaviors. Due to the relevance and scientific interest regarding firms' performance, the international performance as major consequence of the firms' international strategy is considered in a multidimensional approach with different types of outcomes.

Taking the above into consideration, the next Figure 1 exhibits the referred model that supports the conceptual line of our theoretical approach.

With regard to top managers characteristics in business internationalization, those embody an important, recent, and necessary line of research (Anwar et al., 2018; Hsu et al., 2013; Li, 2018; Oesterle et al., 2016; Saeed & Ziaulhaq, 2019). Organizations do not tread their paths alone, (Hambrick, 2007; Hambrick & Mason, 1984) and top managers are central decision-makers (Nielsen, 2010). Their personal characteristics are relevant to SMEs' international performance and can be decisive to overcome weaknesses concerning resource availability (Prange & Pinho, 2017).

Figure 1. Kuivalainen, Sundqvist et al.'s (2012) model of internationalization patterns, antecedents, and outcomes.



Note: # (number). **Source:** Kuivalainen, Sundqvist, Saarenketo and McNaughton, "Internationalization patterns of small and medium-sized enterprises", published in the journal International Marketing Review in 2012, page 452.

Hambrick and Mason's (1984) theory argued precisely this important connection between managers' characteristics, strategic decisions, and performance. In international strategy, the vast body of literature that focuses on the relationship between internationalization and performance is short on the influence of top managers' characteristics (Hsu et al., 2013). Their characteristics should also not be neglected concerning international decisions (Adomako et al., 2019; Anwar et al., 2018; Oesterle et al., 2016). Furthermore, research on managers' psychological characteristics and a firm's degree of internationalization is a current and relevant subject (Adomako et al., 2019; Oesterle et al., 2016). Several studies support the claim that certain of these characteristics are promoters of early, fast, and larger scale and scope internationalization (Kuivalainen, Sundqvist, et al., 2012).

Given the relevant role of international top managers' psychological characteristics on firms internationalization, and having in mind the existing research gap (Anwar et al., 2018), the present paper emphasizes their intelligence by combining emotional intelligence (EI) and cultural intelligence (CQ). We argue in this article that top managers' cultural and emotional intelligences are distinctive capabilities to deal with the emotional and cultural challenges of the firms' international expansion. EI is taken as significant to deal with the emotional vicissitudes from the diverse international environments, contacts, and realities. In this context, cultural diversity also demands accordingly a set of capabilities to deal with its differences and challenges (Imai & Gelfand, 2010). To that end, we took cultural intelligence as a major intelligence to top managers' actions within the international context.

These are two of the most relevant intelligences within intercultural contexts (Moon, 2010) that despite being different are related to each other (Crowne, 2013a). In fact, and according to Gundling et al. (2011), the complexity and multiplicity of the world business reality requires from the leaders different ways of thinking and acting. In this sense, they should hold a different set of capabilities to deal with less boundaries across the world, but at the same time with a lot of boundaries concerning differences across cultures and business practices (Gundling et al., 2011). Therefore, to an effective contemporary leadership in this context, multiple forms of intelligence appear to be of utmost importance to an effective global leadership (Gundling et al., 2011).

The firms' international context calls for managers' international decisions and for managers' networking behaviors. In this model, networks will also be addressed due to their relevant role in internationalization (Jones et al., 2011). To SMEs, the networks and the networking activity embody an important dimension to firms' internationalization and success, allowing, among other aspects, an answer to some resource constraints and the recognition of opportunities (Hughes et al., 2019; Jin & Jung, 2016; Musteen et al., 2014). Therefore, relationships by networks play a relevant role in internationalization (Masiello & Izzo, 2019).

Internationalization is one of the main contemporary business strategies (Ismail & Kuivalainen, 2015). It enhances entrepreneurial performance (Gnizy & Shoham, 2014; Hsu et al., 2013) and embodies a set of challenges and strategic opportunities to SMEs (Ismail & Kuivalainen, 2015) that allow them to compensate for domestic market weaknesses and saturation (Pangarkar, 2008) by promoting knowledge and access to other markets, stakeholders, resources, and institutions (Hitt et al., 2006). Globalization and technological advances have contributed to international expansion by reducing firms' internationalization costs and pushing new firms to start rapid and early internationalization processes (Cavusgil & Knight, 2015; Moen & Servais, 2002). The internationalization processes, from both theoretical and empirical points of view, needs further research within the refereed conceptual framework (Kuivalainen, Sundqvist, et al., 2012; Olejnik & Swoboda, 2012). Nevertheless, several recent investigations in the field of SMEs international business focus on their international processes (e.g. Baum et al., 2015; Kontinen & Ojala, 2012; Kuivalainen et al., 2012; Schueffel et al., 2014). In this context, as an important feature of the firms' international reality, the Uppsala internationalization process model, born globals and born-again globals will be addressed as prominent international patterns (cf. Kuivalainen, Sundqvist, et al., 2012). However, when the present article focuses on whether

the top managers' psychological characteristics influence firms' internationalization, we should take into consideration the firms' path dependence settings (Samuelsson et al., 2020) and the realized strategy (Mintzberg & Waters, 1985). Consequently, our conceptual framework outlines an investigation approach towards, not the internationalization processes, but the firms' international strategy. In this sense, our conceptual line considers the study of the influence of the present top managers' intelligences on the present realized international strategy. The firms' international strategy is taken as a multidimensional construct concerning the firms' international scale and scope (e.g. Cerrato & Fernhaber, 2018). Accordingly, different strategic groups emerge with the respective degree of internationalization (DoI) combining the scale and scope of internationalization.

It is beyond question that SMEs are a central subject matter in international business field, as well as an essential component of the world economy (Casado-Belmonte et al., 2020; Genc et al., 2019). This paper makes a theoretical contribution, within this strategic field, and seeks to improve future scientific research dealing with theories, models, and concepts that must be taken into account due to their relevance, adaptivity, and representativeness of the internationalization phenomenon. It should be emphasized that this area of investigation is embedded with conceptual and methodological complexities (Kuivalainen, Sundqvist, et al., 2012).

Within the international business field, and following the revision of Hennart (2007) regarding the theoretical rationale that supports a positive relationship between international diversification and performance, this article performs a conceptual conjugation between that and the following theories: upper echelons (UE) theory, resource-based view (RBV), and network theory. The interdisciplinary approach is relevant, because, and according to Saeed and Ziaulhaq (2019), a single theory cannot comprehensively explain the complexity of internationalization phenomenon while integrating top managers or entrepreneurs' characteristics (e.g. Hsu et al., 2013). As stated above, this paper is located at the managerial level of the internationalization model in Figure 1. Applying the theory that internationalization is a positive contributor for the performance of firms within the Kuivalainen, Sundqvist et al.'s (2012) model of internationalization, we then used the upper echelons theory to stress the relevance of the psychological characteristics of the top managers for the firms' international decisions. Following this line, and according to the RBV, we took the top managers' emotional intelligence and cultural intelligence as relevant intangible assets for firms' sustained competitive advantage and performance (Barney, 1991). Finally, regarding the network theory, given the relevant role of the networks for

firms' internationalization, within the model that is under consideration, at the managerial level, we took the top managers' networking activities as another important characteristic. In fact, networking with partners facilitates firms' internationalization (Chetty & Holm, 2000).

Nowadays, the digital economy is a reality and new trends in information technology are verifiable (Masuda et al., 2017). Regarding the current digital era, and taking into consideration the enterprise architecture as "a practice and emerging field intended to improve the management and functioning of complex enterprises and their information systems" (Lapalme et al., 2016, p. 103), the present paper makes its own contribution to that field. While an important way to describe an organization and its information system, the enterprise architecture plays an important role in establishing the alignment between the firms' strategy and information system (Assar & Hafsi, 2019). Enterprise architecture includes all enterprise artifacts like business, organization, applications, data, infrastructure, and their relationship (Goerzig & Bauernhansl, 2018; Masuda et al., 2017). Usually it is divided into business architecture, data architecture, applications architecture, and technology architecture (Behrouz & Fathollah, 2016). It optimizes the firms' information technology and translates business strategies into technology solutions (Nikpay et al., 2013). Given the required alignment between business and information technologies and the mentioned four architecture domains, the main purpose of the enterprise architecture is to model the gathered information from business and information technologies in order to execute the firms' strategies (Behrouz & Fathollah, 2016).

Therefore, within the architecture perspective, it is important to understand the components of the firm and their relationship (Lapalme et al., 2016). Thus, taking into account the emphasized components of the presented model in this paper, and from a business architecture point of view, the consideration of the top managers' psychological characteristics in the firms' international strategy and international performance are of major relevance for firms' international missions and firms' enterprise architecture. In fact, within the current international business context, increasingly demanding and complex, we put emphasis on the international top managers' psychological characteristics that should be diagnosed and monitored in order to better support the firms' international expansion. Consequently, from this business architecture point of view, we emphasize the need and the important role of new developments in the firms' information systems considering the international strategy components of the firms, their international performance dimensions, and the international top managers' psychological characteristics. This allows the direction

of information for the internationalization strategy, for instance, regarding the emotional and cultural intelligences level of the individuals acting internationally, as well as regarding the current level of the firms' international performance in all of its dimensions. As a result, the consideration of the present model within the enterprise architecture allows the promotion of a better model for firms' decision-making and further control regarding internationalization as well as the design and execution of the organizational structures and respective business and information and technological processes.

In this paper, we also stress the importance of developing information systems regarding the setup of business laboratories for longitudinal research. The development of new applications to monitoring firms' data regarding the international business spectrum and regarding the international top managers' emotional and cultural intelligences level as they change over time are of major relevance to firms as this paper emphasized.

This article makes five major contributions. First, it emphasizes the role of the international top managers' psychological characteristics (EI and CQ) to the firms' international strategy and to networks. Second, the value of the international strategy to firms' performance is stressed. Third, it expands UE theory and RBV by considering the value of the mentioned psychological characteristics in SMEs' internationalization. Fourth, it also contributes to the body of knowledge of networks linking the emotional and cultural intelligences to the networking behaviors. Finally, it contributes to research with a reflexive approach of the multidimensional nature of the constructs.

Concerning the structure of the present paper, section two is composed of the model theoretical bases. The theoretical foundations are explained: the upper echelons theory, the resource-based view, and the network theory. In section three, the internationalization framework is addressed. We approach the internationalization processes, their constitutive dimensions, the international strategy, and strategic groups. In section four, we present the international performance approach and the conceptual model overview. In the following section, number five, we address the conceptual model antecedents, namely, emotional intelligence, cultural intelligence, and networks. In section six, we present a brief discussion regarding our propositions. In the last section, number seven, we present the conclusion and future research avenues.

2. CONCEPTUAL MODEL THEORETICAL BASES

The major theoretical foundations of the present conceptual approach are the theoretical rationale that, according to the revision of Hennart (2007), supports the firms' internationalization as a positive contributor to their performance, the upper echelons theory, the resource-based view, and the network theory.

The literature concerning the rationale of the positive influence of internationalization over the firms' performance suggests that the higher the firm's international diversification, the lower its risks and the higher its profitability. Therefore, as Hennart (2007) mentioned, according to international diversification and performance scholars, the more internationalized a firm is, the lower its risks, the greater are its possibilities to exploit economies of scale, the better the access to resources, and the more possibilities for learning it has. This is the internationalization theory under which the other theories are applied. This paper takes EI and CQ as major psychological capabilities in top managers' intercultural assignments, leading to a better ability to adapt and deal with the emotional and cultural vicissitudes emerging from intercultural contacts and to a better discovering and exploitation of opportunities. The focus on the psychological dimension of the top managers as antecedent of the firms' internationalization contribute to the body of knowledge of the UE theory and RBV. When stressing firms' resources as the base of sustained competitive advantage and performance, RBV reinforces the argument that managers' intelligence, knowledge, and relationships are important elements (Barney, 1991). In this domain, intangible resources play an important role in internationalization (Zahra et al., 2003), and unique and valuable assets promote firms' entries in international markets (Oviatt & McDougall, 1994). In this sense, we took EI and CQ as important intangible assets with influence within the firms' decisions on international expansion. Therefore, the top managers' EI and CQ are major intangible assets throughout the firms' international decisions, a fact that is also in accordance with the UE theory. This paper also invokes the value of networks in the field of international business. Because internationalization is a relational process, the present approach assumes that the managerial psychological characteristics may have an important role in their networking activity and this activity may play an important role in the firms' internationalization. Then, we used network theory to show how the networking relationships promote the necessary dynamics to internationalization (Chetty & Holm, 2000).

Global leadership is a relevant topic, and the recent economic trends that firms are going through imply that leaders have to attend to those changes. The mental models of the leaders must be updated to deal with the complexity of the widely boundaryless world, but at the same time with a lot of boundaries concerning business practices and culture (Gundling et al., 2011).

At this point, within the scope of our conceptual framework, we cannot miss the consideration of the theoretical categorization of Gundling et al. (2011) concerning the global leaders' behaviors to success. Gundling et al. (2011) categorized several behaviors into five major stages integrating the "SCOPE model". This is constituted of ten behaviors considered crucial to succeed in the global context. The five behavioral stages are S (seeing differences), C (closing the gap), O (opening the system), P (preserving balance), and E (establishing solutions). An important step to act internationally is the ability to see the differences and similarities in the global markets. The cultural self-awareness and the capability to discover unfamiliar aspects of the local cultural environments play an important role in business (Gundling et al., 2011). In this context, reading nonverbal reactions is another relevant aspect. The other stages essentially refer to the following behaviors: building strong personal relationships, an important activity for doing business, and the flexibility in adapting to different cultures and business practices (C); the creation of a sense of engagement and supporting the development of future leaders (O); knowing when to adapt and when not to adapt in the global context (P); and driving collaboration across firm boundaries and creating new solutions through the acquired knowledge in cross-cultural exposures (E).

Taking the above into account, regarding the Gundling et al.'s (2011) five stages, we suggest that the international top managers' emotional intelligence and cultural intelligence play a relevant role towards the above mentioned behaviors. In fact, the authors refer to the fact that multiple forms of intelligence are an important topic within the contemporary leadership approaches, where emotional intelligence and attending to emotions are a current relevant issue to leadership. Within the intercultural field, the intercultural competence of the leaders is also a relevant issue that deserves attention. As discussed, leaders that interact in intercultural environments must be able to recognize and appreciate the differences and similarities and to adapt themselves to deal with the diagnosed differences. Therefore, we acknowledge the relevant role that cultural intelligence may play in the international context.

Regarding the cultural differences at stake, we also stress that the Hofstede model of six dimensions of national cultures (cf. Hofstede, 2011) is an important intercultural approach to assessing cultural differences across countries and inherently helping leaders in their leadership (Gundling et al., 2011).

2.1. Upper echelons theory

The widely recognized and cited UE theory (Carpenter et al., 2004; Li, 2018) ascribes decisive significance to top managers' characteristics in organizational reality, specifically regarding strategic choices and performance (Carpenter et al., 2004; Hambrick, 2007; Hambrick & Mason, 1984). Strategic decisions are taken as a reflection of UE personal characteristics, top managers' values, and cognitive basis that, by influencing their perception process, affect their decisions and subsequent organizational performance (Carpenter et al., 2004; Hambrick & Mason, 1984). Accordingly, the upper echelons theory stresses that the top managers make their strategic decisions on the basis of their idiosyncrasies, i.e., their observable, but also their psychological, characteristics, affecting the firms' strategic outcomes (Carpenter et al., 2004; Hambrick, 2007; Hambrick & Mason, 1984). Both the reflection of top managers' characteristics in internationalization and performance, as well as this theory's integration in these models, are not properly studied and interconnected (Hsu et al., 2013). The presented approach seeks to fill in this gap by establishing a modern and much needed basis in the field (Martineau & Pastoriza, 2016). Like other studies in this area (e.g. Acedo & Jones, 2007; Li, 2018; Nielsen, 2010; Oesterle et al., 2016; Saeed & Ziaulhaq, 2019), the present proposal emphasizes the propellant value of top managers' characteristics in the domain of internationalization processes: these emerge as decisive (e.g. Adomako et al., 2019; Anwar et al., 2018; Oesterle et al., 2016; Omri & Becuwe, 2014). Thus, the significant influence of top managers' psychological characteristics on SMEs' internationalization is recognized as a relevant subject of research (Adomako et al., 2019; Anwar et al., 2018). It should be noted that these characteristics are not easily observable to the naked eye: both the process of collecting data and measurement are difficult tasks to perform (Carpenter et al., 2004; Hambrick, 2007). To this effect, the theory provides a focus on demographic characteristics as proxies (e.g. Hutzschenreuter & Horstkotte, 2013; Li, 2018; Nielsen, 2010; Saeed & Ziaulhaq, 2019). However, Hambrick and Mason (1984) have already warned us about some noise they might produce: they appear to generate inconsistencies in what they ought to measure and explain (Carpenter et al.,

2004). In this sense, to the detriment of demographics and in spite of these difficulties, research must strive to refine the use of substantial psychological characteristics (e.g. Acedo & Jones, 2007; Adomako et al., 2019; Anwar et al., 2018; Oesterle et al., 2016; Omri & Becuwe, 2014). In fact, top managers' personal characteristics appear to be essential to the firms' internationalization (e.g. Navarro-García, 2016).

2.2. Resource-based view

The resource-based view underpins the present conceptual approach. This theory is valuable to study the internationalization phenomenon, performance, and networks, respectively (Sedziniuskiene et al., 2019). In international business, it is a theory commonly used (e.g. Gerschewski et al., 2015; Prange & Pinho, 2017; Saeed & Ziaulhaq, 2019). Accordingly to its premises, firm resources, heterogeneously distributed across firms (Barney, 1991, 2001), are the backbone of sustained competitive advantage and performance. These must be valuable, rare, imperfectly imitable, and non-substitutable (Barney, 1991).

Oviatt and McDougall (1994), regarding international new ventures (INV), emphasize that the possession of unique and valuable assets promotes the entry in international markets. Intangible resources play a relevant role in firms' internationalization (Zahra et al., 2003). RBV classifies resources as physical, human, and organizational (Barney, 1991). Human capital resources include managers and workers knowledge, intelligence, relationships, and experience (Barney, 1991). For instance, in line with UE theory and RBV, entrepreneur's capabilities in their international networks, especially CQ, play a relevant role in the relationship with foreign clients and partners, and subsequently in SMEs international performance (Charoensukmongkol, 2015). Knight and Cavusgil (2004) emphasize that "managers in young, internationally oriented firms should develop knowledge that is both relatively unique and inimitable, in order to maximize its utility for superior international performance" (p. 136). Thus, and according to Barney (1991), managers are an important business actor that may have the power to produce sustained competitive advantage. Hence, the present conceptual approach takes decision-makers' EI and CQ as important intangible resources.

2.3. Network theory

The network approach is one of the most important explanatory contributions to SMEs internationalization (Jeong, 2016). The importance and advantages of networks in business internationalization and international performance is a current research topic (e.g. Chung & Kuo, 2018; Ismail & Kuivalainen, 2015; Jin & Jung, 2016; Johanson & Vahlne, 2009). In the present research, we recognize that in firms' internationalization, the relationships play an important role, indicating the important subject of research that networks are within this environment (Chung & Kuo, 2018; Jin & Jung, 2016; Musteen et al., 2014). It should be noted that a lack of consensus exists concerning network definition (Sedzinauskiene et al., 2019).

In the network approach of SMEs internationalization, Chetty and Holm (2000) argue that firms operate in a business environment embedded with direct and indirect network relations. Thus, to firms, networking with partners promotes the necessary dynamics to internationalization (Chetty & Holm, 2000). The creation and development of international networks is of great importance (Johanson & Vahlne, 2009), stimulating solidarity and cooperation and enabling market penetration (Zahra et al., 2003). Networking relationships are an important social activity to business (Naudé et al., 2014), a facilitator of internationalization, and a significant source of information (Che Senik et al., 2011).

3. INTERNATIONALIZATION FRAMEWORK

Globalization establishes internationalization as an important source of growth and survival, namely for firms in limited domestic markets (Hsu et al., 2013). According to a literature review by Hitt et al. (2006), it provides organizations with access to new resources, the application of core competencies, and better performances. However, the development and implementation of such strategies, in addition to high costs (Zahra et al., 2003) and inherent funding needs (Bell et al., 2001), brings leaders to a place of increasingly complex management (Hutzschenreuter & Horstkotte, 2013) due to cultural diversity, high competitiveness, and the managing necessity of geographic dispersion, among others (Hitt et al., 1997).

Theoretical and empirical developments are important and needed in the study of firms' internationalization (Genc et al., 2019; Hitt et al., 2006; Kuivalainen, Sundqvist, et

al., 2012). Specifically, research on the relationship between top managers' characteristics and degree of internationalization is relevant and verifiable in SMEs (e.g. Anwar et al., 2018; Hsu et al., 2013; Saeed & Ziaulhaq, 2019), as well as between the degree of internationalization and performance (e.g. Ismail & Kuivalainen, 2015; Pangarkar, 2008).

Towards our conceptual model, we emphasize an important publication that Zahra and George (2002) presented in the international entrepreneurship domain, where they integrated a model reflecting the extent, speed, and scope of international operations, antecedents, and financial and non-financial outcomes. Furthermore, as discussed from the outset, Kuivalainen, Sundqvist et al.'s (2012) holistic model of SMEs' internationalization considers international patterns, different antecedents, and different types of firms' performance. In this domain, the internationalization processes, from both theoretical and empirical points of view, needs further research (Kuivalainen, Sundqvist, et al., 2012; Olejnik & Swoboda, 2012). However, several studies focus on their international processes (e.g. Baum et al., 2015; Kontinen & Ojala, 2012; Schueffel et al., 2014). These processes may configure actions of a varied nature, e.g., rapid internationalization, progressive internationalization, consolidation, among others (Kuivalainen, Sundqvist, et al., 2012). Therefore, internationalization “[...] is not a linear, incremental, unidirectional path” (Bell et al., 2001, p. 186). In this line, and for instance, taking into account the limited character of small-economy markets, firms tend to embrace rapid internationalization processes and do not follow to the canons of the traditional model (Bell et al., 2001). Thus, three major SMEs' internationalization processes are distinguishable: the traditional internationalization models, the born globals (BG), and the born-again globals (BAG) (Bell et al., 2003). We will consider these major types of international processes, as well as the dimensional conceptualization that promote the measurement and differentiation between them.

3.1. Internationalization processes

Within established SMEs and international new ventures (INV) literature, there are currently two challenging models of traditional stages of internationalization (e.g. Johanson & Vahlne, 1977): BG and BAG models (Kuivalainen, Saarenketo, et al., 2012; Schueffel et al., 2014). Therefore, there are currently three major approaches of international processes: traditional, BG, and BAG (Bell et al., 2001, 2003; Kontinen & Ojala, 2012; Kuivalainen, Sundqvist, et al., 2012; Olejnik & Swoboda, 2012; Schueffel et al., 2014). At this point, we should stress that, according to the literature, the dimensional approach to SMEs'

internationalization processes integrates the “[...] timing of entry, geographic range, and intensity of commitment to foreign markets” (Kuivalainen, Sundqvist, et al., 2012, p. 448).

The Uppsala model of internationalization characterizes internationalization as an incremental process of international progressive market commitment (Johanson & Vahlne, 1977). Johanson and Vahlne’s (1977) model is based on market selection taking into account market knowledge and psychic distance. It argues that firms tend to initially internationalize to psychologically closer countries, limiting resource allocation and, through experience and learning, progressively internationalize to more distant countries. Psychic distance consists on “[...] the sum of factors preventing the flow of information from and to the market. Examples are differences in language, education, business practices, culture, and industrial development ” (Johanson & Vahlne, 1977, p. 24). In the revisited model of Uppsala, Johanson and Vahlne (2009) emphasize the relational side of internationalization. Business environment is seen as a network, that invoke managers cognitive and emotional capabilities (Johanson & Vahlne, 2009).

Firms’ international decision-making does not always follow the progressive process described above, and very often goes beyond several stages, which consequently highlights some explanatory gaps of this model (Bell et al., 2001). Despite traditional internationalization processes, or even non-internationalization, remaining the rule for most firms, early internationalization is being widely observed (Cavusgil & Knight, 2015). New ventures are becoming internationalized at an early age (Zahra et al., 2000), and for many this process reflects a necessity (Kuivalainen et al., 2007). Nowadays, firms face a reality that allows them to leap frog some stages of the traditional process or completely bypass the stage process, which implies the development of rapid internationalization processes (Oviatt & McDougall, 1994). Next, we approach the BG and BAG models.

As an influential type of firms’ international processes (Oviatt & McDougall, 1994), INV questioned traditional stage models of internationalization concerning their explanatory insufficiencies regarding different types of international processes, namely firms that internationalize shortly after inception (Moen & Servais, 2002). This phenomenon of firms that internationalize from the beginning or soon after their inception (Bell et al., 2001), that is, the BG or INV phenomenon, is a challenge to traditional models of internationalization (Cavusgil & Knight, 2015; Sapienza et al., 2006). It should be pointed out that INV and BG terms are usually used as synonyms (Gerschewski & Xiao, 2015; Knight & Cavusgil, 2005). At this point, we also point out to the conceptual difficulty of BG (Gerschewski et al., 2015), which gives rise to analytical complexity and inconsistent results

(Kuivalainen et al., 2007). Many of these BG are based on knowledge and technology, impacted by technological advances and globalization, and they do not properly follow a progressive internationalization process and may even internationalize before any domestic action (Bell et al., 2001). Typically, these are small firms, characterized by a scarcity of resources (Martin et al., 2017), despite usually having differentiated intangible ones (Cavusgil & Knight, 2015). These are new companies to which networks play an important role in their activity (Kuivalainen, Saarenketo, et al., 2012), and if psychic distance is felt in SMEs that follow the traditional internationalization, the same does not happen in BG and BAG (Kontinen & Ojala, 2012). Following Kuivalainen, Sundqvist et al. (2012), BG are “[...] organizations that from or near founding seek superior international business performance and sell their outputs in multiple countries [...]” (p. 451). Cavusgil and Knight (2015) stress that firms following this international process can be found in most industries. Typically they face three different types of liabilities: newness, smallness, and foreignness (Zahra, 2005).

Despite its importance, BAG literature remains a poorly investigated one (Schueffel et al., 2014). As a more recent phenomenon than BG, BAG are “[...] well-established firms that have previously focused on their domestic markets, but which suddenly embrace rapid and dedicated internationalization” (Bell et al., 2001, p. 174). They do not follow a traditional process of internationalization nor reflect the behavior of BG. According to Baum et al. (2015), BAG are a hybrid type of BG and traditional. Born-again global or reborn global firms, after a strategic change during their domestic existence, observe the defining criteria of BG (Schueffel et al., 2014). As one of the two main challengers to traditional internationalization (Kuivalainen, Saarenketo, et al., 2012) BAG are firms that internationalize intensely, but later than BG, assuming a renaissance character in relation to their international facet (Olejnik & Swoboda, 2012). Given their maturity, they are growth-oriented firms (Olejnik & Swoboda, 2012) and typically stem from traditional industries (Bell et al., 2003) and small domestic economies (Schueffel et al., 2014). Similarly to BG, BAG make their approach to international markets without psychic distance (Olejnik & Swoboda, 2012), and a strong international network plays an important role (Baum et al., 2015).

3.2. Internationalization processes dimensions

As shown, firms may follow the traditional stages of the internationalization process; they may internationalize immediately after their creation, alongside domestic expansion; they might even internationalize before paying attention to the domestic market; or they can even internationalize only after a long period of stability in the domestic market (Bell et al., 2003). To conceptualize and differentiate between internationalization processes, Kuivalainen, Sundqvist et al. (2012) refer to the degree of internationalization (DOI), which highlights the importance of time, scale, and scope (cf. Zahra & George, 2002). DOI is considered multidimensional and of substantial importance within internationalization literature (Cerrato et al., 2016; Genc et al., 2019). However, performing this measurement is not a simple task and has given rise to manifest debate (Pangarkar, 2008; Sullivan, 1994). Zahra and George (2002) emphasized the need for further research in international entrepreneurship to seriously consider these three dimensions. Conversely, the “[...] inconsistent and varied usage of international diversification measures” (Hitt et al., 2006, p. 856) is identifiable in the literature (e.g. Anwar et al., 2018; Genc et al., 2019; Kunisch et al., 2019; Li, 2018; Saeed & Ziaulhaq, 2019). In this context, a multidimensional approach to international business diversification is a more reliable and accurate portrayal of the complex reality it intends to represent (Cerrato et al., 2016; Genc et al., 2019). Therefore, international expansion is seen and investigated as a process on when, how, and where international activities will be developed (Navarro-García, 2016). It should be pointed out that the empirical criteria to differentiate the internationalization models with regard to the concerned dimensions is not consistently defined (Sedziniuskiene et al., 2019) and is even considered “[...] somewhat arbitrary [...]” (Kuivalainen, Saarenketo, et al., 2012, pp. 381–382).

Despite the observed diversity in literature, in this article, we took the time dimension as the moment of international market entry (Kuivalainen, Sundqvist, et al., 2012), consisting of the time period between the firms creation and its entry into foreign markets, measured in years (Moen & Servais, 2002; Navarro-García, 2016). When it comes to distinguishing between different internationalization processes, there is no consensus about this dimension (Kuivalainen, Sundqvist, et al., 2012). Hence, to define the precocity of internationalization and differentiate the processes, some researchers consider that an early internationalization, BG, comprises the cases that begin internationalization two (e.g. Moen & Servais, 2002), three (e.g. Gerschewski et al., 2015), or five years after a firms'

inception (e.g. Acedo & Jones, 2007). Yet, it must be underlined that, following Jones and Coviello (2005), two distinct approaches are used in this dimension: the time lapse between the foundation of a firm and its internationalization, the most common, and the speed of the internationalization process, measured by the speed of its growth.

Despite some conceptual and measurement divergences, we took the scale of internationalization as the degree or intensity of international operations, commonly measured by foreign sales to total sales (FSTS) (e.g. Contractor et al., 2007; Olejnik & Swoboda, 2012). A value of 25% or more is indicative of intense internationalization (e.g. Kuivalainen, Saarenketo, et al., 2012).

Finally, scope refers to the number of countries where firms generate their international sales (e.g. W.-T. Lin & Liu, 2012; Navarro-García, 2016). In this dimension, the economic regions where firms operate can also be considered (Rugman & Verbeke, 2004). Therefore, despite the lack of consensus surrounding the definition (Kuivalainen, Saarenketo, et al., 2012), scope is characteristically measured by the number of regions or countries where firms generate sales (Kuivalainen, Sundqvist, et al., 2012). To establish a differentiation criterion between international processes, following Kuivalainen, Saarenketo et al. (2012), the present proposal assumes the number of countries where a firm is present in relation to the number of neighboring countries. As a distinguishing criterion of the internationalization model of Uppsala, a BG will be present in at least one more country than the number of neighboring countries. Jointly with the number of countries, we also recognize the interest and validity of considering the regional criterion assessed by the number of regions where the firm operates (Cerrato et al., 2016).

3.3. International strategy and strategic groups

Taking the above into account, and following the holistic model of Kuivalainen, Sundqvist, et al. (2012), to distinguish between the different internationalization processes and measure the DoI, the three referred dimensions should be reflected, i.e., the time, scale, and scope of internationalization. However, the present conceptual approach addresses the relationship between the international top managers' psychological characteristics, namely, emotional intelligence and cultural intelligence, and the SMEs' degree of internationalization, as well as between the latter and firms' current international performance. Within this conceptual framework, we must stress and take into consideration the firms' path dependence settings (Samuelsson et al., 2020). Accordingly, the past decision

of the time to internationalize is of major importance and affects the firms' path evolution. Therefore, taking this path dependence scenario into account and given the main role of the realized strategy triggered by the deliberate and emergent ones (Mintzberg & Waters, 1985), our conceptual framework addresses the influence of the current level of the top managers' intelligences on the realized strategy, as well as the realized strategy on the firms' present international performance. Consequently, we did not establish the link between the top managers' intelligences and the time dimension of internationalization, and of the latter with the current international performance.

In order to further ground this context, we must refer that those managers' characteristics are dynamic and evolve jointly with the human being. Cultural and emotional intelligences are learnable and can be improved over time (Ramsey et al., 2017; Santos et al., 2018). Additionally, the top managers in charge of the firms' international activities today may not be the same as those at the beginning of the internationalization processes, and if the same, their intelligences levels at the time are not probably the same at the present time.

Therefore, taking into consideration the cross-sectional nature of most of the studies, we recognize the methodological non-adequacy of studying the influence of the current levels of top managers' intelligences over the time dimension of internationalization. In the present article, we emphasized this line of research.

However, the longitudinal analyses, despite difficult to build in the business context, allow the study of the relationship between the dynamic nature of the variables in question. To go deeper on the comprehension of the internationalization phenomenon and its causal relationships concerning antecedents and outcomes, the longitudinal studies are methodologically adequate (Cerrato et al., 2016).

3.3.1. Strategic groups

According to the industrial organization school, the characteristics of the industry are the ones that lead the competitive strategy development (Parnell & Hershey, 2005). However, as already mentioned above in section two, we follow the resource-based school in our conceptual framework development. To this school, the competitive strategy development is guided by key resources (Parnell & Hershey, 2005).

Additionally, the international SMEs might be taken as a macro strategic group (López, 2007). In fact, “[...] many strategic group researchers began to utilize approaches believed to be generalizable across industries” (Parnell & Hershey, 2005, p. 19). Therefore,

we might define international firms' strategic groups concerning the SMEs' international strategy (López, 2007), considering the similar strategy criterion within each strategic group (McGee et al., 1995).

Taking the above into account, we took the international top managers' emotional intelligence and cultural intelligence as major intangible assets within the international business strategy development. Therefore, our conceptual approach does not focus on the industry structure, but instead, takes the firm's unique resources as the main mechanisms through which a firm develops its competitive strategy and performance (Leask & Parnell, 2005). With this background, we support the definition of different international SMEs' strategic groups that follow similar international strategies, although we do not focus on the industry structure, but, according to the RBV, on the firms' unique resources as main drivers of the international strategy and international performance development.

3.3.2. International strategy and the degree of internationalization

Due to the current globalized business world, the SMEs' international strategy is an important decision with an important role in their development and in their own economies.

Following the established conceptual line in this section, the SMEs' strategic groups should be defined according to the firms' scale and scope of internationalization. These are two major dimensions of the firms' international strategy: the international intensity, i.e., the scale of internationalization; and the number of countries and regions in which firms operate, i.e., the geographic scope (Tallman & Li, 1996; Zahra, 2020). To assess the scale of internationalization, the international strategic intensity (Hosseini et al., 2018), we take the widely used indicator of foreign sales to total sales (FSTS) (Sullivan, 1994). Concerning the scope of internationalization, the international geographic diversity (Hosseini et al., 2018), we recognize the value of assessing the number of countries (e.g. Hsu et al., 2013; Navarro-García, 2016) jointly with the number of regions (e.g. Freixanet & Renart, 2020; Ismail & Kuivalainen, 2015) in which firms perform their international sales.

Due to the inherent complexity within the internationalization context, a single variable does not allow its accurate assessment (Genc et al., 2019). Therefore, we jointly took the scale and scope to classify the firms' international strategy. To label the combination between these two dimensions and identify different international strategies, we applied the degree of internationalization (DoI) (Kuivalainen, Sundqvist, et al., 2012), a relevant and widely accepted multidimensional concept to measure firms' internationalization (e.g. Cerrato et al., 2016; Hsu et al., 2013; Kuivalainen, Sundqvist, et al., 2012). However, it

should be noted that measuring the DoI is not a simple task, and inconsistent results are observable across the literature (Pangarkar, 2008).

Following the above, we propose the analysis of three different levels of the SMEs' degree of internationalization, namely, firms with a high DoI (high levels of international intensity, FSTS, and a high number of countries and a high number of regions), firms with a medium DoI (high levels of international sales and not fulfilling the high scope criteria) and finally firms with a low DoI (low levels of international sales). In this strategic context, and given the current course of the literature, there is a clear need for an integrated approach to antecedents and performance (financial and non-financial) (cf. Zahra & George, 2002) of SMEs' internationalization (Martineau & Pastoriza, 2016). Therefore, following the current course of the literature and the model of Kuivalainen, Sundqvist et al. (2012), the effect of the international strategy over the international performance is a paramount relationship within the international business field and must be assessed. Therefore, in the following section, we provide the international performance approach and its relationship with the firms' international strategy respectively.

4. INTERNATIONAL PERFORMANCE

The importance and relevance of research on the relationship between internationalization and performance are manifest. This is a relevant and widely debated theme within the SMEs (e.g. Morais & Ferreira, 2020). After all, besides being complex, literature has presented many investigations showing controversial results and insufficient consensus (Cerrato et al., 2016; Martineau & Pastoriza, 2016). One of the possible reasons may be due to the use of a wide variety of performance measures (Hitt et al., 2006; Pangarkar, 2008). Thus, in international business research, performance and international performance measurement and developments are an important subject (Hult et al., 2008; Lages et al., 2009). Studying it is crucial for the understanding of what determines it and of its composition (Diamantopoulos & Kakkos, 2007). The selection of an adjusted measure to pursue research in the most diverse domains and contexts is a major issue (Larimo et al., 2016). In fact, difficulties persist concerning conceptualization, operationalization, and measurement (Katsikeas et al., 2000). Martineau and Pastoriza (2016) even depict the need to distinguish between international performance, national performance, and total

performance, while many studies present them together, making it difficult to assess the true impact of international expansion. Regarding the concept of international performance, the assumed philosophy in this investigation is based on the conceptual holism in the following international performance definitions. International performance to Knight and Cavusgil (2004) “[...] is defined as the extent to which financial and other goals are achieved as a function of business strategies” (p. 129), to Knight and Cavusgil (2005) “[...] as the extent to which firm objectives are attained in foreign markets as a function of specific orientations and strategies” (p. 18), and to Zou et al. (1998), performance is taken as “[...] the financial and strategic performance of the export venture and the firm’s satisfaction with the export venture” (p. 41). Thus, in international management studies, performance measures are required to measure financial and non-financial outcomes (Martineau & Pastoriza, 2016), as well as the definition of goals and their level of satisfaction. Additionally to the definition of goals and their level of satisfaction, we acknowledge the relevance of considering the importance of the different objectives. Depending on the firm, some objectives may be more important than others (Madsen, 1998). Hence, to an accurate measure of firm’s international performance, we recognize the value of assessing the different objectives, their importance, and satisfaction (Diamantopoulos & Kakkos, 2007).

Taking the above definitions together and following their conceptual philosophy, international performance should be taken as a multidimensional construct (Dess & Robinson, 1984; Gerschewski & Xiao, 2015; Katsikeas et al., 2000; Lages et al., 2009; Martin et al., 2017) concerning different objectives and their satisfaction levels, namely, through three dimensions: financial, strategic, and overall satisfaction. The relevance and application of these dimensions is observable in recent investigations (e.g. Ahamed & Skallerud, 2015; Gnizy & Shoham, 2014; Oura et al., 2016). In addition, Kuivalainen, Sundqvist et al. (2012) in their holistic model, also suggested several types of international performance, of which we put emphasis on the performance relative to firm goals. In fact, the financial performance indicators, despite their importance, do not reflect a complete image of the firms’ reality and objectives; then, for a more precise analysis, we considered the financial, non-financial, and overall performance (Hult et al., 2008; Katsikeas et al., 2000). When firms attempt their international actions, they have multiple objectives (Diamantopoulos & Kakkos, 2007; Madsen, 1998).

The present article emphasizes the subjective measures of performance. They are widely used in SMEs’ internationalization literature (Martineau & Pastoriza, 2016) and managers support their use (Madsen, 1998). Indeed, due to the difficulties in collecting

accurate objective data (Dess & Robinson, 1984), the use of subjective performance measures in the international business research is widely observable (e.g. Gerschewski et al., 2015; Martin et al., 2017; Prange & Pinho, 2017). Many managers are often not predisposed to provide objective data (Musteen et al., 2014). Therefore, the use of subjective measures is accepted and advisable, given that they correlate with objective measures (Dess & Robinson, 1984; Musteen et al., 2014) and allow to overcome the usual availability issues in objective information (Hult et al., 2008). Katsikeas et al. (2000) also stress the importance and applicability of the subjective measures, recognizing the difficulties of accessing updated secondary data. Thus, despite the importance and widely use of objective measures, we acknowledge the subjective ones as a reliable mode of performance assessment given their application and collection procedure' advantages (Wall et al., 2004).

International strategy and international performance

The present conceptual framework focuses on the relationship between the SMEs' international strategies and international performance. This is an important relationship in the international business field (Hitt et al., 2006; Hosseini et al., 2018; Kuivalainen, Sundqvist, et al., 2012; Pacheco, 2019), although with contradictory results (Hutzschenreuter & Horstkotte, 2013; Lu & Beamish, 2004; Martineau & Pastoriza, 2016). Studying the impact of the firms' international scale and scope, that is, the international strategy, on the international performance, is a critical relationship within this context and a significant line of research that requires further investigation (Benito-Osorio et al., 2016; Kuivalainen et al., 2007; Morais & Ferreira, 2020).

In the present article we follow the rationale that internationalization is a positive contributor to firms' performance. Despite the contradictory results across the literature, Contractor et al. (2007) stress the positive role that the internationalization in general has for firms. Pangarkar (2008) also indicates the positive influence of DoI on the SMEs' performance. In fact, as a relevant strategic option, internationalization allows SMEs to develop and grow (Benito-Osorio et al., 2016; Navarro et al., 2010), bringing to firms challenges, advantages, and opportunities (Ruzzier et al., 2007; Sapienza et al., 2006), especially for firms in limited domestic markets (Hsu et al., 2013). This strategy allows firms to access knowledge and resources (Hitt et al., 2006), recoup R&D costs, and reach economies of scale (Pangarkar, 2008). It may even permit firms to reduce their risks across the different markets where they operate (Lobo et al., 2020).

Following the rationale that internationalization is a strategy that promotes better performances to SMEs, that is, as internationalization increases the firm's performance improves, we formulate proposition one as the following:

Proposition 1: The different international strategies influence firms' international performance, so that the greater the scale and scope of internationalization is, the better the firms' international performance

According to our conceptual approach, we took the international top managers' emotional intelligence and cultural intelligence as major antecedents of the firms' international strategy and international performance. Networks, as discussed, also play an important role within firms' internationalization, and the networking activity by the top managers is influenced by their individual characteristics. Hence, the model considers it as a mediator variable. Then, in the following section five, the antecedents of the model were addressed.

5. CONCEPTUAL MODEL ANTECEDENTS

Within the present conceptual approach, researching the antecedents is a question of theoretical and empirical relevance (Hitt et al., 2006; Kuivalainen, Sundqvist, et al., 2012; Martineau & Pastoriza, 2016; Zahra & George, 2002). Understanding which factors affect the business strategic decisions concerning the scale and scope of internationalization is a central line of research (Kuivalainen, Sundqvist, et al., 2012; Lobo et al., 2020; Navarro-García, 2016). Upper echelons' characteristics, as antecedents of international strategy and international performance, are a scientifically relevant field (Hambrick & Mason, 1984; Navarro-García, 2016; Saeed & Ziaulhaq, 2019; Zahra & George, 2002). At the managerial level, we took the approached characteristics as a major intangible resource to firms (Barney, 1991). Despite the fact that we rely on the managerial level, in this investigative context, we acknowledge that the firm level and the environmental level are the other determinants of the firms' internationalization (Kuivalainen, Sundqvist, et al., 2012; Martineau & Pastoriza, 2016).

Therefore, the characteristics of the firms' decision-makers, and specifically the psychological ones, are of major importance to understand why firms take certain strategic decisions (Hambrick, 2007; Hambrick & Mason, 1984). In the firms' internationalization

research, top managers' characteristics are on the table (Casado-Belmonte et al., 2020; Hitt et al., 2006; Kuivalainen, Sundqvist, et al., 2012). For instance, Jones and Coviello (2005) highlight the importance of the entrepreneurs' role and characteristics, stressing that "[...] firm-specific internationalisation behaviour is potentially influenced by the entrepreneur's unique combination of philosophic views, social capital, and human capital" (p. 295). Zahra (2005) and Acedo and Jones (2007) stress the influence of the decision-makers' psychological characteristics on their decisions to internationalize. According to Hsu et al. (2013) "[...] without taking into consideration the context of managerial competence in the internationalization–performance model, the findings remain incomplete" (p. 1). Hence, this article emphasizes the top managers' psychological characteristics as significant antecedents of firms' international strategic decisions. Because an international market entry strategic decision involves a complex and risky decision-making process, with a high level of uncertainty (Hitt et al., 2006; Hsu et al., 2013), managers' expertise, network contacts, and cultural and strategic knowledge are fundamental (Nielsen, 2010). It is expected that top managers' characteristics associated to information processing capabilities (Hutzschenreuter & Horstkotte, 2013) stand out as determinants in SMEs' internationalization (Hsu et al., 2013).

In an international complex context, top managers' characteristics that allow them to pursue intercultural interactions are a valuable asset (Moon, 2010; Oesterle et al., 2016). The present theoretical approach embraces top managers' psychological characteristics as determinants of SMEs' internationalization, networks, and international performance. Given the undeniable preponderance of globalization in business reality, the significance of interpersonal attitudes in multicultural settings calls attention to the role that top managers' EI and CQ have on the required dynamics within their environments (Karroubi et al., 2014); on a more global leadership approach (Alon & Higgins, 2005; Gundling et al., 2011); and to overcome intercultural difficulties, uncertainties, and challenges (Y. Lin et al., 2012).

5.1. Intelligence, emotional intelligence and cultural intelligence

Given the recognized value of managers' information processing capabilities within the context of international expansion (Hsu et al., 2013), this article emphasize decision-makers' intelligence spectrum. Intelligence, a fundamental promoter of individuals' performance, embodies a widely discussed concept that goes beyond cognitive competences (Sternberg, 1985). To perform, individuals call upon their cognitive, motivational, and

affective functioning (Sternberg, 1985). Although the mind is composed of cognition, affect, and motivation, traditionally, intelligence reflects the effectiveness of cognitive functioning (Mayer & Salovey, 1997). There is a widespread belief in the traditional psychometric model of general intelligence as the best predictor of success and performance, even though it leaves much to be explained. This approach conceptually limits our understanding of the distinct human mental abilities (Sternberg, 1997). Intelligence has to be thought beyond the “[...] conventional analytic intelligence (IQ)” (Mayer et al., 1999, p. 294). In fact, creative and practical intelligence, in spite of being undervalued by traditional canons, are determinant within intelligence and for management (Sternberg, 1997). Thus, the triarchic theory of intelligence intends to be the engine for a holistic intelligence (Sternberg, 1985).

Taking into consideration Gundling et al. (2011) for an effective global leadership, leaders must be able to fit in diverse multicultural contexts not only regarding their own leadership styles, but also their business processes and strategies. In this leadership context, multiple forms of intelligence appear to be of utmost importance (Gundling et al., 2011). This article focuses on decision-makers' EI and CQ. In the realm of individuals' international activities and cultural adaptation, EI and CQ deserve further research (Moon, 2010). Due to a need to interact with others, intelligence-related abilities play an important role to deal with emotions (Wong & Law, 2002) and culture and its diversity (Ang et al., 2007). Thus, managers emotional and cultural adjustment capabilities stand out in this context (Gabel et al., 2005). Their information processing capabilities are of major importance in international management (e.g. Hsu et al., 2013), and the emotional and cultural information they will have to deal with immediately suggests the decisive role of EI and CQ abilities. Thus, EI and CQ are seen as complementary abilities that promote an individual's competencies to deal with the complexity and diversity from international contexts (Clark & Polesello, 2017). According to Earley and Mosakowski (2004), a manager in intercultural environments, being emotionally intelligent has the ability to manage more delicate situations by creating, for example, empathy and managing moods, but, if he lacks CQ, he will not adequately analyze cultural situations and soon fail at addressing them properly. Hence, the two intelligences are taken as a significant set of capabilities to top managers dealing with the complexities of the international contexts.

5.1.1. Relationship between cultural and emotional intelligences

These two intelligences deserve further research (Moon, 2010), as they are important capabilities of top managers within the international business management context

(Alon & Higgins, 2005; Jyoti & Kour, 2017). Rockstuhl et al. (2011) also appeal for more research within the intelligence spectrum of leadership, where the cultural and emotional intelligences should be considered in the domestic and international contexts. However, very few studies embrace EI and CQ simultaneously (Crowne, 2009), and further research on the relationship between them is highly pertinent and required (Crowne, 2013a). In fact, studies addressing the relationship between EI and CQ are scarce (Karroubi et al., 2014; Y. Lin et al., 2012).

These are significant capabilities within cross-cultural contexts (Moon, 2010). CQ complements other types of intelligence such as EI (Van Dyne et al., 2012), and the two, despite being distinct intelligences, appear to be related (Crowne, 2013a; Moon, 2010). As already stated, EI and CQ are seen as complementary, promoting individual's competencies to deal with the complexity and diversity from international contexts (Clark & Polesello, 2017). Consequently, we formulate proposition two as the following:

Proposition 2: The international top managers' emotional intelligence and cultural intelligence are related to each other

5.1.2. Emotional intelligence

IQ is not enough for managerial intelligence (Sternberg, 1997). Because organizations are a space where emotions thrive, being human institutions, higher-level EI individuals will be better prepared to achieve higher levels of efficiency and effectiveness in their work (Law et al., 2008). The power of emotion in intellect has been widely recognized against the traditional rational component of the human being (Cho et al., 2015). Although recent and wrapped in conceptual and measurement difficulties (Matthews et al., 2012), EI embodies a popular and widely debated scientific construct (Devonish & Greenidge, 2010). According to Mayer and Salovey (1997) EI is the “[...] ability to perceive accurately, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth” (p. 10). In the present article, EI is taken as a multidimensional construct. Following Wong and Law (2002) the four constitutive dimensions are: self-emotions appraisal, others-emotions appraisal, use of emotion, and regulation of emotion. The predictive value that EI reveals is positive in widespread aspects of human life. These include well-being, mental health, personal growth, interpersonal relationships (Salovey & Mayer, 1990), personal and work success (Mayer &

Salovey, 1997), job performance (Law et al., 2008), entrepreneurial style and external networking behavior (Naudé et al., 2014), individual ethics and ethics and success perceptions in international business context (Cabral & Carvalho, 2014), creating win-win situations with others (Zhang et al., 2015) organizational conflict management (Gunkel et al., 2016), and individuals' creative performance (Darvishmotevali et al., 2018).

Concerning the EI dimensions, top managers' capabilities to appraise their own emotions and those of others and to better use and regulate emotions seem to improve their actions in international environments, given the inherent relational character of both business and international business. The uncertainty and complexity of the international context immediately invokes the necessity of emotional management abilities. Accordingly, following the emotional components described by Salovey and Mayer (1990), self-emotions and others-emotions appraisal capabilities promote the emotional recognition, understanding, and expression in the self and in others, where the verbal and nonverbal channels are significant. Thus, this article assumes that those individuals are better prepared to respond to their own feelings that emerge in intercultural situations given the differences with which they will have to deal. If they are better prepared to read the emotions of others, they become more capable of choosing socially adaptive behaviors and creating empathy for a more satisfactory relationships. The ability to regulate emotions, their own and those of others, allows top managers to meet the defined objectives through emotional management, e.g., motivating others (Salovey & Mayer, 1990). Decision-makers with this ability are better prepared to keep normal psychological states and become less likely to lose their temper (Law et al., 2008). This suggests that they are more capable of managing emotions when facing emotional challenges arising from different intercultural settings and appears to make them more capable of attaining advantageous social interactions and achieving predefined objectives at certain negotiations. Decision-makers with higher levels of emotional intelligence can use emotions to facilitate performance towards positive and productive actions (Law et al., 2008). As a result, this article takes top managers with high EI to be more capable of interacting socially, including in diverse multicultural settings, when trying to achieve good results regarding firms' internationalization. Due to these capabilities, top managers seem to be more capable of improving firms' international performance (cf. Ingram et al., 2019) and dealing with networks (e.g. Naudé et al., 2014).

Therefore, in this paper, we took EI as an important psychological characteristic of top managers within the international business context (e.g. Leonidou et al., 2019). Firms' internationalization is imbued with a relational character, a fact that immediately exalts the

value of managers' emotional abilities (Johanson & Vahlne, 2009). Having higher levels of EI empowers more effectively those who interact with different cultures, allowing more appropriate behaviors with others (Y. Lin et al., 2012). Top managers face social, psychological, and cultural challenges resulting from multicultural contact, where EI plays an important role for an effective cross-cultural adjustment (Y. Lin et al., 2012). In the international business domain, EI promotes creativity and stimulate SMEs' internationalization (Omri & Becuwe, 2014). Ingram et al. (2019) highlight the fact that entrepreneurial decisions are affected by emotions. Their research demonstrates several referenced studies recognizing EI's positive influence on firms' performance. In conclusion, emotional management abilities should help capitalize top managers' actions towards an intense and wider scope of internationalization. Consequently, we formulate proposition three as the following:

Proposition 3: Emotional intelligence is a significant predictor of a firm's internationalization, so that the higher the top manager's EI level, the more likely the firm is to exhibit an international strategy with higher scale and scope

5.1.3. Cultural intelligence

In international business management, the world, for both individuals and organizations, has become a geographically smaller place. However, this metaphor does not apply to cultural diversity, giving rise to increasingly important challenges (Ang et al., 2007; Gundling et al., 2011). Therefore, while the increasingly verifiable global village immediately implies a widespread tendency to operate across borders, this entails psychological and behavioral difficulties that oblige managers to deal with intercultural negotiation processes (Imai & Gelfand, 2010). Many negotiations fail due to knowledge flaws of the different cultures (Groves et al., 2015). Hence, knowledge about diverse national cultures is crucial for firms' internationalization (Zahra, 2005). Not only has the importance for organizations to have highly emotionally intelligent staff become evident, but culturally intelligent individuals are also valuable assets (Crowne, 2013b). Thus, following Earley and Ang (2003) "cultural intelligence refers to a person's capability to adapt effectively to new cultural contexts" (p. 59). In relation to the construct operationalization, the present article takes CQ as a multidimensional construct. Following Ang et al. (2007) the four CQ dimensions are metacognitive, cognitive, motivational, and behavioral. On metacognition, top managers with higher levels of cultural consciousness are better at defining cognitive

strategies and at being aware of the different cultural preferences (Ang et al., 2007). According to our approach, they appear to be better prepared to arrange firms' international approaches, gather the necessary knowledge setting the conditions to improve the firms' international scale and scope, and improve network relationships. Regarding cognition, individuals with higher cultural cognition, i.e., with higher knowledge of institutions, norms, practices and conventions, and knowledge about cultural similarities and differences (Ang et al., 2007), appear to be more prepared to negotiate and improve their firms' international scale and scope and to deal with networks in international contexts. The same is suggested for top managers who exhibit higher levels of cultural motivation, i.e., those who are capable of directing attention and energy in intercultural settings dealing with the inherent cultural differences (Ang et al., 2007) and even enjoying the promotion of intercultural contacts (Imai & Gelfand, 2010). Finally, managers who are more behaviorally flexible in intercultural settings and use proper verbal and nonverbal actions in the different cultural situations (Ang et al., 2007) show the same potential to promote firms' internationalization and to deal with network's relationships.

Cultural intelligence is a significant capability for those who interact in multicultural contexts (Rockstuhl et al., 2011). Culturally intelligent individuals are better prepared for multicultural business realities (Groves et al., 2015) and better prepared for diverse cultural issues (Van Dyne et al., 2012). They are behaviorally more flexible and cooperative with multicultural contact contexts (Groves et al., 2015). As a key competency with many effects on individual and organizational levels, CQ, for instance, supports the ability to work, create relationships of trust, and manage expectations in diverse cultural environments (Ang et al., 2007). It is an influential ability in intercultural negotiation processes' effectiveness and outcomes (Imai & Gelfand, 2010). CQ individuals are more likely to be confident, motivated, and cooperative in intercultural relationships (Imai & Gelfand, 2010). It promotes higher levels of cultural awareness, appropriate verbal and nonverbal behaviors, and eases individual acceptance (Y. Lin et al., 2012). CQ is important in managing conflicts (Caputo et al., 2018) and for decision-makers' international networks and quality of international contacts (Charoensukmongkol, 2015). Darvishmotevali et al. (2018) show how CQ has a positive impact on EI and employees' creative performance relationship. It should be stressed that CQ is seen as a core competency within the firm's success in international markets (Charoensukmongkol, 2015) and allows the recognition of international opportunities (Lorenz et al., 2018). CQ suggests that top managers with these capabilities are more prepared to expand internationally. They also appear to improve firms'

international performance and to deal better with networks (Charoensukmongkol, 2015). For these reasons, CQ abilities should help capitalize top managers' actions towards an intense and wider scope of internationalization. Consequently, we formulate proposition four as the following:

Proposition 4: Cultural intelligence is a significant predictor of a firm's internationalization, so that the higher the top manager's CQ level, the more likely the firm is to exhibit an international strategy with higher scale and scope

5.2. Networks

As already discussed, networks and networking activity are crucial for firms' international expansion. Therefore, studying the role of networks in the firms' internationalization is a relevant and current line of research (e.g. Bembom & Schwens, 2018; Masiello & Izzo, 2019). Networks relational perspective is crucial for internationalization (Masiello & Izzo, 2019). It helps to access information and resources, and helps the recognition of opportunities and international expansion (Nielsen, 2010; Zahra et al., 2003). Indeed, internationalization, as emphasized by Johanson and Vahlne (2009), “[...] is pursued within a network” (p. 1424), and, as Masiello and Izzo (2019) highlighted to small firms, “[...] a 'socially embedded' process [...]” (p. 682). Sedziniuskiene et al. (2019), in their systematic literature review, highlighted the important link between networking and entrepreneurial internationalization. Additionally to the significance of this domain, there is a current necessity for further research to a better understanding of the role of networks (Sedziniuskiene et al., 2019). Zahra et al. (2003) emphasize that “the specific contributions of networks to a firm's internationalization efforts also deserve an examination in future studies” (p. 181).

Networks support access to knowledge, help to overcome liabilities of outsidership, and enhance international performance (Hughes et al., 2019). Their significance is felt within firms that follow internationalization stages models, born globals and born-again globals (Kontinen & Ojala, 2012). For instance, to born globals, networks play a key role in the identification of difficulties and problems, while helping to overcome liabilities of foreignness and newness (Cavusgil & Knight, 2015). Sapienza et al. (2006) stress that managers' international contacts are important to promote growth opportunities and to avoid survival-threatening situations. Jin and Jung (2016) highlight that literature identifies

decision-makers' personal networks to have an important role in internationalization. However, further research is needed concerning the importance of interpersonal social networks to internationalization (Masiello & Izzo, 2019). It should be noted that contradictory results emerge from literature concerning the role of networks on internationalization (Sedzinauskiene et al., 2019).

Therefore, a firm's international strategy is surrounded by a diversity of relationships. Accordingly, the networking activity is an important promoter to SMEs' internationalization (Che Senik et al., 2011). Networking is influenced by individual differences (Wolff et al., 2008). Consequently, we took the emotional and cultural intelligences as having an influent role in the top managers' networking behaviors.

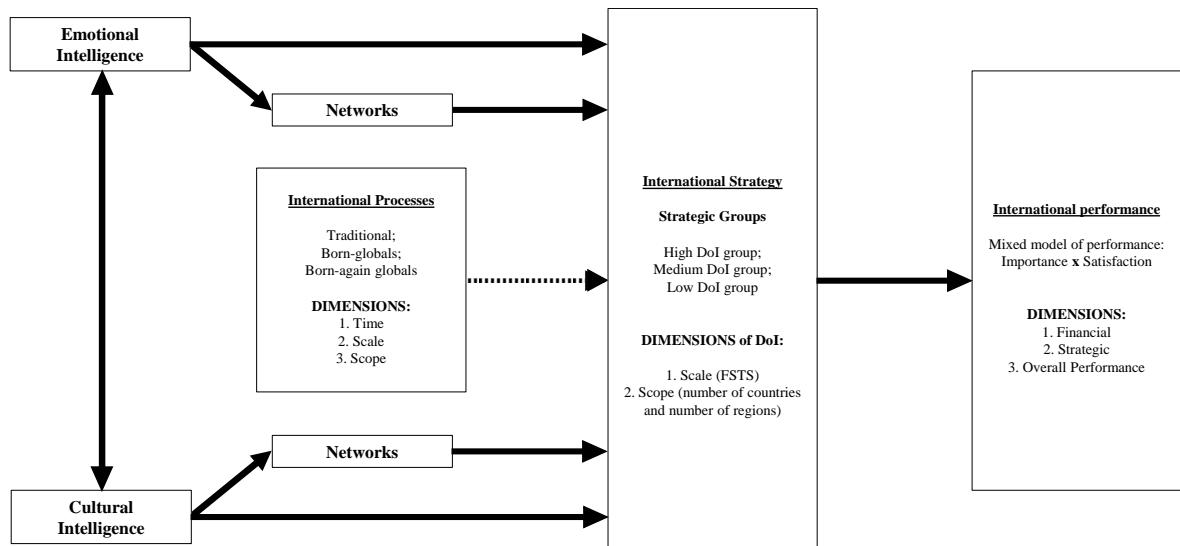
In this context, we suggest that networks may emerge as a mediator between top managers' characteristics and firms' international strategy. EI plays an important role in networks, in external networking behavior, and subsequently in SMEs' performance (e.g. Naudé et al., 2014). EI promotes better interactions with others (Pradhan et al., 2016), better communications, and social bonds with international actors (Leonidou et al., 2019). CQ individuals are better prepared for multicultural interaction (Caputo et al., 2018) and are more likely to achieve beneficial business situations for all the involved parties (Groves et al., 2015). They are also more disposed and prepared to have quality interactions with others (Charoensukmongkol, 2015). As a result, individuals with higher levels of EI and CQ are more receptive and better able to adapt to international environments. Consequently, we formulate propositions five and six as the following:

Proposition 5: Networks mediate the relationship between top managers' EI and firms' internationalization

Proposition 6: Networks mediate the relationship between top managers' CQ and firms' internationalization

Taking all the above into consideration, the next figure reflects the conceptual framework of the present paper. Within the followed rationale of internationalization, the upper echelons theory, the resource-based view, and the network theory contexts, the resulting conceptual model in Figure 2 emerges following Kuivalainen, Sundqvist et al.'s (2012) SMEs' internationalization model.

Figure 2. Conceptual framework: Firms' international strategies, antecedents and outcomes



Source: Authors' own elaboration

6. DISCUSSION

In this section, we provided a final contextualization and a brief discussion regarding our propositions.

Proposition 1 stated that the different international strategies influence firms' international performance, so that the greater the scale and scope of internationalization, the better the firms' international performance. Researching this relationship is of major importance within the international business field (Martineau & Pastoriza, 2016; Morais & Ferreira, 2020). Despite the many investigations in the literature showing controversial results and insufficient consensus concerning this relationship (Cerrato et al., 2016; Martineau & Pastoriza, 2016), we follow the theoretical rationale that internationalization positively affects the firms' performance (e.g. Contractor et al., 2007; Pangarkar, 2008). In fact, international expansion allows SMEs to develop and grow (Benito-Osorio et al., 2016; Navarro et al., 2010), bringing to firms challenges, advantages, and opportunities (Ruzzier et al., 2007; Sapienza et al., 2006). Through internationalization, firms are able to access knowledge and resources (Hitt et al., 2006), recoup of R&D costs, reach economies of scale (Pangarkar, 2008), and reduce their risks across the different markets (Lobo et al., 2020). Higher levels of internationalization may even increase the firm's competitiveness and

performance (Pangarkar, 2008). Therefore, we suggest that the higher the scale and geographical scope of firms' internationalization, the better their international performance.

Our proposition 2 stated that the international top managers' emotional intelligence and cultural intelligence are related to each other. Within the international business environments, there is a general need to interact with others both from the same and from diverse cultural contexts. Therefore, as a result of this kind of environment, managers face a set of emotional and cultural vicissitudes and emotional and cultural information with which they have to deal. In this context, managers' emotional and cultural adjustment capabilities are an important asset (Gabel et al., 2005). In fact, the emotional and cultural intelligences are complementary and allow individuals to deal with the complexity and diversity from international environments (Clark & Polesello, 2017). According to Earley and Mosakowski (2004), managers not only need to be emotionally intelligent when dealing with intercultural contexts, for instance, to manage more delicate situations by creating empathy and managing moods, but also culturally intelligent to analyze cultural situations and address them properly. Therefore, CQ complements EI (Van Dyne et al., 2012), and the two, despite being distinct, appear to be related (Crowne, 2013a; Moon, 2010).

Proposition 3 stated that emotional intelligence is a significant predictor of firm's internationalization, so that the higher the top manager's EI level, the more likely the firm is to exhibit an international strategy with higher scale and scope. Our proposition 4 similarly stated the same in relation to cultural intelligence. In fact, these are important capabilities to interact in cross-cultural contexts (Moon, 2010). Regarding EI, we should emphasize that organizations are human institutions, and therefore are a space with emotions where emotionally intelligent individuals appear to be better prepared to accomplish their responsibilities (Law et al., 2008). Within the internationalization of firms, we should also highlight the relational character of this environment, exalting the value of managers' emotional abilities (Johanson & Vahlne, 2009). Hence, when interacting with different cultures, several challenges emerge, but more appropriate behaviors with others are achieved by those who have higher levels of EI (Y. Lin et al., 2012). EI appears to be an important capability within intercultural interactions in the international business environments, promoting creativity and stimulating SMEs' internationalization (Omri & Becuwe, 2014). Taking the above into account, and the fact that EI allows the achievement of good interpersonal relationships (Salovey & Mayer, 1990) to create win-win situations with others (Zhang et al., 2015) between other relevant aspects in Section 5.1.2, we took EI as an important top managers' capability to negotiate and expand their firms' international

activities. Regarding CQ, we should highlight that culturally intelligent managers in intercultural interactions appear to be behaviorally more flexible and cooperative (Groves et al., 2015). Being culturally intelligent also allows the creation of relationships of trust in the diverse intercultural interactions (Ang et al., 2007) to be more confident, motivated, and cooperative (Imai & Gelfand, 2010) and the recognition of international opportunities (Lorenz et al., 2018). Taking the above into account and other relevant aspects in Section 5.1.3, we took CQ as an important top managers' capability to negotiate and expand their firms' international activities.

Finally, our propositions 5 and 6 stated that networks mediate the relationship between top managers' EI and CQ and firms' internationalization, respectively. In this respect, we emphasize that a diversity of relationships are surrounding the firms' international activities. Therefore, in this context, networking is a relevant enabler of SMEs' internationalization (Che Senik et al., 2011). Networks allow the access to information and resources and help the recognition of opportunities (Nielsen, 2010; Zahra et al., 2003). As already referred, Sapienza et al. (2006) stressed that the international contacts are important to promote growth opportunities and to avoid threatening situations. Taking this into account and due to the fact that networking relationships are influenced by individual differences (Wolff et al., 2008), we took emotional intelligence and cultural intelligence as influential capabilities for the top managers' networking behaviors due to the fact that EI facilitates better interactions (Pradhan et al., 2016), better communications, and social bonds with international actors (Leonidou et al., 2019); and CQ facilitates multicultural interactions (Caputo et al., 2018), beneficial business situations (Groves et al., 2015), and quality interactions with others (Charoensukmongkol, 2015). Hence, as discussed, we suggested networks as a mediator.

7. CONCLUSIONS AND FUTURE RESEARCH AVENUES

As a major methodological observation, our conceptual framework reflects the firms' path dependence settings and their realized strategy and raises a whole set of new leads for future research. Methodologically, we performed a bibliographic review on the fundamental concepts that we presented, and followed and analyzed the holistic model of Kuivalainen, Sundqvist et al. (2012). We also analytically fitted it to the SMEs' international

strategic groups concerning their international scale and scope. The conceptual proposal of this article presented two new considerations. Firstly, the conceptual approach is fitted towards the field of the top managers' psychological characteristics as antecedent of the firms' international strategy. Secondly, the proposed model is directed towards cross-sectional studies. Therefore, for those who want to research in this field, we leave several methodological cares that should be taken into account. We also formulated some propositions for future investigations. In relation to longitudinal studies, researchers need to collect panel data for their analyses or, due to the difficulties or even the impossibility of obtaining secondary data, they might start over time a laboratory monitoring of the variables of interest.

Under the stated theories and the SMEs' internationalization holistic model of Kuivalainen, Sundqvist et al. (2012), the value of top managers' psychological characteristics in the context of international decisions and international performance was stressed. Top managers' EI and CQ were taken as two influential characteristics on the SMEs' international strategy and network relationships. The positive role of international expansion to international performance was another stressed relevant aspect to the international business management field. We took multidimensional constructs to assess the degree of internationalization and international performance. The degree of internationalization should be assessed through the scale and scope dimensions of internationalization, and international performance through the financial, strategic, and overall satisfaction dimensions. Emotional intelligence (cf. Wong & Law, 2002) and cultural intelligence (cf. Ang et al., 2007) are also multidimensional constructs.

Leading in a global context is becoming a necessity for many firms that seek to grow internationally. Therefore, global leadership is a decisive capability within the context of the present approach and a strategic global mindset is crucial for this type of leadership (Gundling et al., 2011).

According to our conceptual approach, emotional and cultural intelligences hold a set of valuable abilities to top managers' international decisions and network relationships. Abilities in emotional appraisement and management have a relevant role in the emotional challenges that emerge when dealing with different cultural environments, their vicissitudes, and adaptations, together with the frequently needed ambitious and competitive posture of international contexts. Cultural intelligence abilities favor the capability of the international top managers to deal with new cultural contexts due to the cognitive strategies that they might have, cultural knowledge, managers' attention and energy to intercultural settings, and

cultural behavioral flexibility. These seem to be proper capabilities to guide, proceed, and improve firms' internationalization and network relationships. When making these kind of decisions, having a solid knowledge about a certain host culture and the capabilities to motivate the process and to adjust behaviors, seems to improve the potential of international expansion and network management. In regard to international performance, our conceptual model suggests that the greater the scale and scope of internationalization, due to the resulting advantages and opportunities from that international expansion, the better are the firms' international financial, strategic, and overall performances.

Future avenues

Within the international realm, firms need to understand what kind of managerial characteristics are the best to pursue international activities effectively (Saeed & Ziaulhaq, 2019). In this perspective, there is the need to consider the psychological characteristics in detriment of demographics, while the last are overemphasized by existing literature (Adomako et al., 2019; Anwar et al., 2018) and appear to produce several inconsistencies (Carpenter et al., 2004).

The managers' big five personality traits and their influence on the firms' degree of internationalization is an unusual but needed line of research (Anwar et al., 2018).

The competencies for a global leadership are often not clearly distinguished (Gundling et al., 2011). As another valuable line of research, we suggest the consideration of Gundling et al.'s (2011) referred model of behaviors within our conceptual framework as well as the Hofstede model of six dimensions of national cultures (cf. Hofstede, 2011), as one of the most influential frameworks of cultural values (Zhou & Kwon, 2020), to assess cultural differences. Regarding the six dimensions, Hofstede developed power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, long term versus short term orientation, and indulgence versus restraint (Hofstede, 2011).

We emphasize the importance of knowing and assessing the influence of relevant behaviors of leaders within their international responsibilities as well as the personal characteristics that may influence those behaviors.

Concerning the upper echelons domain and internationalization, further research is proposed in diverse cultural contexts, namely, using the present methodological approach. In this vein, the stated multidimensional vision of DoI and international performance is recommended. Given the present approach, subjective performance measures should be

taken into consideration with different objectives, and in each it is suggested the consideration of their level of importance and satisfaction.

This investigation intends to encourage and stimulate future researchers to involve themselves in the investigation of top managers' emotional and cultural intelligence on firms' internationalization.

Furthermore, despite the scarcity of empirical studies, it is clear the importance of further research on how links between top managers' character strengths and upper echelons theory might contribute to a better understanding and expansion of the psychological characteristics field on strategic decisions and performance (Sosik et al., 2012). In this domain, it is suggested that the character of top managers and their virtuous behavior play a positive role in executive performance and consequently in organizational performance (Sosik et al., 2012).

Finally, we suggest the reinforcement of the laboratories of firms, where information systems should be applied to collect and monitor longitudinally all the information regarding the firms' phenomena.

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PART II

The relationship between cultural intelligence and emotional intelligence

INTERNATIONAL TOP MANAGERS
CULTURAL INTELLIGENCE
EMOTIONAL INTELLIGENCE
CROSS-CULTURAL MANAGEMENT

EMOTIONAL INTELLIGENCE AND CULTURAL INTELLIGENCE IN TOP MANAGEMENT OF INTERNATIONAL SMEs

ABSTRACT

The psychological characteristics of international firms' decision-makers are of major importance in an increasingly borderless business world. Cultural intelligence (CQ) and emotional intelligence (EI) endow individuals with critical abilities to interact in multicultural environments. Given the scarcity of empirical studies, this research studies the relationship between CQ and EI and their dimensions respectively. This study focuses on the decision-makers of international micro, small and medium-sized enterprises. The sample is composed of 307 international top managers. Constructs convergent and discriminant validities were verified and the relationship between them was assessed. Despite difference, the two intelligences are significantly related. In relation to their dimensions, significant relationships emerged as well significant emotional predictors of cultural intelligence. According to the results, the two intelligences emerged as important related capabilities within international top managers. We attested that in international business contexts, cultural and emotional intelligences are important and related capabilities.

Keywords: emotional intelligence; cultural intelligence; cross-cultural management; internationalization

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1. INTRODUCTION

This study focuses on the psychological characteristics of international micro, small and medium-sized enterprises (SMEs) decision-makers: specifically on Cultural Intelligence (CQ) and Emotional Intelligence (EI). In the context of international management and internationalization processes of SMEs, understanding and studying top managers' characteristics is a domain with high scientific relevance (e.g. Adomako et al., 2019; Anwar et al., 2018; Hsu et al., 2013; Kuivalainen et al., 2012; Prange & Pinho, 2017). Top managers have an important role in the context of business internationalization (Hsu et al., 2013; W.-T. Lin & Liu, 2012) and so do their psychological characteristics (Adomako et al., 2019; Anwar et al., 2018). The CQ and EI are taken as important capabilities of top managers in international business environment (Alon & Higgins, 2005; Jyoti & Kour, 2017). Given the importance of CQ and EI within cross-cultural contexts (Moon, 2010), this study examines the relationship between the two constructs. Literature on the topic with an empirically point of view remains scarce and research on the subject highly pertinent (Crowne, 2013a).

In this research, we took international SMEs decision-makers' EI as a significant capability to interact in intercultural settings and as an important one to study in the organizational context (e.g. Leonidou et al., 2019). Although, it is observable a substantial lack of research about the role of EI in the international business context (Y. Lin et al., 2012). Because general intelligence tends to explain only a small portion of what constitutes success, EI has the potential to fill in much of the gap (Mayer & Salovey, 1997). From a leadership point of view, leaders with highest levels of EI will tend to be more effective in carrying out their duties. This is so due to their understanding of their own, and that of others emotional abilities and due to their ability to regulate and use emotions (Wong & Law, 2002). It is not a form of general knowledge about the individual and others, but rather a form of intelligence that promotes evaluation, expression, regulation and emotional use (Salovey & Mayer, 1990). EI is the “[...] capacity to reason about emotions, and of emotions to enhance thinking” (Mayer et al., 2004, p. 197), allowing problem solving based on emotional information (Mayer et al., 1999). EI harmonizes reason with emotion, i.e. it deals with emotion intelligently (Mayer & Salovey, 1997). The present research takes EI as a multidimensional construct with four dimensions: self-emotions appraisal (SEA); others-emotions appraisal (OEA); use of emotion (UOE); regulation of emotion (ROE) (Ingram et al., 2019; Wong & Law, 2002).

The prominence of firms' international missions and the important roles of the entrepreneur or manager and their characteristics in the internationalization processes of SMEs (Ismail & Kuivalainen, 2015; Navarro-García, 2016) and the current presence of the intercultural sphere in everyday life and particularly in the working context require people to deal with the most varied emerging aspects of the cultural diversity in which they operate (Earley & Mosakowski, 2004; Van Dyne et al., 2012). In these contexts, the international managers cultural competencies are of utmost importance (Vaccarini et al., 2019). Thus, CQ emerges as a key capability and an important enabler for those who interact in their day-to-day life with intercultural business environments (Imai & Gelfand, 2010). Important for studies in management (Van Dyne et al., 2012), CQ is a recent field of research that still requires a need for better understanding and demands consequent investigation (Crowne, 2013b). Following Earley and Ang (2003), "cultural intelligence refers to a person's capability to adapt effectively to new cultural contexts" (p. 59). Thus, CQ assists individuals in diverse cultural settings and not only in a specific culture: "[...] CQ is culture free [...]" (Ang et al., 2007, p. 339). Grounded on Sternberg's (1986) conceptual framework for intelligence, Earley and Ang (2003) developed a multidimensional concept of CQ (Van Dyne et al., 2012). We took CQ as a multidimensional construct that integrates the metacognitive (MC), cognitive (COG), motivational (MOT) and the behavioral (BEH) dimensions (Ang et al., 2007; Jyoti & Kour, 2017).

This study contributes to the international business and psychological fields, taking the psychological characteristics of SMEs international firms' decision-makers, namely, EI and CQ, as critical abilities to interact in multicultural environments. Literature shows the scarcity of empirical studies concerning the relationship between CQ and EI and their dimensions. Therefore, we stressed the importance of these intelligences within international environments and studied the relationship between them and their dimensions. As main findings we attested the constructs convergent and discriminant validities and their significant relationship. International top managers' EI and CQ emerged as significantly related intelligences. The results show that both the overall constructs and their dimensions are significantly related as well significant emotional predictors of cultural intelligence. Regarding the structure of this research, the next section reviews the relationship and complementarity between the two intelligences. In the section three, the hypotheses are formulated. Subsequently, the section four addresses the followed methodology. Section five contains the results of the research and in section six, we performed the discussion of the

results. Finally, in section seven, we present the conclusion of the research and in section eight, the limitations and future research avenues.

2. RELATIONSHIP BETWEEN EMOTIONAL AND CULTURAL INTELLIGENCES

The scarcity of empirical studies focusing on the relationship between EI and CQ should be pointed out (Karroubi et al., 2014; Y. Lin et al., 2012) as well as the need for further research between them (Crowne, 2013a). In fact, the research about the predictive character of EI and the understanding of how it relates to other intelligences, e.g. CQ, is of recognized scientific interest (Côté & Miners, 2006; Crowne, 2009, 2013a; Mayer et al., 2004; Moon, 2010). In this line, Moon (2010) warns that it is difficult to assess a causal relationship between EI and CQ, recognizing, however, the relationship between them and the scarcity of studies on this subject.

The conjugation of EI and CQ suggests from the outset an improvement in the intercultural actions of individuals. For instance, because the expression of emotions is not homogeneous across cultures, EI and CQ can mutually contribute to an individual's ability to identify, understand and regulate the emotions of others (Moon, 2010). CQ as an individual capability complements other forms of intelligence such as EI (Van Dyne et al., 2012). Therefore, we took the simultaneous consideration of EI and CQ as of recognized interest in the action scope of firms' multicultural contexts. As Ang and Van Dyne (2008) pointed out, individuals, when interacting with cultural diversity and their social differences, neither EI nor cognitive intelligence (IQ) seem sufficient for an effective intercultural adjustment. Therefore, the synergetic effect with CQ is decisive. CQ stimulates the international manager archetype (Imai & Gelfand, 2010) and EI capabilities can also play an important role within managers' intercultural contact (Moon, 2010). EI appears to be an important capability of individuals in multicultural contact inherent to international business (Lillis & Tian, 2009). The two intelligences under consideration, although distinct, are related to each other (Crowne, 2013a; Moon, 2010). Therefore, the complicity between them is verifiable in the literature insofar, as proposed for example by Y. Lin et al. (2012): "[...] people with a lower CQ would need a higher EI to adjust their behaviors appropriately in a different culture" (p. 542). In this vein, Y. Lin et al. (2012) note that individuals in contact with intercultural environments, by having higher levels of EI, express better their emotions

and express themselves verbally and nonverbally in more accurate ways, better understanding the minds of others and what they culturally intend to communicate, and regulating their emotions to avoid misunderstandings. Their study attests the positive effect of CQ on intercultural adaptation and the positive moderation of EI on the relationship between CQ and intercultural adaptation. Their results show that international students with high levels of EI adapt better to cross-cultural environments, because their EI allows them to quickly perceive cultural differences. When studying the relationship between EI and CQ, it should be emphasized that emotional and motivational factors are present in CQ (Earley & Mosakowski, 2004), thus indicating “[...] that EQ leads to CQ”¹ (Jyoti & Kour, 2017, p. 770).

Despite the potential relationship between CQ and EI, Gunkel et al. (2014) account on aspects varying across cultures, such as the ability of emotional communication, perception, regulation and emotional use. Earley and Mosakowski (2004) stated that “cultural intelligence is related to emotional intelligence, but it picks up where emotional intelligence leaves off” (p. 139). In fact, an individual may exhibit high levels of EI within their own culture but not necessarily convert that ability into a successful adaptation to different cultural contexts (Moon, 2010). This approach emphasizes the fact that the emotional capability underlying EI is not automatically reflected in different cultural contexts (Ang & Van Dyne, 2008). Culture influences the realm of emotions. Gunkel et al. (2014) show that some cultural dimensions of different countries affect, as antecedents, the levels of individuals’ EI. Therefore, in the study of EI within intercultural interactions emerges the importance of considering CQ. The national culture of different countries influences EI and in general the mind mechanism (Gunkel et al., 2016). However, it is important to bear in mind in the spectrum of emotions that, despite the existence of differences, some similarities in emotional functioning are found across different cultures (Matthews et al., 2012). As recognized by the literature, emotions have a character of universality as well as a character of cultural specificity (Shao et al., 2015). Thus, following Shao et al. (2015), the emotion perception abilities have an essential and much more universal nature than the abilities to understand and regulate emotions. Crowne (2009), addressing the distinction between EI and CQ, mentions that EI may not be reflected in diverse cultural settings. Concerning CQ, Crowne (2013a) refers that a culturally intelligent individual does not necessarily possess a high level of EI. Being emotionally intelligent does

¹ “[...] emotional intelligence (EQ) [...]” (Jyoti & Kour, 2017, p. 768).

not stem from being culturally intelligent and vice versa. On the other hand, due to the fact that in the context of intercultural contacts, some different issues or problems may arise, individuals with high levels of EI seem to be well prepared to cope with those contexts and to evaluate, regulate and use emotions within their actions (Karroubi et al., 2014).

In spite of their differences, we assumed EI and CQ as important constructs related to each other in the international top managers' business context. This research is based on the principle of a complementary relationship between the EI and the CQ that, besides necessary, is also beneficial to international top managers operating in international business contexts. Although the literature refers to differences and similarities between EI and CQ, an important potential relationship between the two intelligences and their complementarity in intercultural contexts is recognized. That relationship highlights the important role that both the intelligences play in intercultural settings.

According to Jyoti and Kour (2017), EI positively affects CQ because the former, emotionally facilitates the understanding of self and others and, consequently, their interaction in multicultural contexts. Higher-level EI individuals have intrinsically a better ability to deal with self-emotions and those of others; to regulate and use emotions to improve their actions in unfamiliar intercultural environments; to reduce uncertainty, culture shock and stress typical of operating in international settings (Y. Lin et al., 2012). Because social, psychological, and cultural challenges are vast in multicultural contacts, the ability to understand and manage emotions in these contexts is critical to effective cultural adjustment (Y. Lin et al., 2012). It is therefore legitimate to assume that EI predicts a better cultural adjustment by assisting the appropriate skill that regulates and expresses emotions and behaviors and evaluates self-emotions and those of others in different cultural contexts (Y. Lin et al., 2012). Karroubi et al. (2014) assess a significant relationship between CQ and EI where the former positively impacts the latter. According to Karroubi et al. (2014), the individual who best knows the context in which he operates is better placed to communicate and control it, given that the environments are places of people with people's emotions. In intercultural contexts, emotional understanding and expression ability requires, strictly speaking, not only the indexed capability to EI but also the ability for cultural adjusted understanding and expression, reflecting the intersection between the two constructs (Crowne, 2009). In fact, when thinking culturally, one also thinks about the emotional spectrum of a given culture, as Crowne (2009) refers "[...] many cross-cultural interactions involve emotions, and many emotional situations involve understanding the cultural context" (p. 157). Alon and Higgins (2005) emphasize CQ as a stimulating capability of EI.

Consequently, and despite the universal character of some emotions, in general they are not equally reflected in different cultures. In this sense, Sternberg (1997), with regard to EI, states that “the abilities would seem to be universal, although, again, their behavioral manifestations might differ somewhat from one environmental context to another” (p. 1034). Therefore, CQ acts as an instrument of transference of the individual emotional capabilities in a given culture to the culture of contact (Alon & Higgins, 2005). It manifests the complementarity between the two intelligences, because, although EI provides the individuals with the ability to deal with emotions, this ability is dependent on the cultural context in which they are found. According to Ang et al. (2007) an individual with high levels of EI in one culture may not be able to translate these levels into another. As Salovey and Grewal (2005) point out, the skills of the emotionally intelligent individual take place in their social context and, in order to apply them to new environments, they must be aware of what constitutes an accepted behavior in the new context.

When in contact with different cultures, for instance, the emotional expression ability adjusted to context is not exclusive to emotionally intelligent individuals but also to culturally intelligent ones (Crowne, 2009). Due to the ability to be emotionally intelligent varies with different cultures, CQ is a fundamental ability for those who interact with different cultural settings (Alon & Higgins, 2005). Because CQ allows the understanding of emotions according to the rules of different cultures and promotes a more appropriate emotional expression and behavior, then it is more likely that the relationship between EI and CQ be one of complementarity (Sharma & Hussain, 2017). For instance, Darvishmotevali et al. (2018) demonstrate this complementarity by verifying that the CQ moderate the relationship between EI and creative performance. Y. Lin et al. (2012) place CQ and EI as capabilities that stimulate work adjustment in multicultural environments. Y. Lin et al. (2012) call intelligent behavior outside the academic world “[...] 'real world' intelligence” (p. 544), which incorporates EI and CQ. According to Gabel et al. (2005), EI plays a relevant role in managers intercultural adjustment for international missions and an important indirect role in their international success. “Thus EI helps to diminish the cultural differences between the host and home cultures of the global manager, and thereby increases the possibilities for better cross-cultural adjustment” (Gabel et al., 2005, p. 390). Earley and Mosakowski (2004) highlight the fact that an emotional intelligent manager working in intercultural environments will have the ability to manage delicate situations by creating, for example, empathy and managing moods. However, if he lacks CQ skills, he will not

adequately appreciate whether certain situations are generated by cultural legacy or not, therefore increasing the difficulties to properly address them.

Given the acknowledged importance of CQ in the cultural diversity of international environments (Earley & Ang, 2003) in this research, we also wanted to show the determinant role of EI in these contexts. Therefore, the value of EI in CQ is emphasized.

3. THEORETICAL APPROACH AND HYPOTHESES FORMULATION

The conceptual organic of Moon (2010) will be followed together with the conceptual view of EI components of intrapersonal and interpersonal respectively recognized in Ingram et al. (2019). We used self-emotions appraisal (SEA) and regulation of emotion (ROE) dimensions indexed to the intrapersonal EI (self-awareness and self-regulation) and, others-emotions appraisal (OEA) and use of emotion (UOE) to interpersonal EI (social-awareness and relationship management) (Ingram et al., 2019).

3.1. Hypothesis 1

Due to the scarcity of studies on the relationship between EI and CQ (Crowne, 2013a), exploring the potential relationship between the two intelligences is an empirically valuable link in the present research. We expect that EI and CQ, as intelligences, are related. For instance, the literature observes that emotional and motivational factors are present in CQ (Earley & Mosakowski, 2004). As highlighted by Jyoti and Kour (2017) “[...] EQ leads to CQ” (p. 770). According to these authors, EI positively affects CQ. On the other hand, given the influence of culture on emotions, as Gunkel et al. (2014) analyzed, some cultural dimensions of different countries affect individual's EI levels. Alon and Higgins (2005) emphasize the stimulating value of CQ over EI. According to Alon and Higgins (2005) “[...] in order to be EQ effective, one must also be CQ effective” (p. 506). Therefore, a relationship between EI and CQ is likely to exist: as Crowne (2013a) states, EI and CQ, despite being distinct, are related.

$$H_1: EI \text{ and } CQ \text{ are positively correlated}$$

3.2. Hypothesis 2

Following Moon (2010), EI capabilities associated with the contact with third parties (interpersonal), more than those specifically associated with the individual (intrapersonal), better explains CQ. Indeed, the important role of recognizing the emotions of others in intercultural adjustment is recognized, given the perceived advantages for communication and the interpersonal relationships with different cultures (Yoo et al., 2006). For instance, the EI capabilities of identifying, understanding and regulating emotions of others hold an important role for CQ's behavioral dimension (Moon, 2010). Concerning individuals with higher levels regarding the use of emotions to facilitate performance, they are more capable of channeling their emotions to improve performance and other positive outcomes, both when dealing with others and themselves (Law et al., 2004, 2008). The use of emotions to leverage positive emotional scenarios that facilitate problem solving is an important capability of EI (Salovey & Mayer, 1990). Consequently, individuals with higher levels in this dimension “[...] would be able to encourage him / herself to do better continuously and to direct his / her emotions in positive and productive directions” (Law et al., 2008, p. 53). Therefore, we formulate hypothesis two as the following:

H₂: Considering the four EI dimensions; OEA and UOE together have a greater value predicting CQ than the set SEA and ROE

3.3. Hypothesis 3

To deepen the analysis of the association between EI and CQ, the potential relationship between dimensions of the constructs should be studied.

SEA dimension reflects an individual's ability to recognize, understand and express self-emotions (Salovey & Mayer, 1990). Following Moon (2010), the self-awareness competency of EI should be related to the MC dimension of CQ. We accept this reasoning. According to Salovey and Mayer (1990), SEA integrates the ability to assess and learn about emotions, to introspect and to form propositions coherently. An accurate emotional assessment and expression requires the processing of emotional information and helps promoting social interaction (Salovey & Mayer, 1990). MC presupposes the control of cognition, the cultural awareness capable of plotting cognitive strategies, creating an awareness about cultural interactions, before and during they develop and making it possible to know when and how to apply knowledge (Ang et al., 2007; Rockstuhl et al., 2011). This dimension reflects the awareness and the ability for reflection and adjustment of cultural

knowledge in diverse multicultural interactions (Ang & Van Dyne, 2008). Thereby, those who better appraise, understand and express own emotions, are better prepared, in diverse cultural settings, to learn cultural knowledge and to recognize the better way to respond to various stimuli created by the multiplicity of cultural environments. This is so because they are more aware of the self (Moon, 2010). Thus, SEA is expected to be related to MC. Therefore, we formulate hypothesis three as the following:

$$H_3: \text{SEA is positively related to MC}$$

3.4. Hypothesis 4

Following Moon's (2010) analysis, the self-management dimension, taken by ROE in this study, positively relates to MOT and BEH. According to ROE, individuals control their emotions and maintain balance (Law et al., 2004); optimize their emotional state by controlling unpleasant emotional states and sustaining pleasant ones (Salovey & Mayer, 1990); manage and create favorable situations in social interaction (Law et al., 2004); control their temper and are better able to manage happy or unhappy situations (Law et al., 2008). Yoo et al. (2006) also observe the positive role that emotional regulation plays in intercultural adjustment, e.g., in reducing the shock with new cultural environments. In this way, individuals with a higher ROE seem to be more capable to proceed with MOT and BEH of CQ. According to MOT, this happens because individuals are more capable of generating attention and energy in diverse contexts, in order to build multicultural learning (Ang et al., 2007; Rockstuhl et al., 2011); they are more likely to overcome the inherent difficulties and to adapt effectively to different cultural contexts (Y. Lin et al., 2012); they are more available and effective in establishing intercultural contacts and enjoying a special taste in their promotion and adaptation (Imai & Gelfand, 2010). This dimension is the basis of the individual's self-confidence when interacting in multicultural environments (Groves et al., 2015). The BEH dimension relates to individuals' abilities to behavioral flexibility and facilitation in different multicultural circumstances and usage of appropriate verbal and nonverbal communication, which contributes to a greater adjustment to cultural diversity (Ang et al., 2007; Rockstuhl et al., 2011). Therefore, individuals who better regulate their emotions are more capable to adjust their behaviors in the different cultural situations they face (Moon, 2010). Therefore, individuals who have higher levels of ROE inspire a greater ability to overcome the difficulties of different cultural contexts and are more available for the promotion, establishment and adaptation to diverse intercultural interactions.

$$H_4: \text{ROE is positively related to MOT and BEH}$$

3.5. Hypothesis 5

The ability to read and understand others' emotions and needs, OEA, is potentially related to MC, MOT and BEH of CQ (Moon, 2010). This is because, following Moon (2010), this emotional capability can promote a better reading of others' emotions and promote greater flexibility in dealing with verbal and nonverbal behaviors in different cultural contexts. This ability of EI relates to the dimensions of CQ once it reflects, the individual's capability for perception and understanding of the emotions of others; its capability to create empathy, a fundamental side of the emotionally intelligent individual (Mayer et al., 1999); its ability to promote healthier, more satisfying and fruitful relationships; and its capacity for fostering trust and the possibility of being better accepted (Salovey & Mayer, 1990). Thus, OEA should relate positively with the MC capability, which, according to Van Dyne et al. (2012), is responsible for cultural and social interactions awareness; the awareness of a culture's influence in self and others' minds and behaviors; for intercultural contact preparation; and according to Groves et al. (2015), for critical thinking in the various multicultural interactions. OEA should also relate positively with the MOT capability, which, following Imai and Gelfand (2010), is responsible for fostering intercultural contacts and appreciate them taking adaptive behaviors respectively, among other aspects referred above. The BEH capability is responsible for flexibility in diverse multicultural settings and for the appropriate use of verbal and nonverbal communication (Ang et al., 2007). Imai and Gelfand (2010) and Y. Lin et al. (2012) refer the due importance of words, tones, accents, gestures, facial expressions and body language for appropriate dynamics in multicultural settings. So, OEA should play an important role concerning cultural flexibility in behaviors with others (Moon, 2010). Therefore, we formulate hypothesis five as the following:

$$H_5: \text{OEA is positively related to MC, MOT and BEH}$$

3.6. Hypothesis 6

According to the use of emotion to facilitate performance dimension, UOE, emotionally intelligent individuals use emotions to leverage positive emotional scenarios that facilitate problem solving; promote the redirection of attention to issues with greater relevance and to redirect emotions, imagine situations, enjoy positive moods and attitudes to motivate personal problem-solving and task performance (Salovey & Mayer, 1990). UOE allows individuals to direct themselves to productive actions and to consistently do better

(Law et al., 2008). Following Moon (2010), the emotional capability responsible for helping, inspiring and influencing others; for dealing with contextual challenges and developing initiatives; for fostering collaborations and managing conflicts, and for having an appropriate communication is related to the four dimensions of CQ. Thus, individuals that meet these facets, according to Moon (2010), are better prepared to adapt to new contexts of cultural diversity given their thinking skills, knowledge, motivation for intercultural contact and communication skills. Therefore, we formulate hypothesis six as the following:

$$H_6: UOE \text{ is positively related to } MC, COG, MOT \text{ and BEH}$$

4. METHODOLOGY

4.1. Sample and data screening

The universe of this analysis comprises the decision-makers with direct responsibility of international activities in Portuguese international SMEs. In data collection and sampling, we requested the position of each respondent as an admissibility criterion. The sample is composed by founders, owners, chief executive officers (CEOs), managers of international activities, international market managers or commercial managers. This procedure is common in studies involving SMEs internationalization where the most knowledgeable element concerning internationalization is questioned (e.g. Kontinen & Ojala, 2012). We follow the European Union's definition of SME, as do to other European studies (e.g. Schueffel et al., 2014; Zucchella et al., 2007).

In previous data examination, after the exclusion of respondents with incomplete information, we obtained a total of 321 complete survey responses. We removed from our database four responses that did not comply with the SMEs' criteria. Concerning unengaged responses, standard deviation was calculated in Likert scales for each respondent. Thus, to avoid disturbing the data, two respondents were eliminated from the analysis due to their reported variability very close to zero (cf. Nadhim et al., 2018). In the line with other studies, a cutoff of less than 0.3 was applied (e.g. Makkar & Singh, 2018). Concluding, after data purification, 307 responses of international SMEs Portuguese decision-makers met the necessary criteria and were taken into consideration for further analysis. The data was screened, and concerning missing data, we identified one case relating to the control variable “year of birth” of the respondent and one case concerning “respondents’ international

experience (RIE)”. Because this is a minimal missing data level, we can use one of the approaches for remedying the situation without biasing our results (Hair et al., 2014). We adopted a group mean substitution. To the respective position group of the respondent, the mean of the year of birth of the individuals and that of the RIE were imputed in order to calculate the age and the international experience of the respondents of that missing cases (Hair et al., 2014). Concerning outliers, no questions were assumed in this topic, except in one observation regarding RIE where the value of the respondent seemed to be a typing error. We applied the same token: the missing value was replaced by the mean of the position group occupied by the individual. Regarding the assumption of normality, when samples are of 200 cases or more, nonnormality issues tend to be diminished (Hair et al., 2014).

We analyzed our sample and in relation to gender, of the 307 participants, 71.3% were male (average age 50 years) and 28.7% female (average age 45 years). In relation to the respondents' international experience, the average was 1.22 countries where they have lived. Further analysis is present in the following Table 1.

Table 1. Sample analysis (307 international top managers)

Position/Gender			Age (average)	International experience (average)
Founders and owners	144	46.9%	51	1.17
Male	109	35.5%	51	1.24
Female	35	11.4%	50	0.97
CEOs	67	21.8%	51	0.97
Male	52	16.9%	52	1.02
Female	15	4.9%	45	0.80
Commercial managers	42	13.7%	43	1.71
Male	22	7.2%	44	2.27
Female	20	6.5%	41	1.10
Managers of international activities	40	13.0%	43	1.40
Male	26	8.4%	45	1.38
Female	14	4.6%	38	1.43
International market managers	14	4.6%	40	0.86
Male	10	3.3%	40	0.70
Female	4	1.3%	39	1.25
Total	307	100%	48	1.22

Source: Authors' own preparation

4.2. Data collection and procedure

The survey is the data collection instrument used in this research. As a methodological procedure, it was pretested. A panel of 10 individuals representing managers

working in internationalized enterprises was selected to verify the conformity of the survey, the meaning of each item, the filling instructions, the response format and the answering time, amongst others. The feedback did not reveal any particular problems and minor changes were made namely in the clarification of few items. We used a methodology abundantly used by other studies based on an online survey, sent by e-mail to the referred decision-makers responsible for the international activities of Portuguese SMEs. Survey completion made use of the forced answer method, with the exception of the year of birth. Data collection took place from the 2nd to 30th of April 2019. Throughout this period, the survey was sent in different phases to recipients, including reminders to the non-respondents.

Concerning the variables under consideration, this study uses previously validated scales with minor adaptations in a few items. We have taken special precautions on designing the survey, especially since all scales were in the English language but the sample is constituted of native Portuguese speakers. In relation to EI, we used the translation of the selected scale by Rodrigues et al. (2011). The authors adapted and validated the Wong and Law Emotional Intelligence Scale (WLEIS) to the Portuguese context, attesting its psychometric properties based on a working context sample. This study adopts the Portuguese translation (WLEIS-P) by Rodrigues et al. (2011). In the case of CQ, we used the scale translation to Portuguese by Sousa et al. (2015). The selected scale is the Cultural Intelligence Scale (CQS) of Ang et al. (2007) which Sousa et al. (2015) adapted to the Portuguese population, attesting its validity, reliability and conceptual multidimensionality. Regarding social desirability (SD), the used scale was translated from English to Portuguese. To the survey's validity, reliability and linguistic equivalence, we used a translation/back-translation process, common in other studies (e.g. Gunkel et al., 2014; Law et al., 2004; Y. Lin et al., 2012), namely the Behling and Law (2000) translation/back-translation procedure. Two bilingual scholars (Portuguese and English respectively), both with PhDs in the social sciences, applied the procedure – translation into Portuguese and back-translation into English. Subsequently, we compared the versions (Behling & Law, 2000) and although negligible differences were detected, these required a new iteration. The procedure was repeated to address these inconsistencies despite the smaller differences among versions that did not change the substance. This was made to assure greater translation consistency. Finally, minor adjustments were made in a limited number of items. This last adjustment step, commonly used in the literature, follows the final stage of the translation/back-translation process proposed by Behling and Law (2000).

In this research, because the data source is based on a single respondent self-report in each firm, and in order to obtain the higher levels of consistency in the results, we took measures to control the common method bias (CMB), given its weight as a source of measurement error (Podsakoff et al., 2003). Given the nature of this research, getting information from different sources does not appear to be a reasonable method, as Podsakoff et al. (2003) contemplate in their approach. Therefore, given their recommendations on CMB, the potential problem of the respondent's social desirability tendency and the existence of ambiguous and complex items were taken into consideration. Accordingly, during the translation process, we improved some items, in slight detail, for better comprehension and we carried out a pretest to make additional improvements on some items and address other issues related to the survey's structure and content. In line with the guidelines of Podsakoff et al. (2003), the anonymity and confidentiality of the responses was assured, we appealed to respondents' honesty and emphasized the non-existence of right or wrong answers. Ensuring the confidentiality of the responses when using surveys is a prerogative that is intended to be clear to all participants, as well as the voluntary nature of the study (e.g. Gabel et al., 2005).

Self-report measures can give rise to socially desirable responses (Carvalho et al., 2016; Santos et al., 2018). Concerning control variables, and considering the potential response bias as a result of the use of self-report measures, we used the SD variable to mitigate these effects (Crowne, 2013b). According to Mayer et al. (1999), EI increases with age. Therefore, respondent's age is considered in this study as well as gender, that may have an effect on, e.g., emotional intelligence (e.g. Gunkel et al., 2014). Manager's international experience is also an important variable that should be considered once it is a source of knowledge (Nielsen, 2010) and due to its potential to influence CQ (Moon, 2010).

We treated the collected data with AMOS and the IBM SPSS Statistics of the Statistical Package for Social Science program version 25.

4.3. Variables and measurement

4.3.1. Emotional intelligence

There is no agreement on the conceptualization, and inherently a lack of consistency in the measurement, of EI (Law et al., 2008). EI can be assessed through performance measures or self-report measures (Carvalho et al., 2016; Law et al., 2008; Rodrigues et al.,

2011). EI self-report measures, besides being easier to apply, have shown a better quality in their psychometric properties (Carvalho et al., 2016) and, despite risks of social desirability responses and other personal biases, these have been found to be reliable (Law et al., 2008). We measure EI using a self-report scale composed of sixteen items that was developed by Wong and Law (2002), following Salovey and Mayer (1990) and Mayer and Salovey (1997). This scale, repeatedly used to measure EI as an ability (Carvalho et al., 2016; Cho et al., 2015), is known as WLEIS and is a self-report psychometric scale that evaluates the four dimensions of EI: self-emotions appraisal; others-emotions appraisal; use of emotion; and regulation of emotion (Law et al., 2004). With the application of this instrument, a significant latent construct emerges: EI (Law et al., 2004). Indeed, “[...] WLEIS presents consistency to capture all EI dimensions [...]” (Carvalho et al., 2016, p. 158) and, within the self-report measures “[...] the WLEIS it is shorter and has a four-factor structure that seems to be more reliable to represent the Salovey and Mayer (1990) EI framework” (Carvalho et al., 2016, p. 153). Unlike many other scales, WLEIS was designed to be simpler and more appropriate in investigations within the framework of management, leadership and, generally, in the organizational context (Wong & Law, 2002). The widely use of the scale in the literature is manifest in studies of several domains. This which also accounts for its importance and the significance of the ability-based model (e.g. Crowne, 2013a; Darvishmotevali et al., 2018; Devonish & Greenidge, 2010; Gunkel et al., 2016; Law et al., 2008). A higher score on this scale reflects greater levels of EI (Devonish & Greenidge, 2010; Santos et al., 2018).

4.3.2. Cultural intelligence

To measure CQ, we used a scale with twenty items that was developed by Ang et al. (2007), following Earley and Ang's (2003) definition of CQ. This scale is known as CQS and it is a self-report psychometric four-dimensional scale, evaluating the four intercultural capabilities of CQ: metacognitive; cognitive; motivational; and behavioral, which the authors verified with this instrument and that supports the global construct of CQ (Ang et al., 2007). The Ang et al. (2007) CQ scale is widely used in diverse studies (e.g. Caputo et al., 2018; Groves et al., 2015; Imai & Gelfand, 2010; Jyoti & Kour, 2017; Rockstuhl et al., 2011). A high score on this scale reflects an individual's ability to adjust and behave appropriately and effectively in new cultures (Y. Lin et al., 2012).

4.3.3. Social desirability

In this research, Reynolds (1982) Form C, a shorter version of Marlowe Crowne Social Desirability Scale, is used to measure levels of social desirability (SD). This scale demonstrates its applicability in the domain of management and organizational reality given the self-report character of the measures used (e.g. Serenko & Bontis, 2016; Triki et al., 2017; Uy et al., 2015). This is a scale of thirteen items with a true / false response format (Triki et al., 2017). However, other studies use a Likert scale response format (e.g. Uy et al., 2015). In the present study, a 5-point Likert scale response format ranging from 1 = strongly disagree to 5 = strongly agree is used and the false oriented items were subject to a reverse-scored.

We also used a 5-point Likert scale response format to EI and CQ scales, much like existing studies (e.g. Caputo et al., 2018; Darvishmotevali et al., 2018; Gunkel et al., 2016; Jyoti & Kour, 2017) where: 1 = strongly disagree; 2 = disagree, 3 = neither agree nor disagree; 4 = agree; 5 = strongly agree.

4.3.4. Age

Age is a relevant variable in the study of intelligences. Law et al. (2004) refer studies that reflect a positive correlation between EI and the individual's age. So, we considered the survey item: please indicate your year of birth.

4.3.5. Gender

When studying individuals' psychological characteristics, gender is a control variable widely used (e.g. Ang et al., 2007; Crowne, 2013b; Gunkel et al., 2016; Jyoti & Kour, 2017; Law et al., 2008). Thus, the item in the survey is: please indicate your gender [male, female]. Gender (G) was coded with: 1 = male and 2 = female (e.g. Law et al., 2008).

4.3.6. Respondents' international experience

Manager's international experience is an important source of knowledge and abilities to deal with the international environment and with international markets entry (Nielsen, 2010). International experience is a potentially influential in CQ (Moon, 2010). RIE was measured through the number of countries where the respondents had lived, following Rockstuhl et al. (2011). Although, it should be noted that more accurate measures

of international experience exist (Nielsen, 2010). So, the survey item is: besides Portugal, please indicate the number of countries where you have lived.

4.3.7. Position

The position of each respondent was requested. The participants had to select among founders, owners, CEOs, managers of international activities, international market managers or commercial managers. Only respondents that perform one of the referred positions participated in the research.

5. RESULTS

5.1. Factor analysis

5.1.1. Exploratory factor analysis

An exploratory factor analysis (EFA) was conducted to EI, CQ and SD. After performing a sequence of different EFA methods, to the EI sixteen items, CQ twenty items and SD thirteen items respectively, the final factorial structure of each construct was performed by an EFA using the principal components extraction method with promax rotation. According to the observed values (Table 2) of Kaiser-Meyer-Olkin (KMO) and of the Bartlett's test of sphericity to all constructs, pursuing the factor analysis is highly recommended (Field, 2009). The number of factors was given by the Kaiser's criterion and by the scree plot (Field, 2009). Concerning EI, the four factors structure emerged with a total variance explained of 61.47 percent. The results obtained attest to the foundations and theoretical principles of the WLEIS and to CQS, exhibiting internal consistency in the total scales and factors respectively (Table 2). However, the item number one in MOT dimension exhibited cross-loadings. After trying different extraction methods with several rotations, the persistence of this scenario led to item elimination (Hair et al., 2014). After this elimination, the analysis was run again (Hair et al., 2014) with the nineteen items with a total variance explained of 59.63 percent by the four factors. Concerning SD, no unidimensional structure emerged, an observable fact in the original Marlowe Crowne Social Desirability Scale as well (Loo & Thorpe, 2000). Although, once two dimensions may be expected, the true and false, an EFA was performed defining the extraction to two factors. The two oriented factors have emerged in spite of some concerns, essentially due to loadings

significance and communalities. After running different methods and after proceeding with some repairs and improvements of the factorial structure, the final pattern matrix ended up with two factors and eight items. Once the total SD scale (eight items) exhibits a Cronbach's Alpha of 0.677 and given the role of this variable to the study, a control variable, a composite score of the average of the items, was computed to create a SD total mean score following the analogous use of mean or total sum scale of SD in other studies (e.g. Cabral & Carvalho, 2014; Fasbender & Wang, 2017). The total scale mean score was calculated to control for SD in the inferential analysis.

Table 2. Exploratory factor analysis final data report

	K items	Kaiser-Meyer-Olkin (KMO)	Bartlett's Test of Sphericity	Cronbach's Alpha (α)
Emotional intelligence (16 items)	16	0.848	0.000	0.865
SEA: Self-emotions appraisal	4	-	-	0.757
OEA: Others-emotions appraisal	4	-	-	0.721
UOE: Use of emotion	4	-	-	0.700
ROE: Regulation of emotion	4	-	-	0.874
Cultural intelligence (19 items)	19	0.887	0.000	0.888
MC: Metacognitive	4	-	-	0.792
COG: Cognitive	6	-	-	0.852
MOT: Motivational	4	-	-	0.760
BEH: Behavioral	5	-	-	0.792
Social desirability (8 items)	8	0.779	0.000	0.677
SD: False oriented items	5	-	-	0.782
SD: True oriented items	3	-	-	0.569

Source: Authors' own preparation

5.1.2. Confirmatory factor analysis

The measurement model that will sustain the hypotheses testing must be valid and reliable. Therefore, we conducted a confirmatory factor analysis (CFA) with the maximum-likelihood method, before inferential analysis, in order to assess reliability, construct validity and effectively validate the factor structure. With a theoretically and empirically defined factor structure, which also emerged in EFA respectively, the CFA is performed in all dimensions of the key variables of the research, EI and CQ.

In relation to convergent validity, the standardized loadings estimates must meet the adequate minimum of 0.5 (Hair et al., 2014). The average variance extracted (AVE) should be 0.5 or higher (Fornell & Larcker, 1981) to be considered a good indicator and to attest convergent validity (Hair et al., 2014). Composite reliability (CR) is other important point within convergent validity. Although good reliability factors CR should be 0.7 or higher, values between 0.6 and 0.7 may be acceptable (Hair et al., 2014). To conduct this

analysis, the first indicator that should be observed concerns the significance of unstandardized factor loadings which in the present study are all statistically significant, a fact that is a good indicator for convergent validity (cf. Hair et al., 2014). Regarding standardized loadings, two of them have values below 0.5, each one in a different factor (OEA and UOE respectively). These two factors' AVEs are below 0.5. Given these issues, and in order to improve convergent validity, variables number three of OEA factor and number two of UOE were deleted. Despite these remedies, other issues relating to convergent validity subsisted. To address them, namely low AVEs, items number four of SEA, number two of COG, number four of MOT and number five of BEH were deleted, due to their low estimates (in spite of acceptable were in the 0.5s). Taking into account the stated rules by Hair et al. (2014), constructs should be represented by a minimum of three indicators and preferable by four. As Hair et al. (2014) emphasize, having constructs represented by three indicators is acceptable specially when integrated in a study with constructs with more indicators. This rule of thumb was taken into account in the elimination of items.

In relation to the final solution, the CFA shows that all the unstandardized factor loadings are significant. All items have standardized loadings above 0.5 and eighteen of the final twenty-nine are above 0.7. Regarding the AVE of the factors (Table 3), the values attest convergent validity, despite some AVEs being slightly below 0.5. Other studies are in line with these AVE results (e.g. Ang et al., 2007; Naudé et al., 2014). It should be emphasized that, being AVE a more conservative measure compared to CR, convergent validity may be recognized based on CR exclusively, despite more than 50 percent of the variance being linked to measurement error (Fornell & Larcker, 1981; Malhotra, 2010). Thus, given the observed indicators and the fact that CR of all factors is good, that is, above 0.7, accordingly to Malhotra (2010) convergent validity was established.

Table 3. Confirmatory factor analysis final data report

	K items	AVE	CR
Emotional intelligence			
SEA: Self-emotions appraisal	3	0.520	0.760
OEA: Others-emotions appraisal	3	0.524	0.767
UOE: Use of emotion	3	0.461	0.713
ROE: Regulation of emotion	4	0.649	0.880
Cultural intelligence			
MC: Metacognitive	4	0.504	0.800
COG: Cognitive	5	0.525	0.846
MOT: Motivational	3	0.496	0.743
BEH: Behavioral	4	0.496	0.794

Source: Authors' own preparation

Discriminant validity assesses if there is a difference between the construct and other constructs (Hair et al., 2014; Malhotra, 2010). According to what it is intended to be verified, the used method involves the assessment of the AVE and if it is greater than the squared interconstruct correlations (Hair et al., 2014; Malhotra, 2010). In the present study, all AVE are higher than the square of the correlations between the different factors, attesting discriminant validity.

To diagnose model validity and assume the estimated model, the examination of standardized residuals and of modification indexes (Hair et al., 2014) are other important procedures. The standardized residuals which are less than |2.5| do not suggest problems. These, if greater than |4.0|, might mean a possible elimination of the variables in question, while if in the interval |2.5| and |4.0| some analysis is required, which does not imply mandatory changes if no remaining issues are associated with those variables (Hair et al., 2014). Modification indices also deserved some attention (Hair et al., 2014). Taking into account these rules of thumb, no protruding problems or suggestions arose.

In order to assess the overall model fit, a set of indicators² are taken into account and, although no absolute values for their interpretation exist, as they vary from situation to situation, there are reference values accepted as guidelines (Hair et al., 2014). Insofar as multiple fit indices with different natures should be reported (cf. Hair et al., 2014; Malhotra, 2010), to assess the present model fit, the following is used. Chi-square (χ^2) = 579.194 with $df = 349$, $p = 0.000$ and $\chi^2 / df = 1.660$. In spite of the significance, the model is accepted due to the test sensitivity to sample size, for the reason that as the sample size increases the possibility of rejecting a true model also increases (Bagozzi & Yi, 1988). According to Hair et al. (2014) once the normed χ^2 is below 2, which is very good, it indicates an acceptable model fit. RMR = 0.027, which, according to Byrne (2010) is less than 0.05, and therefore indicates a good model fit. CFI = 0.938 which, despite not being higher than 0.95 (Hu & Bentler, 1999), attests a good model fit (Malhotra, 2010). PCFI = 0.806 that, according to Byrne (2010) represents a value within the expected admissible values range. According to Mulaik et al. (1989) “it is not inconceivable to have acceptable models with nonsignificant chi-squares, goodness-of-fit indices in the high 0.90s, and parsimonious-fit indices in the 0.50s” (p. 439). SRMR = 0.0521, thus, below 0.08, indicating good model fit (Malhotra,

² Root mean square residual (RMR); comparative fit index (CFI); parsimony comparative fit index (PCFI); root mean square error of approximation (RMSEA) (Arbuckle, 2017). Standardized root mean square residual (SRMR) (Malhotra, 2010). The P close “[...] is a p value for testing the null hypothesis that the population RMSEA is no greater than 0.05” (Arbuckle, 2017, p. 645).

2010). RMSEA = 0.046 (90 percent confidence interval for RMSEA going from 0.040 to 0.053). Therefore, RMSEA is less than the cutoff value of 0.06 according to Hu and Bentler (1999) and even lower than 0.05, thus, indicating good fit (Arbuckle, 2017). The Pclose = 0.808 indicates closeness of fit, once it is >0.05 according to Browne and Cudeck (1992). Given the observed indicators, this model has good fit.

Subsequently, EI and CQ were modeled as second-order factors. The CFA supports convergent and discriminant validity between EI and CQ, and good model fit (Chi-square (χ^2) = 634.179 with df = 368, $p = 0.000$ and $\chi^2 / df = 1.723$; RMR = 0.031; CFI = 0.928; PCFI = 0.841; SRMR = 0.0599; RMSEA = 0.049; Pclose = 0.632).

5.1.3. Common method bias and inferential analysis preparation

Following the issues concerning common method bias (CMB), it should be noted the fact that in this research both dependent and independent variables were collected from the same source. Despite the accounted methods, due to the fact that CMB may be a concern, some procedures were taken to avoid CMB. Following Podsakoff et al. (2003) the Harman's single factor test was performed (e.g. Crowne, 2013a; Moon, 2010), entering all variables of the study into an exploratory factor analysis. In the unrotated factor solution, fourteen factors emerged. No substantial amount of common method variance exists due to no single factor having emerged and no general factor having accounted for the majority of the variance as Podsakoff et al. (2003) states. In fact, the largest factor just explains 19.89 percent of the 64.05 percent total variance explained. This result suggests that CMB is not a major concern. Additionally to the referred *ex ante* and *ex post* actions to control CMB, as a complementary procedure to a more refined control of this effect, social desirability integrates the hypotheses testing to mitigate its effects in the analysis as a control variable, as in other studies (e.g. Crowne, 2013a; Fasbender & Wang, 2017; Ponterotto et al., 2011).

Therefore, after CFA and after controlling for CMB, through AMOS data imputation, the constructs scores were computed, to EI, CQ and their dimensions, respectively. Following other studies methodology (e.g. Ang et al., 2007; Caputo et al., 2018; Y. Lin et al., 2012; Moon, 2010), with similar sample dimension, after CFA, regression analysis was performed in order to test the hypotheses. Therefore, as in similar studies, we adopted the hierarchical regression analysis methodology (e.g. Y. Lin et al., 2012; Moon, 2010) and partial correlations analysis (e.g. Imai & Gelfand, 2010).

5.2. Correlation analysis

To support an initial assessment of the relationships between the research variables, we performed a correlation analysis. Means and standard deviations are reported in Table 4.

Table 4. Descriptive statistics and correlations

Variables	Mean	Standard Deviation	EI	CQ	SEA	OEA	UOE	ROE	MC	COG	MOT	BEH	Age	G	RIE	SD
EI	2.19	0.22	1	0.763**	0.888**	0.840**	0.779**	0.817**	0.699**	0.442**	0.604**	0.589**	0.016	0.022	0.085	0.492**
CQ	3.13	0.33	0.763**	1	0.590**	0.550**	0.584**	0.521**	0.957**	0.599**	0.899**	0.870**	-0.012	-0.012	0.145*	0.295**
SEA	2.58	0.30	0.888**	0.590**	1	0.696**	0.607**	0.630**	0.544**	0.345**	0.434**	0.422**	0.009	0.060	0.044	0.416**
OEA	3.29	0.42	0.840**	0.550**	0.696**	1	0.548**	0.605**	0.512**	0.333**	0.378**	0.404**	-0.049	0.068	0.036	0.334**
UOE	2.74	0.32	0.779**	0.584**	0.607**	0.548**	1	0.565**	0.536**	0.239**	0.483**	0.457**	0.056	0.001	0.100	0.502**
ROE	3.64	0.63	0.817**	0.521**	0.630**	0.605**	0.565**	1	0.435**	0.344**	0.419**	0.390**	0.066	-0.053	0.060	0.478**
MC	3.39	0.38	0.699**	0.957**	0.544**	0.512**	0.536**	0.435**	1	0.498**	0.801**	0.776**	-0.015	-0.013	0.121*	0.250**
COG	2.73	0.48	0.442**	0.599**	0.345**	0.333**	0.239**	0.344**	0.498**	1	0.531**	0.449**	0.052	0.014	0.158**	0.101
MOT	3.45	0.43	0.604**	0.899**	0.434**	0.378**	0.483**	0.419**	0.801**	0.531**	1	0.732**	0.005	-0.025	0.162**	0.267**
BEH	3.35	0.40	0.589**	0.870**	0.422**	0.404**	0.457**	0.390**	0.776**	0.449**	0.732**	1	-0.055	-0.014	0.111	0.199**
Age	48.15	10.85	0.016	-0.012	0.009	-0.049	0.056	0.066	-0.015	0.052	0.005	-0.055	1	-0.211**	0.091	0.188**
G	1.29	0.45	0.022	-0.012	0.060	0.068	0.001	-0.053	-0.013	0.014	-0.025	-0.014	-0.211**	1	-0.053	0.044
RIE	1.22	1.92	0.085	0.145*	0.044	0.036	0.100	0.060	0.121*	0.158**	0.162**	0.111	0.091	-0.053	1	0.140*
SD	3.59	0.55	0.492**	0.295**	0.416**	0.334**	0.502**	0.478**	0.250**	0.101	0.267**	0.199**	0.188**	0.044	0.140*	1

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Authors' own preparation

The EI and CQ constructs are significantly correlated. For further consideration, this conclusion will be addressed in hypothesis one. Significant correlations are observable within the constructs and their respective dimensions.

5.3. Hypotheses testing

To carry out the hypotheses testing, partial correlations and hierarchical regression analyses were performed in IBM SPSS Statistics version 25 controlling for age, gender, respondents' international experience and social desirability. In relation to sample size adequacy, the rule of five observations for each independent variable is verified, as well as the preferable level of fifteen or even twenty observations for each independent variable (Hair et al., 2014).

5.3.1. Hypothesis 1 (H_1)

Hypothesis one stated that EI and CQ are positively correlated. Pearson correlation coefficient will be calculated to assess the correlation between the constructs.

Table 5. Pearson correlation between EI and CQ (testing H_1)

		EI	CQ
EI	Pearson Correlation	1	0.763**
	Sig. (2-tailed)		0.000
CQ	Pearson Correlation	0.763**	1
	Sig. (2-tailed)		0.000

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

Source: Authors' own preparation

The two constructs are positively correlated (Table 5) and, following Field (2009), with a large effect of $r = 0.763$ significant at $p < 0.01$. In order to improve the analysis with a better understanding of this correlation, a partial one is conducted, controlling for age, gender, RIE and SD.

Table 6. Partial correlation between EI and CQ controlling for age, gender, RIE and SD (testing H_1)

Control Variables			EI	CQ
Age	EI	Correlation	1.000	0.743
		Significance (2-tailed)		0.000
Gender	EI	df	0	301
		Correlation	0.743	1.000
RIE	CQ	Significance (2-tailed)	0.000	
		df	301	0

Source: Authors' own preparation

Regarding the results in Table 6, it should be noted that the fourth-order partial correlation between EI and CQ controlling for age, gender, RIE and SD is not very different from the zero-order correlation in Table 5. Therefore, without the effects of age, gender,

respondents' international experience and social desirability, EI can account for ($0.743^2 = 55.20$ percent) of the variance in CQ and vice versa. As a result, hypothesis one is supported.

5.3.2. Hypothesis 2 (H₂)

This hypothesis stated that OEA and UOE have greater value predicting CQ than SEA and ROE dimensions of EI. Two major hierarchical regression analyses were performed where hypothesis two is tested with EI's four predictors jointly with the specified control variables. The considered confidence interval is of 95 percent. Results are reported in Table 7 and 8.

Table 7. Hierarchical regression (SEA and ROE predicting value, dependent variable CQ)

	coefficient	t-ratio	p-value
Model 1			
Age	-0.085	-1.495	0.136
Gender	-0.037	-0.657	0.512
RIE	0.109	1.972	0.050
SD	0.298	5.302	0.000
<i>R</i> ² = 0.105		Adjusted <i>R</i> ² = 0.093	
F (4, 302) = 8.851		P-value (F) = 0.000	
Model 2			
Age	-0.046	-0.984	0.326
Gender	-0.028	-0.604	0.546
RIE	0.115	2.536	0.012
SD	-0.010	-0.191	0.849
SEA	0.245	4.022	0.000
ROE	0.437	7.429	0.000
<i>R</i> ² = 0.400		Adjusted <i>R</i> ² = 0.388	
F (6, 300) = 33.375		P-value (F) = 0.000	

Source: Authors' own preparation

Table 8. Hierarchical regression (OEA and UOE predicting value, dependent variable CQ)

	coefficient	t-ratio	p-value
Model 1			
Age	-0.085	-1.495	0.136
Gender	-0.037	-0.657	0.512
RIE	0.109	1.972	0.050
SD	0.298	5.302	0.000
<i>R</i> ² = 0.105		Adjusted <i>R</i> ² = 0.093	
F (4, 302) = 8.851		P-value (F) = 0.000	
Model 2			
Age	-0.029	-0.635	0.526
Gender	-0.035	-0.775	0.439
RIE	0.097	2.181	0.030
SD	-0.027	-0.520	0.604
OEA	0.334	6.322	0.000
UOE	0.407	7.107	0.000
<i>R</i> ² = 0.428		Adjusted <i>R</i> ² = 0.417	
F (6, 300) = 37.441		P-value (F) = 0.000	

Source: Authors' own preparation

According to the statistic F test, the hierarchical regression models are significant at $p < 0.001$. Therefore, following Field (2009), the models predict CQ significantly well. They significantly fit the data (Field, 2009).

When OEA and UOE are regressed over CQ, in model two, R^2 shows that independent variables can account for 42.8 percent of the variation in CQ (Table 8). The changes in R^2 are significant with a probability less than 0.001. EI's dimensions account for 32.3 percent of the variation in CQ. As can be seen, the inclusion of these two factors explains a large amount of variation in CQ. Looking to the value of how well the model generalizes, the adjusted R^2 says that 41.7 percent of the variation in CQ can be explained by the independent variables. The results may possibly be generalizable given the ratio of observations to variables and due to the adjusted R^2 with a little loss in predictive power comparing to R^2 , revealing a lack of overfitting (Hair et al., 2014).

With the performed regressions, Table 7 and 8 show that OEA and UOE exhibited a greater ΔR^2 (32.3 percent), predicting CQ after controlling for age, gender, RIE and SD than SEA and ROE ($\Delta R^2 = 29.5$ percent). As expected, positive relationships between all significant independent variables and CQ are observable.

We performed a casewise diagnostics concerning outliers and influential cases to assess the regression models. Following Field (2009), none of the cases that deserved some attention exhibited a Cook's distance greater than one, a centered leverage value greater than three times the calculated average value and were above an absolute value of one concerning DF Beta statistics. Following the above procedures, no influential cases were detected. Multicollinearity exists if correlations are very high, that is, above 0.8 or 0.9 (Field, 2009). Accordingly to Field (2009), no multicollinearity problems exist given no substantial correlations above 0.8 between predictors. Variance Inflation Factor (VIF) values of β coefficients obey to the parameters of no multicollinearity, in line with Field (2009) that values must be inferior to 10. Regarding the T tolerance values, they are not near zero and, following Field (2009) once they are greater than 0.2, it can be concluded that there is no multicollinearity in the regression.

The assumption that errors are independent is verified with a Durbin-Watson (d) = 1.931 and $d = 2.071$ to the first and second (Table 7 and 8) regression analysis, respectively (Field, 2009). According to Field (2009), the assumptions of linearity and homoscedasticity are verified. Finally, the assumption of normality of the residuals was tested and verified (Field, 2009).

To observe the hypothesis support, it can be concluded that the OEA and UOE dimensions of EI make a significant contribution, with $p < 0.001$, in predicting CQ. They increased R^2 by 32.3 percent. Concerning the other performed regression, SEA and ROE brought an increased R^2 by 29.5 percent. Therefore, OEA and UOE have greater value predicting CQ than SEA and ROE. Hypothesis two is supported.

5.3.3. Hypotheses 3, 4, 5, and 6 (H_3, H_4, H_5, H_6)

These hypotheses state a set of relationships between EI's and CQ's dimensions. The following partial correlations analysis (Table 9) tests the four hypotheses.

Table 9. Partial correlations of EI and CQ dimensions (testing H_3, H_4, H_5, H_6)

Control Variables		Cultural intelligence			
		MC	COG	MOT	BEH
Age	Correlation	0.502	0.343	0.373	0.381
	SEA Significance (2-tailed)	0.000	0.000	0.000	0.000
	df	301	301	301	301
Gender	Correlation	0.470	0.329	0.320	0.362
	OEA Significance (2-tailed)	0.000	0.000	0.000	0.000
	df	301	301	301	301
RIE	Correlation	0.371	0.348	0.345	0.342
	ROE Significance (2-tailed)	0.000	0.000	0.000	0.000
	df	301	301	301	301
SD	Correlation	0.487	0.219	0.415	0.417
	UOE Significance (2-tailed)	0.000	0.000	0.000	0.000
	df	301	301	301	301

Source: Authors' own preparation

Positive statistically significant correlations are observable, in Table 4, between all the hypothesized relations of these hypotheses. Following the methodological line of this paper, partial correlations controlling the effects of age, gender, RIE and SD were calculated and are presented in Table 9. Assessing the strength and direction of the relationship between the variables, it is observable that all the dimensions, concerning EI and CQ, according to the results, are significantly correlated and all with a positive orientation. So, the partial correlation between SEA and MC is statistically significant, p -value < 0.05 , and exhibits a positive value of 0.502. In relation to variance, R^2 for this partial correlation is 0.25176. Therefore, SEA can account for 25.18 percent of the variance in MC and vice versa (Field, 2009). Concluding, self-emotions appraisal (SEA) is positively related to metacognitive (MC). Thus, hypothesis three is supported.

All the other hypothesized relations (H_4, H_5 and H_6) are observed in statistically significant positive partial correlations. In these partial correlations, a small decrease in the

strength of Pearson correlations is verifiable but with the same positive direction. Therefore, even controlling for age, gender, RIE and SD, strong correlations between the dimensions are observable.

Regulation of emotion (ROE) is positively related to motivational (MOT) and behavioral (BEH) dimensions of CQ. Thus, hypothesis four is supported. Others-emotions appraisal (OEA) is positively related to metacognitive (MC), motivational (MOT) and behavioral (BEH) dimensions of CQ. Thus, hypothesis five is supported. Use of emotion (UOE) is positively related to metacognitive (MC), cognitive (COG), motivational (MOT) and behavioral (BEH) dimensions of CQ. Therefore, hypothesis six is supported.

5.3.4. Summary report

The following Table 10 shows a brief resume of the status of the hypothesis testing respectively.

Table 10. Hypotheses summary report

H₁	Supported	EI and CQ are positively correlated
H₂	Supported	OEA and UOE have a greater value predicting CQ than SEA and ROE
H₃	Supported	SEA is positively related to MC
H₄	Supported	ROE is positively related to MOT and BEH
H₅	Supported	OEA is positively related to MC, MOT and BEH
H₆	Supported	UOE is positively related to MC, COG, MOT and BEH

Source: Authors' own preparation

Given the results, all the correlations supported the hypotheses and the adjusted R^2 in the regression models exhibited a little loss in predictive power comparing to R^2 . A lack of overfitting was observed that, jointly with the ratio of observations to variables, allow the possibility to the generalization of results (Hair et al., 2014). Another result that emerges, concerns to SD. There was no evidence of CMB given the fact that no pervasive problems concerning SD response tendency emerged in the hypothesis testing. In fact, when the effect of SD was removed, the partial correlations exhibited just a small decrease in the strength of Pearson correlations. Concerning the hierarchical regressions, the effect of SD was not a concern.

6. DISCUSSION

The major purpose of this research was to study in an international management context the relationship between emotional intelligence (EI) and cultural intelligence (CQ). As a starting point, it should be emphasized that the discriminant validity between the two intelligences was attested, as well the construct validity of each one. This research revealed, within the international nature of the sample, that EI and CQ are two distinct constructs, although highly positively correlated. This suggests that, within the context of international SMEs, top managers' EI is strongly associated with CQ in the accomplishment of their international responsibilities. An important complementarity of these two intelligences emerge in this research, showing that individuals high in emotional intelligence should also display high levels of cultural intelligence and vice versa, with an explained variance by each intelligence of around 55 percent. Therefore, within the international management field and internationalization processes, a significant association and complementarity between EI and CQ emerges in top managers that operate in those intercultural contexts. To the extent that EI and CQ have the potential to improve individuals intercultural actions (Gunkel et al., 2016), the paramount importance of both the intelligences within cross-cultural contexts is clear, given their association not only in the overall constructs but also, as this research attests, within the diverse dimensions.

Given the significant positive relation between the two intelligences, the empirical investigation demonstrated that international decision-makers who better appraise their own emotions and those of others, and who better use and regulate emotions also better define cognitive strategies, have cultural knowledge, direct attention and energy in intercultural contacts, and show adequate verbal and nonverbal capabilities in cross-cultural situations. These results are in line with the fact that “[...] EQ leads to CQ” (Jyoti & Kour, 2017, p. 770) and with Alon and Higgins (2005), when they emphasize the stimulating value of CQ over EI. Table 10 reports on hypothesis one support as well as on the following results of hypotheses two to six.

Concerning the dimensions of EI, others-emotions appraisal (OEA) and use of emotion (UOE) exhibited a significant contribution in predicting CQ (Tables 7, 8, and 10 support hypothesis two) over and above all other control variables and the other EI dimensions. Therefore, the results attest that the capability to perceive and understand the emotions and the mind of others (Wong & Law, 2002), where nonverbal emotional

perception is decisive as well as empathy creation (Salovey & Mayer, 1990) and, the capability to direct emotions to improve performance (Law et al., 2008) predict overall CQ, that is, the “[...] capability to adapt effectively to new cultural contexts” (Earley & Ang, 2003, p. 59). It should also be noted that self-emotions appraisal (SEA) and regulation of emotion (ROE) were significant predicting CQ. Thus, the ability to understand, express and regulate emotions, i.e. to control unpleasant and pleasant emotions (Salovey & Mayer, 1990) and to maintain balance, being less likely to lose temper (Law et al., 2004) predict significantly the capability to adapt to cross-cultural environments. In this stage of the research, top managers’ previous international experience is positively related to CQ. Despite its weakness, respondents’ international experience is as a significant predictor of CQ (Table 7 and 8). This suggests that individuals’ previous international experience in other countries may help them to be more cultural conscious, knowledgeable, motivated and flexible to interact with different cultural realities.

In relation to self-emotions appraisal, results indicate that the capability to recognize, understand and express emotions, for introspection, and to process emotional information (Salovey & Mayer, 1990) is positively related to the capability of “[...] cultural consciousness and awareness during cross-cultural interactions” (Moon, 2010, p. 892). Thus, the more international top managers are aware of the self and the more they know about their own emotions the more they are prone to control their cognition, be aware of the necessary reflection, use and adjustment of cultural knowledge in multicultural interactions, learn cultural knowledge, and respond to the different cultural stimuli.

Another result shows that the decision-makers’ ability to regulate emotions is positively related to the motivational and behavioral capabilities of CQ. Thus, the capability that helps to manage and to create favorable situations in social interactions (Law et al., 2004), a relevant feature in the working context (Law et al., 2008), and that helps to maintain balance (Law et al., 2004), is positively associated with CQ motivational dimension: the desire and capability to generate attention and energy in different contexts toward multicultural learning (Ang et al., 2007); to establish intercultural contacts and even enjoy a special taste in their promotion and adaptation (Imai & Gelfand, 2010); and to feel more self-confidence when interacting within multicultural environments (Groves et al., 2015). According to the results, top managers with higher levels of regulation of emotion are more likely to be flexible and to facilitate behaviors in different multicultural circumstances and to use appropriate verbal and nonverbal communication that leads to a greater adjustment to cultural diversity. Therefore, international decision-makers that can manage their temper, to

control unpleasant and pleasant situations, to manage and create favorable situations in social interactions, are more capable in international contexts to generate attention and energy, to establish intercultural contacts and to behaviorally adapt to those cultural contexts, and to use appropriate verbal and nonverbal communication.

Concerning the relationship between others-emotions appraisal and metacognitive (MC), motivational (MOT) and behavioral (BEH) dimensions, the results indicate that the capability to assess and recognize emotions in others, of nonverbal emotional perception of others and to create empathy, allows to act accordingly and to promote flexibility in different cultural contexts. This positive relationship means increasing capacities to assess and understand the emotions of others seem to allow international decision-makers' awareness of cultural and social interactions making them better prepared for intercultural contacts and for critical thinking in the diverse situations. Having these kinds of emotional capabilities allows them to promote intercultural contacts and adaptive behaviors, to have the flexibility in diverse multicultural settings and to use appropriate verbal and nonverbal communication.

With respect to use of emotion (UOE), this dimension reflects the ability of individuals to use emotions to improve performance, for instance, to use emotions to leverage positive emotional scenarios that facilitate problem solving (Salovey & Mayer, 1990). In fact, those who can achieve high levels in this dimension “[...] would be able to encourage him/herself to do better continuously and to direct his/her emotions in positive and productive directions” (Law et al., 2008, p. 53). Therefore, use of emotion being positively related to all the four CQ dimensions suggests that international decisions makers that better use emotions in intercultural situations appear to be more capable to have cultural consciousness, to be aware of the necessary reflection, to use and adjust cultural knowledge and to respond to the different cultural stimuli (MC). Those who better use emotions appear to be more capable to acquire cultural knowledge (COG). Once they are better prepared to use emotions, it appears they are more prone to direct attention and energy to different intercultural interactions (MOT). This emotional capability suggests that, in international contexts, top managers that are gathering experience by using emotions are also more capable to have the flexibility in diverse situations they acquired using appropriate verbal and nonverbal communication (BEH).

The observed results in this research may constitute an important contribution to the theoretical and empirical grounds of EI and CQ as well as to promote further research. Additionally, in a human resources point of view, it should be noted that EI and CQ must be

taken into account within international field recruitments once the two intelligences act jointly in a significantly way.

7. CONCLUSION

Within the context of international SMEs, decision-makers' psychological characteristics are emphasized in this research. As important capabilities in international environment, EI and CQ relationship was assessed, leading this research to an important empirical contribution concerning the study of both intelligences and respective relationship. As a major vector, this research attests that dealing well with emotions appears to help and improve individuals' capabilities to deal with different cultural environments, as well as dealing well with new cultural contexts appears to improve the capabilities to, in intercultural contexts, dealing with emotions. In fact, when interacting in multicultural contexts, different emotional spectrums exist, showing that CQ plays an important role understanding and dealing with emotions. Therefore, an important role of the two intelligences is patent in enabling international top managers to execute their international activities. However, investigating EI and CQ jointly and the relationship between them, as recent constructs in psychology, remain understudied.

8. LIMITATIONS, FUTURE RESEARCH AVENUES

Methodologically, it should be highlighted the self-report nature of the used variable measures. This fact can typically lead to biases (Thompson & Phua, 2005). However, with regard to the study of intelligences, psychology widely uses self-report measures, they are broadly accepted, specifically with EI and CQ (e.g. Ang et al., 2007; Imai & Gelfand, 2010; Y. Lin et al., 2012; Rockstuhl et al., 2011). Although validated, there are in fact limitations in the use of these self-report measures (Imai & Gelfand, 2010) and, many scholars report the need to use objective tests to assess intelligence levels in opposition to the self-report ones. However, it should be noted all the conceptual and measurement difficulties of intelligence, given that in its scope, the reality is so vast and complex that it surpasses any type of measure and theory (Sternberg, 1985). Within investigations of this

nature, to assess CQ it is suggested the application of the expanded scale of Van Dyne et al. (2012), given the improvement of the four dimensions measurement. Following Moon (2010), personality should also be accounted for in studies of this nature as an important antecedent of CQ and EI. To improve the body of knowledge concerning these two intelligences and their relationship, it is suggested the examination of the hypothesis in this study in other samples and other cultural realities. Studying their complementarity impact in internationalization processes, firm performance and job performance are other important lines of research.

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PART III

The effect of emotional and cultural intelligences on top managers' networking behaviors

INTERNATIONAL TOP MANAGERS

CULTURAL INTELLIGENCE

EMOTIONAL INTELLIGENCE

NETWORKING

EXTERNAL NETWORKING BEHAVIOR

THE EFFECT OF EMOTIONAL AND CULTURAL INTELLIGENCES ON NETWORKS' BEHAVIORS IN INTERNATIONAL SMEs: EVIDENCE FROM PORTUGAL

ABSTRACT

The major purpose of this research was to study the predictive value of the top managers' psychological characteristics regarding their networking behavior. In the international business management context of small- and medium-sized enterprises, we took the top managers' cultural intelligence and emotional intelligence as determinant capabilities to perform better in their external networking. The sample was composed of 307 Portuguese SMEs' international decision-makers, specifically founders, owners, chief executive officers (CEOs), managers of international activities, international market managers, or commercial managers. The data was collected from 2–30 April 2019 through online surveys directed to the Portuguese decision-makers that were directly responsible for the firms' international activities. As a data collection instrument, the surveys were pretested and sent by e-mail. The average age of the participants was approximately 50 years old for males and 45 years old for females. We used self-reported measures to assess the different constructs and the hierarchical regression analysis to test our hypotheses. The results showed that cultural intelligence and emotional intelligence were significant drivers of decision-makers' external networking behavior. A new factor structure concerning external networking behavior was retained. The major results exhibited the predictive value of some cultural and emotional intelligence dimensions over the new retained external networking behavior factors. Therefore, in the international business management context, the capability to adapt to new cultural contexts, as well as the capability to reason about emotions, improved the international decision-makers' external networking behavior.

Keywords: networking; external networking behavior; emotional intelligence; cultural intelligence; small- and medium-sized enterprises

This part of the thesis is composed of the article:

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1. INTRODUCTION

The present research was grounded in the international business management, networks, and psychology fields. In the international management context, this study focused on the networking behavior and psychological characteristics of the international decision-makers of the international small- and medium-sized enterprises (SMEs). The conceptual and empirical approach took decision-makers' psychological characteristics as important antecedents of their networking behavior in the setting of SMEs' internationalization.

This research connected the international top managers' cultural and emotional intelligences to their external networking behaviors, suggesting that the capability to adapt to new cultural contexts, as well as the capability to reason about emotions and to use emotional knowledge to enhance thought, improved their networking behaviors, specifically, in building and maintaining external contacts, in using external contacts in a win-win perspective, and in their commitment to the creation of external contacts. To our knowledge, the investigation concerning the effects of emotional intelligence (EI) and cultural intelligence (CQ) on external networking behaviors is under-researched. According to our research, little is known about the relationship between these two intelligences and external networking behavior. We, therefore, proposed a model, where the main research question was whether the levels of CQ and EI of the international SMEs' decision-makers were associated with their engagement intensity in their external networking behavior (ENB). This embodies an important line of research due to the importance of networks in the international business management context and due to the relevance of the individuals' emotional and cultural intelligences to their behaviors.

The present research was grounded in the network approach of SMEs' internationalization, where Chetty and Holm (2000) argued that a firm's environment is embedded with networking relationships and that those relationships with partners stimulate the necessary dynamics for internationalization. The networking relationships are a valuable asset to the SMEs' internationalization (Che Senik et al., 2011). Within the networking activity, we also state the individual differences as important antecedents (Gibson et al., 2014). Furthermore, we relied on emotional intelligence theory, which states this ability is the one that supports accurate reasoning about emotions and the use of emotions to improve thought (Mayer, Roberts, et al., 2008). We also relied on cultural intelligence theory, which

states that cultural intelligence is a “[...] person’s capability to adapt effectively to new cultural contexts” (Earley & Ang, 2003, p. 59). Hence, through these last two theories, the value of the intelligences is applied to boost the international top managers’ external networking behavior.

Internationalization is an important decision taken by SMEs to promote their growth and competitiveness (Rahman et al., 2020). SMEs are increasingly present in the international environment (Morais & Ferreira, 2020) and undoubtedly an important player in the world economy (Genc et al., 2019). However, within this environment, some constraints and challenges emerge, for instance, sociocultural differences, limitations on resources, and competitive challenges (Rahman et al., 2020). In this context, personal factors appear to have an important role in SMEs’ internationalization (Mendy & Rahman, 2019; Rahman & Mendy, 2019). Networks and networking activity are crucial to SMEs’ internationalization development and success, allowing them to solve some constraints about resources, to recognize opportunities, to promote access to information, and to help improve competitive advantages (Hughes et al., 2019; Ismail & Kuivalainen, 2015; Jin & Jung, 2016; Musteen et al., 2014). Along this line, relationships via networks are an important ingredient for internationalization (Masiello & Izzo, 2019; Morrish & Earl, 2020), to which managers must pay special attention to whether in its construction or in its maintenance (Pinho & Prange, 2016). It should be noted that networking integrates internal and external behaviors into organizations (Gibson et al., 2014). This research considered the decision-makers’ external facet of networking behavior and recognized that the networking activity is influenced by individual differences (Wolff et al., 2008). Regarding the top managers’ psychological characteristics, we took cultural intelligence and emotional intelligence as important capabilities for dealing with international environments. They are two important intelligences within cross-cultural contexts (Moon, 2010). When firms are international, their international top managers face several emotional and cultural vicissitudes with which they have to deal. Therefore, emotional and cultural intelligences appear to have a decisive role when the international decision-makers are carrying out their responsibilities.

Top managers’ CQ is an important characteristic for those who interact in multicultural settings. Those with higher levels of this intelligence are better prepared for interactions in intercultural environments (Caputo et al., 2018) and for cross-cultural adjustment (Lin et al., 2012). CQ has a relevant role in relationships with foreign stakeholders (Charoensukmongkol, 2015) and allows culturally intelligent individuals to be more cooperative in negotiation contexts (Groves et al., 2015). Top managers’ EI has an

important role within networks and external networking behavior (Naudé et al., 2014). Our study suggested that those who better reason about emotions and use emotional knowledge to enhance thought (Mayer, Roberts, et al., 2008) are better prepared to boost their networking behaviors. These behaviors are embedded with interpersonal relationships (Gibson et al., 2014), which is a fact that displays EI as an important ability in this domain given its benefits to social interactions (Mayer, Salovey, et al., 2008). Therefore, in this context, this research suggests that decision-makers' CQ and EI are significant capabilities in the top managers' networking behavior outside the firm.

In the context of international business management, like other investigations, our research reinforced the importance and the central role of the top managers' psychological characteristics (Adomako et al., 2019; Anwar et al., 2018), as well as its importance in their networking behavior (Charoensukmongkol, 2015; Leonidou et al., 2019; Wolff and Kim, 2012). Networks are an important phenomenon in SMEs' internationalization, where top managers are faced with a lot of network relationships in the performance of their international roles. Therefore, networking is seen as a relevant behavior with important implications for firms and for the performance of international top managers. In this vein, understanding which drivers of networking behavior are significant and affect the relationships' performance is an important line of research. The psychological characteristics are an important area of study in the domain where the present research was focused (e.g. Wolff & Kim, 2012). In fact, at the individual level, the psychological domain was emphasized as it encompasses important drivers for networking (Gibson et al., 2014). For instance, personality is a significant antecedent that is stressed in the literature (Gibson et al., 2014; Wolff & Kim, 2012). In this context, Johanson and Vahlne (2009) stressed that the business environment is a network where relationships embody cognitive and emotional dimensions.

As emphasized above, we took CQ and EI as drivers of the international decision-makers' external networking behavior. CQ contributes to SMEs' international network ties, helping to build quality relationships with foreign customers, suppliers, and competitors (Charoensukmongkol, 2015). Its role in the intercultural contexts is identifiable by the fact that culturally intelligent individuals are more prone and prepared to interact with others because they are more capable of cross-cultural adjustment and of exhibiting cooperative motives and motivation (Imai & Gelfand, 2010; Jyoti & Kour, 2017; Lin et al., 2012). According to Leonidou et al. (2019), EI is an important capability that enhances an effective interaction with others, positively impacting the communication, the social bonds,

decreasing relational distance, and levels of conflict within the exporter–importer relationships. However, this emotional capability is characterized by a scarcity of studies in cross-border relationships (Leonidou et al., 2019).

Concerning the structure of this research, Section 2 is composed of the theoretical foundation regarding external networking behavior, emotional intelligence, cultural intelligence, and the development of the hypotheses. In Section 3, the methodology followed is addressed. In Section 4, we present the empirical results of the hypothesis testing. Section 5 contains the discussion and the theoretical and empirical implications of the research. Finally, Section 6 presents the conclusion and addresses the limitations of this research and proposes future research avenues.

2. THEORETICAL BACKGROUND AND HYPOTHESES FORMULATION

2.1. External networking behavior

The relevance of personal relationships is present in business internationalization, a fact that gives emphasis to the networks as an important subject of research in this context (Chung & Kuo, 2018; Jin & Jung, 2016; Johanson & Vahlne, 2009; Musteen et al., 2014). Top managers' networking relationships matter and embody a crucial social activity in business reality (Morrish & Earl, 2020; Naudé et al., 2014). Networking is seen as a behavioral activity that is important to career success (Wolff et al., 2008), to job performance, and for access to strategic information (Gibson et al., 2014), as well as in overcoming some entrepreneurial constraints (Kalafatoglu & Mendoza, 2017). Concerning SMEs, networking is an important internationalization booster and a relevant source of information (Che Senik et al., 2011). It is considered an individual behavior construct where “[...] individuals differ in the amount of networking they engage in” (Wolff et al., 2008, p. 113). In this research, we focused on the decision-makers' networking and followed the networking definition of Gibson et al. (2014): “networking is a form of goal-directed behavior, both inside and outside of an organization, focused on creating, cultivating, and utilizing interpersonal relationships” (p. 150). This investment in social relationships (Wolff et al., 2008), besides being an important source of information (McCallum et al., 2014), allows for the recognition of opportunities and problem solving (Gibson et al., 2014; Kalafatoglu & Mendoza, 2017).

ENB concerns individuals' behavior with contacts from other organizations, i.e., behaviors about developing relationships outside the firm (McCallum et al., 2014). ENB is grounded on the approach of networking that considers both an internal and an external facet of it, and within each facet, the process of relationship development through building, maintaining, and using contacts (Wolff & Kim, 2012). In fact, these stages of development must be distinguished given that networking is a continuous activity and not a stagnant one (Gibson et al., 2014). In this study, the decision-makers' ENB embraced three types of behaviors: building external contacts, maintaining external contacts, and using external contacts (Wolff & Kim, 2012). In relation to the antecedents of networking behaviors, individual differences are emphasized in the literature, where the psychological ones are accentuated (Gibson et al., 2014; Wolff & Kim, 2012).

In the international business management context, to pursue foreign activities and their inherent challenges, managers need some important skills (Leonidou et al., 2019). This research focused precisely on the decision-makers' psychological characteristics as determinants of their ENB. Leonidou et al. (2019) highlight that EI and CQ, and other types of intelligence, may influence a diverse number of international activities. Therefore, given the international context at stake, several multicultural interactions emerge, displaying the importance of CQ. Hence, we took CQ as the capability that enables decision-makers to be more prone and prepared to interact within intercultural contexts (Jyoti & Kour, 2017). Given that social interactions are the core of networking behaviors (Gibson et al., 2014), EI is a capability that promotes better social outcomes (Mayer, Salovey, et al., 2008) and enhances an effective interaction with others (Leonidou et al., 2019), improving its quality (Wong & Law, 2002). Thus, this study postulated these characteristics as being relevant antecedents of ENB that contribute to a more dynamic network activity of the decision-makers, i.e., those with higher levels in these intelligences engage in networking behaviors more than others.

2.2. Emotional intelligence

In the present research, we focused on the EI of the international SMEs' decision-makers. It is important to study EI in the organizational context (Ingram et al., 2019; Leonidou et al., 2019). However, in the international business management context, there is a substantial lack of research about its role (Lin et al., 2012).

Within organizations, given that interactions between individuals are a reality, emotions thrive and emotionally intelligent individuals will be better prepared to perform their responsibilities (Law et al., 2008). “Emotional intelligence concerns the ability to carry out accurate reasoning about emotions and the ability to use emotions and emotional knowledge to enhance thought” (Mayer, Roberts, et al., 2008, p. 511). Following Wong and Law (2002), we took EI as a multidimensional construct that is constituted by four dimensions: self-emotions appraisal (SEA), others-emotions appraisal (OEA), use of emotion (UOE), and regulation of emotion (ROE).

This is an important ability that allows for an effective adjustment of those who operate in multicultural settings (Lin et al., 2012). It improves social functioning, and higher-level EI individuals are more socially competent, have better quality in their relationships, are more interpersonally sensitive, and work and communicate better with others (Brackett et al., 2011). Therefore, we took EI as a significant antecedent of decision-makers’ ENB, given that this behavior involves the development of relationships with individuals outside the organization (McCallum et al., 2014). In this sense, EI appears to be a major psychological characteristic when managers interact with others to build, maintain, and use their external relationships. Higher-level EI individuals tend to be perceived more positively, e.g., pleasant and empathic (Mayer, Roberts, et al., 2008).

Meeting people outside the organization takes more effort than internal networking (Wolff & Kim, 2012). The establishment and creation of new contacts is a challenging and consuming social activity (Wolff & Kim, 2012). Maintaining and using contacts is related to interactions with known people, friends, or colleagues (Wolff et al., 2011). Thus, to managers, these circumstances suggest a determinant role of knowing how to deal with emotions. Emotions influence social interactions, and emotional intelligence, besides promoting a better dynamic with social environments (Salovey & Grewal, 2005), is a determinant capability in the management of relationships (Leonidou et al., 2019). Higher levels of EI help to avoid interpersonal conflicts in social and business contexts (Mayer, Salovey, et al., 2008). In the international business management context, Leonidou et al. (2019) stressed that the exporters’ EI promotes a positive atmosphere in the relationship with import buyers, which enhances communication and social bonding and reduces the relational distance and conflict. According to the results of Delpechitre et al. (2018), the higher the abilities of salespeople to use and perceive emotions, the higher the tendency of customers to exhibit customer value co-creation behaviors. In their study, EI also showed an influence over the customers’ commitment to salespeople. Hence, EI has a widespread positive effect

in organizational contexts, e.g., job performance (Law et al., 2008), individual ethics, ethics and success perceptions (Cabral & Carvalho, 2014), entrepreneurial style, external networking behavior (Naudé et al., 2014), and creating win-win situations with others (Zhang et al., 2015). In diverse life outcomes, the predictive value of EI is identified, among others, in better social relations, better work relationships and negotiations, and better psychological well-being (Mayer, Roberts, et al., 2008). According to Torres-Coronas and Vidal-Blasco (2017), the ability to regulate emotions influences entrepreneurs' networking behavior in a way that promotes better business relationships.

Consequently, taking the above into consideration, the present research took EI as a predictor of ENB and its dimensions. Those that possess higher levels in this intelligence perform better than others in terms of external networking behavior. In summary, EI should help to capitalize on decision-makers' actions toward ENB. Therefore, we formulate hypothesis one (H_1) as the following:

H_1 : The higher the level of a decision-maker's EI, the better their performance regarding their ENB

2.3. Cultural intelligence

For those who interact in the international business management context, CQ is a significant capability (Alon et al., 2016). It is a critical facilitator for individuals to interact well in cross-cultural business environments (Imai & Gelfand, 2010). Cross-cultural capabilities are a determinant in international negotiations, which allows for understanding, communication, and behavioral flexibility with different cultures (Groves et al., 2015). The cultural diversity present in life in general and in the working context calls for people's abilities to interact with individuals from different cultures and to interact with the most diverse cultural aspects (Alon et al., 2016; Earley & Mosakowski, 2004; Moon, 2010). In the international SME context, the interaction with different foreign stakeholders is a reality with which managers have to deal and preferentially with high-quality relationships (Charoensukmongkol, 2015). According to Earley and Ang (2003), "cultural intelligence refers to a person's capability to adapt effectively to new cultural contexts" (p. 59) Following Ang et al. (2007), we took CQ as a multidimensional construct with four dimensions: metacognitive (MC), cognitive (COG), motivational (MOT), and behavioral (BEH).

In relation to networking, its core characteristic is concerned with behaviors toward interpersonal relationships (Gibson et al., 2014) by building and cultivating them (Wolff et al., 2011). Hence, given the international business management context of the present

research, it should be emphasized that “CQ is a critical competency that allows SME entrepreneurs to develop good relationships with foreign network ties” (Charoensukmongkol, 2015, p. 424). In line with this, some effects should be emphasized given their importance to cross-cultural interactions. According to Imai and Gelfand (2010), CQ enhances the effectiveness of intercultural negotiation processes and allows for culturally intelligent individuals to be more confident, motivated, and cooperative in intercultural relationships. CQ also exhibits a positive effect on cross-cultural adjustment (Lin et al., 2012), which leads to a reduction of cultural shock when contact with different cultures takes place (Jyoti & Kour, 2017). Higher-level CQ individuals have a better knowledge of different cultural norms, practices, and conventions; are more capable to adapt themselves to intercultural settings; are more easily accepted by their counterparts; are more capable of developing better interpersonal relationships (Lin et al., 2012). Therefore, CQ constitutes an important capability regarding managers’ engaging effectively in multicultural interactions, managing conflicts (Caputo et al., 2018), and exhibiting cooperative behaviors in negotiation contexts (Groves et al., 2015). According to Charoensukmongkol (2015), CQ has an important and positive effect on international network ties, i.e., on the quality of the managers’ relationships with foreign stakeholders. CQ reveals the potential to help communicate better with others in multicultural settings and to build networks with better relationships (Charoensukmongkol, 2015). Higher-level CQ individuals are not only more able to understand cultural differences but also to utilize them in more productive ways, leading to building relationships and even trust (Collins & Kriz, 2013).

As referred, the present research focused on international SMEs’ top managers’ ENB and on their CQ as a significant antecedent. CQ emerges as a fundamental competence within the increasing cultural interactions in business reality, with its cultural differences, challenges, and complexities (Earley & Mosakowski, 2004). Taking the above into consideration, we assumed that CQ was a predictor of ENB and its dimensions. Higher-level CQ individuals perform better than others in terms of their ENB. CQ should help to capitalize on decision-makers’ actions toward ENB. Therefore, we formulated hypothesis two (H_2) as the following:

H_2 : The higher the level of a decision-maker’s CQ, the better their performance regarding their ENB

Earley and Mosakowski (2004) stated that “cultural intelligence is related to emotional intelligence, but it picks up where emotional intelligence leaves off” (p. 139).

Accordingly, high levels of EI within a specific culture are not necessarily converted into a successful adaptation to different cultural contexts (Moon, 2010). Taking this into account, the emotional capability underlying EI is not automatically reflected in different cultural contexts (Ang & Van Dyne, 2008). In addition, and as it was stressed, CQ is a facilitator capability that allows for interacting well in intercultural settings (Imai & Gelfand, 2010), allowing managers to communicate better with others and, promoting superior relationships (Charoensukmongkol, 2015). CQ improves the effectiveness of intercultural negotiation processes and allows individuals to be more confident, motivated, and cooperative in intercultural relationships (Imai & Gelfand, 2010). Lin et al. (2012) showed the positive effect of CQ on cross-cultural adjustment. Therefore, due to the important value of CQ in international contexts, we formulated hypothesis three (H_3) as the following:

H_3 : In the international context, a decision-maker's CQ is a more significant predictor of ENB than their EI

2.4. Relationship between the dimensions of the constructs and the final research model overview

Taking into consideration the multidimensional nature of the constructs, we intended to go deeper regarding our analysis concerning the relationship between the dimensions of EI and CQ with the dimensions of the top managers' international ENB. We took the external networking behaviors to include the following three dimensions: building and maintaining external contacts (BMEC), using external contacts in a win-win perspective (UECWW), and commitment to creating external contacts (CCEC). The EI was composed of self-emotions appraisal (SEA), others-emotions appraisal (OEA), use of emotion (UOE), and regulation of emotion (ROE). Therefore, we suggest that those who better assess and learn about their own emotions (SEA), thereby promoting better social interactions (Salovey & Mayer, 1990), are better prepared to build and maintain external contacts, to use external contacts in a win-win perspective, and to commit to creating external contacts. Concerning others-emotions appraisal, we proposed that the better the top managers' perception and understanding of others' emotions (Law et al., 2008) is, as well as their capability to create empathy and more fruitful relationships (Salovey & Mayer, 1990), the better they will build and maintain external contacts, use external contacts in a win-win perspective and commit to creating external contacts. The use of one's emotional capability promotes reasoning, problem-solving, and interpersonal communication (Brackett et al., 2011), as well as a

greater encouragement to continuously do better (Law et al., 2004). The regulation of emotion allows individuals to regulate their emotions, thereby preventing, reducing, enhancing, or modifying self-emotional responses (Brackett et al., 2011). Thus, we proposed that these last two emotional capabilities allowed the international top managers to better build and maintain external contacts, to better use external contacts in a win-win perspective and to better commit to creating external contacts. In relation to CQ, this intelligence integrated the metacognitive (MC), cognitive (COG), motivational (MOT), and behavioral (BEH) dimensions. Therefore, we suggested that the dimension that empowers top managers with the cultural awareness that allows them to draw up cognitive strategies and enhance their awareness about cultural interactions (MC) (Ang et al., 2007), as well as the dimension that reflects the knowledge in different cultures (COG) (Ang & Van Dyne, 2008), making it possible to identify the different cultural characteristics within multicultural contexts (Charoensukmongkol, 2015), will positively affect the top managers, causing them to do better at building and maintaining their external contacts, using their external contacts in a win-win perspective, and better committing to creating external contacts. We finally proposed that these external networking behaviors may be improved due to the international decision-makers' capabilities regarding their direct attention and energy that is dedicated to diverse cultural contexts (MOT) (Ang et al., 2007) as well as their ability to act appropriately and to adapt verbal and nonverbal behaviors in intercultural interactions (BEH) (Ang & Van Dyne, 2008).

In this sense, we formulated hypotheses four (H_4) to nine (H_9) as the following:

H₄: The higher the level of a decision-maker's EI dimensions (SEA, OEA, UOE, and ROE), the better the performance of their ENB regarding building and maintaining external contacts (BMEC)

H₅: The higher the level of a decision-maker's EI dimensions (SEA, OEA, UOE, and ROE), the better the performance of their ENB regarding using external contacts in a win-win perspective (UECWW)

H₆: The higher the level of a decision-maker's EI dimensions (SEA, OEA, UOE, and ROE), the better the performance of their ENB commitment to creating external contacts (CCEC)

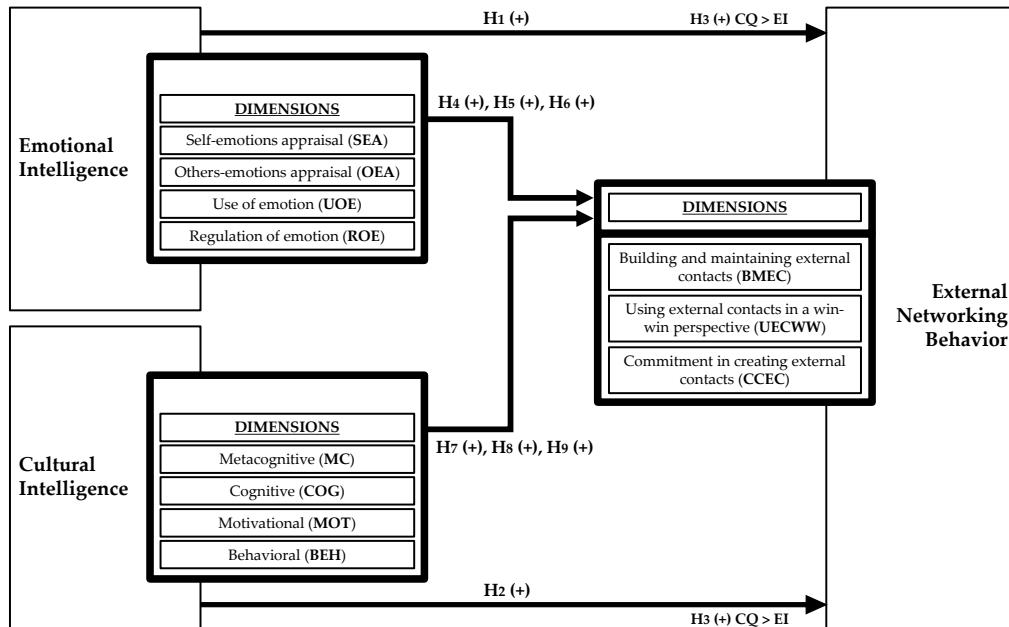
H₇: The higher the level of a decision-maker's CQ dimensions (MC, COG, MOT, and BEH), the better the performance of their ENB regarding building and maintaining external contacts (BMEC)

H₈: The higher the level of a decision-maker's CQ dimensions (MC, COG, MOT, and BEH), the better the performance of their ENB regarding using external contacts in a win-win perspective (UECWW)

H₉: The higher the level of a decision-maker's CQ dimensions (MC, COG, MOT, and BEH), the better the performance of their ENB commitment to creating external contacts (CCEC)

According to the formulated hypotheses (H_1 to H_9), we present the following Figure 1 with the research model.

Figure 1. Research model overview



Source: Authors' own elaboration

3. EMPIRICAL STUDY

3.1. Data and sample

This research focused on decision-makers' external networking behaviors in the international business field. Therefore, to study their external networking behaviors in international business environments, data was collected from the decision-makers directly responsible for international activities in Portuguese international SMEs. The sample was composed of founders, owners, chief executive officers (CEOs), managers of international activities, international market managers, or commercial managers. As a criterion for inclusion in the study, we requested the position of each respondent and followed the European Union's definition of SMEs (European Commission, 2015). In the preliminary data examination, the respondents with incomplete information and the responses that did not comply with the SME criteria were excluded. Additionally, two respondents were eliminated from the database due to unengaged responses. Their answer variability was very close to zero (Nadhim et al., 2018) and a cutoff of less than 0.3 in the standard deviation of

the responses was applied (Makkar and Singh, 2018). Therefore, 307 responses met the necessary criteria for further analysis. Regarding the missing data, we identified one case relating to the control variable “year of birth” of the respondent and one case in the respondents’ international experience (RIE). In these cases, we adopted the mean of the position group of the respondent. In relation to outliers, no questions were assumed in this subject, except in one observation regarding the RIE, where the value of the respondent seemed to be a typing error, which was replaced by the mean of the position occupied by the individual. In terms of the normality assumption, with samples of 200 cases or more, nonnormality issues tend to be diminished (Hair et al., 2014). The following Table 1 addresses the sample analysis in regard to the participants’ position, gender, and age.

Table 1. Sample analysis (participants’ position, gender, and age)

Position/Gender	Proportion	Age (Average)
Founders and owners	46.9%	51
Male	35.5%	51
Female	11.4%	50
CEOs	21.8%	51
Male	16.9%	52
Female	4.9%	45
Commercial managers	13.7%	43
Male	7.2%	44
Female	6.5%	41
Managers of international activities	13.0%	43
Male	8.5%	45
Female	4.6%	38
International market managers	4.6%	40
Male	3.3%	40
Female	1.3%	39
Total	100%	48

Source: Authors’ analysis of the data

The average age of participants was approximately 50 and 45 years old, for males and females, respectively, and the average of the respondents’ international experience was living in 1.2 countries.

3.2. Procedure

The survey, as a data collection instrument, was pretested by a panel of 10 individuals representing managers in internationalized enterprises. Minor changes were

made in a few items. The data was collected from 2–30 April, 2019, exclusively through online surveys sent by e-mail. In the survey development, we used previously validated scales with minor adaptations. All scales were in the English language but the sample was made up of native Portuguese speakers. To carry out this research in the Portuguese context, in relation to EI, we used the Portuguese translation of the Wong and Law Emotional Intelligence Scale (WLEIS) by Rodrigues et al. (2011). In the case of CQ, we used the Cultural Intelligence Scale (CQS) of Ang et al. (2007), which was translated into Portuguese by Sousa et al. (2015). The ENB and Social Desirability (SD) scales were translated from English into Portuguese. We used the Behling and Law (2000) translation/back-translation procedure with two bilingual scholars in Portuguese and English. The versions were compared, a new interaction was required, and final minor adjustments were made in a few items.

In business management research, the use of self-reporting measures is prone to bias, where the appearance of the social desirability effect in the responses is a reality that must be controlled (Thompson & Phua, 2005). Given the fact that this research used self-report measures, we used SD to control for the socially desirable response tendencies (Fischer & Fick, 1993). This study also controlled for age and gender. The respondents' ages were controlled within the intelligence field, given that, for instance, EI increases with age (Mayer, Roberts, et al., 2008). Age and gender may influence networking behaviors (Wolff et al., 2008). Gender is also a widely used control variable within EI and CQ studies, given that it may influence them (e.g. Gunkel et al., 2014; Jyoti & Kour, 2017). Concerning the potential influence of managers' international experience on CQ (Moon, 2010), and as a source of knowledge to deal with the international environments (Nielsen, 2010), this research measured the respondents' international experience (RIE).

3.3. Portuguese SMEs

SMEs have high economic and social relevance and are considered the engine of the entire European economy (European Commission, 2015). Studying international firms, namely exporters, is a recognized field of research in countries like Portugal, where the export activity is decisive for the country's economic growth (Lages et al., 2009). This study focused on the Portuguese international SMEs' business context. In the Portuguese context, exports have grown and played a major role in rebalancing the economy (European Commission, 2020). Indeed, for small economies, “[...] internationalization is essential for

country growth" (Bianchi et al., 2017, p. 183). In this sense, Hortinha et al. (2011) stated that "for Portuguese companies, exporting is a condition of survival, not only because of the current economic crisis but also because of the country's small market" (p. 42). SMEs' internationalization is a growing phenomenon (Ismail & Kuivalainen, 2015) and is important for the development of this type of firm (Navarro et al., 2010).

It should be noted that according to the observatory of economic complexity, in 2018, Portugal was the 44th largest export economy in the world (Datawheel, 2020). Therefore, given the importance of SMEs' internationalization to the Portugal business context, and the relevant role that networking has within the internationalization of firms, it has become highly pertinent to analyze the performance capacity of the international top managers in their external networking behaviors, as well as the psychological characteristics that can boost those behaviors. In the international context, emotional and cultural vicissitudes may emerge for those managers in charge of the firms' international activities due to the highly multicultural environments that they have to deal with. Thus, the present study took emotional intelligence and cultural intelligence as the top managers' major characteristics that influence their ability to perform their external networking behaviors.

According to the European Commission (2020), the Portuguese context has the potential to promote a greater internationalization of SMEs. Therefore, understanding the role of the international top managers' characteristics in their international ENB is highly relevant to the firms' international activities. Those behaviors may help managers to recognize and exploit new opportunities and promote more and better international sales. In summary, with the application of this study in the Portuguese international SMEs' context, we intended to understand whether the psychological characteristics in this research helped to improve the international top managers' international behaviors regarding building and maintaining external contacts, using external contacts in a win-win perspective, and in the commitment to creating external contacts.

3.4. Measurement

3.4.1. External networking behavior

Networking is a complex construct with operationalization and measurement difficulties (Gibson et al., 2014). The present research followed a multidimensional approach. As referenced by Wolff and Moser (2009), in the article "Entwicklung und Validierung einer Networkingskala (Development and validation of a networking scale)"

which was published in the journal *Diagnostica* in 2006, Wolff and Moser developed a 44-item German measure of networking. This scale distinguishes between internal and external networking behaviors, with twenty-two items each (Wolff et al., 2011). In each one, the scale is a multidimensional one, composed of building contacts, maintaining contacts, and using contacts (Wolff et al., 2011). Concerning the original scale, ENB has seven items on building external contacts, seven items on maintaining external contacts, and eight items on using external contacts (Wolff et al., 2011; Wolff & Kim, 2012). Given that it facilitates a more parsimonious survey, we used and adapted the ENB nine-item scale applied by Naudé et al. (2014) to assess the networking of the international top managers with others outside the firm. Each dimension, namely, building external contacts (BEC), maintaining external contacts (MEC), and using external contacts (UEC), has three items. At this point, we should state that some modifications concerning the ENB factorial structure will emerge in the results section. In this respect, we found three dimensions that required an interpretation that was different from the original one. After the interpretation, we designated the first factor as building and maintaining external contacts (BMEC), the second factor as using external contacts in a win-win perspective (UECWW), and the third one as a commitment to creating external contacts (CCEC).

3.4.2. Emotional intelligence

In the present research, the scale of EI was a self-reported psychometric measure under the theoretical framework of EI as an ability (Cho et al., 2015), following Salovey and Mayer's (1990) and Mayer and Salovey's (1997) four-dimensional modeling definition. To measure EI, we used the scale of sixteen items developed by Wong and Law (2002). The WLEIS evaluates the overall construct of EI and its four dimensions: self-emotions appraisal (SEA), others-emotions appraisal (OEA), use of emotion (UOE), and regulation of emotion (ROE) (Law et al., 2004; Wong & Law, 2002). This scale is widely used in the literature (e.g. Ingram et al., 2019; Naudé et al., 2014). A high score on WLEIS reflects greater levels of EI (Santos et al., 2018).

3.4.3. Cultural intelligence

To measure CQ, we used Ang et al.'s (2007) self-report psychometric four-dimensional scale with twenty items, known as the CQS, which follows Earley and Ang's (2003) definition of CQ. This scale evaluates CQ as a multidimensional construct composed

of four dimensions: metacognitive (MC), cognitive (COG), motivational (MOT), and behavioral (BEH), which supports the overall construct of CQ (Ang et al., 2007). This is a widely used scale for assessing CQ (e.g. Charoensukmongkol, 2015; Groves et al., 2015; Imai & Gelfand, 2010; Jyoti & Kour, 2017). A high score on the CQS reflects the ability to better adjust, understand, and behave in new cultures (Lin et al., 2012).

These three constructs (ENB, EI, and CQ) were measured on a five-point Likert scale response format with 1 – strongly disagree, 2 – disagree, 3 – neither agree nor disagree, 4 – agree, and 5 – strongly agree.

3.4.4. Control variables

Social desirability (SD)

With the use of self-reported measures, it is crucial to measure the socially desirable response tendency, whether in the context of personality, affection, attitudes, and other individual characteristics (Reynolds, 1982). To this end, Reynolds (1982) developed three short versions of the Marlowe Crowne Social Desirability Scale (MCSDS). We used Reynolds's (1982) form C to assess the SD. Despite its thirteen items with a true/false response format (Triki et al., 2017), other studies used a Likert scale response format (e.g. Uy et al., 2015). We used a five-point Likert scale response format like in the above constructs. The false-oriented items were subject to a reverse score.

Age

The age of the managers is seen as a proxy for their cognitive abilities and knowledge (Hsu et al., 2013). In the field of intelligences, age may reflect a positive correlation, e.g., with EI, as stated by Law et al. (2004). We used the year of birth to measure the age of the respondent.

Gender (G)

Gender may influence the intelligences in the present research; thus, we used it as a control variable, as in other studies in this area (e.g. Ang et al., 2007; Jyoti & Kour, 2017; Law et al., 2008). It was coded as 1 – male and 2 – female (Law et al., 2008).

Respondents' international experience (RIE)

The international experience of managers influences their knowledge, and despite the existence of more accurate measures of international experience (Nielsen, 2010), we asked for the following information according to Rockstuhl et al. (2011): please indicate the number of countries where you have lived.

Position

To participate in this research, the respondents had to hold one of the following positions and indicate which one: founder, owner, CEO, manager of international activities, international market manager, or commercial manager.

3.5. Common method bias

This research took some steps to control and avoid the common method bias (CMB). It should be noted that the same individual provided all the collected data for each firm (Podsakoff et al., 2003). Following Podsakoff et al. (2003), we took into consideration the respondent's social desirability tendency and the potential existence of item complexity or ambiguity. We also informed the participants about the confidentiality of the responses, the requested honesty, and the non-existence of right or wrong answers (Podsakoff et al., 2003). In addition to the above procedures, and due to the fact that CMB may be a concern, we performed Harman's single-factor test according to Podsakoff et al. (2003). With this test, 10 factors emerged with eigenvalues greater than one. No single factor emerged, and the first one did not account for the majority of the variance. Therefore, according to Podsakoff et al. (2003), CMB was not a major problem in this research. Additionally, in order to control for CMB, the analysis of social desirability integrated the hypotheses testing as a control variable to mitigate its effects (e.g. Ponterotto et al., 2011).

4. RESULTS

The collected data was processed using the IBM SPSS Statistics of the Statistical Package for Social Science program version 25, Armonk, New York, United States of America.

4.1. Exploratory factor analysis

We performed an exploratory factor analysis on all the constructs in the study. All dependent, independent, and control variables were tested using the principal components extraction method with a varimax rotation.

Table 2. Exploratory factor analysis matrix for external networking behavior (ENB)

Scale Items and Factorial Structure	BMEC	UECWW	CCEC
BEC 1: I develop informal contacts with professionals outside the organization, both nationals and foreigners, in order to have personal links beyond the company	0.756		
BEC 2: I take part in national and international professional meetings	0.830		
BEC 3: I use business trips and other national and international programs to build new contacts	0.781		
MEC 1: When I obtain informal information that might be of importance to partners from other organizations, I pass it on to them	0.682		
MEC 2: I use my contacts outside my company to ask for business advice	0.755		
MEC 3: For business purposes, I keep in contact with former national and international partners	0.585		
UEC 1: If I meet partners from other national and international organizations, I approach them to catch up on news and changes in their professional lives	0.593		
UEC 2: I exchange professional tips and hints with partners from other national and international organizations	0.705		
UEC 3: When I cannot solve a problem at my company, I call partners from other organizations and ask for advice	0.787		

Source: Authors' analysis of the data

Concerning the adapted ENB nine-item scale, according to the exploratory factor analysis, we retained three factors, taking into consideration that there was a total explained variance of 60.69%. That was the criterion that we used for factor extraction. In the field of the social sciences, a factor structure that accounts for an explained variance of 60% (or even less) is considered satisfactory (Hair et al., 2014). After the varimax rotation, the three-factor structure obtained (Table 2) was different from the initial ENB scale. Hence, we found three dimensions that, despite not contradictory to the original scale, required a different interpretation of the original one that provided an interesting approach from the point of view of networking and international networking. Following the fundamental procedure of analyzing the content of the items, the final factor solution was interpreted as follows. The first factor was composed of item one of building external contacts (BEC), items two and three of maintaining external contacts (MEC), and item one of using external contacts (UEC). As Table 2 reflects, after the interpretation, we designated factor one as building and maintaining external contacts (BMEC). The second factor was composed of item one of MEC and items two and three of UEC. After the interpretation, we designated this factor as using external contacts in a win-win perspective (UECWW). The final factor was composed of items two and three of BEC. After the interpretation, we designated this factor as a commitment to creating external contacts (CCEC). Therefore, despite not being a radical and extremely different structure, it constituted an interesting approach with new insights for

future research. These three factors were extracted, and their associated scores were saved for hypothesis testing.

To verify the adequacy of the collected information for factor analysis, we used the Kaiser–Meyer–Olkin (KMO) measure and Bartlett’s Test of Sphericity. According to the observed values for all constructs (Table 3), pursuing a factor analysis was highly recommended (Field, 2009). As mentioned above regarding the ENB nine-item scale, we retained three factors (Table 3). From the sixteen EI items, the EI four-factor structure emerged with a total explained variance of 61.47%, verifying the foundations and theoretical principles of the WLEIS (see Table 3). The number of extracted factors was given by the Kaiser’s criterion and by a scree plot (Field, 2009). This scale measures EI and its four dimensions, specifically, SEA, OEA, UOE, and ROE (Law et al., 2004). These factors were extracted, and their associated scores were saved for hypothesis testing. We conducted an equivalent analysis regarding CQ. From the twenty CQ items, item number one in the MOT dimension exhibited cross-loadings. After trying different extraction methods with several rotations, we verified the persistence of this scenario and its elimination was performed (Hair et al., 2014). After this elimination, we ran the analysis with the nineteen remaining items. An interpretable and significant factorial structure emerged according to the theoretical and empirical precepts of the CQS, with a total explained variance of 59.63%. This scale measured the four dimensions of CQ (Ang et al., 2007), specifically, MC, COG, MOT, and BEH. Their factor scores were saved for hypothesis testing. According to Hinton et al. (2004), all the scales and factors exhibited moderate to high internal consistency (Table 3). Regarding the control variable SD with thirteen items, according to the KMO and Bartlett’s Test of Sphericity, factor analysis was recommended. However, no unidimensional structure emerged. Given the true/false original response format, according to the original scale of Crowne and Marlowe (1960), five items were true and eight items were false as part of a socially desirable response. Hence, two dimensions could be expected. Therefore, an exploratory factor analysis (EFA) was performed to define the extraction of two factors. After the factorial structure purification, the final rotated component matrix ended up with two factors and eight items. As a control variable, and due to the total SD scale (eight items) with a Cronbach’s alpha of 0.677 (Table 3), we computed a composite score of the average of the items. In summary, the total scale mean scores were calculated for ENB, EI, CQ, and SD.

Table 3. Exploratory factor analysis report (EI, CQ, ENB and SD)

	K Items	Kaiser–Meyer–Olkin (KMO)	Bartlett's Test of Sphericity	Cronbach's Alpha (α)
Emotional intelligence (EI) (16 items)	16	0.848	0.000	0.865
SEA: Self-emotions appraisal	4	-	-	0.757
OEA: Others-emotions appraisal	4	-	-	0.721
UOE: Use of emotion	4	-	-	0.700
ROE: Regulation of emotion	4	-	-	0.874
Cultural intelligence (CQ) (19 items)	19	0.887	0.000	0.888
MC: Metacognitive	4	-	-	0.792
COG: Cognitive	6	-	-	0.852
MOT: Motivational	4	-	-	0.760
BEH: Behavioral	5	-	-	0.792
External networking behavior (ENB) (9 items)	9	0.850	0.000	0.783
BMEC: Building and maintaining external contacts	4	-	-	0.713
UECWW: Using external contacts in a win-win perspective	3	-	-	0.652
CCEC: Commitment to creating external contacts	2	-	-	0.553
Social desirability (8 items)	8	0.779	0.000	0.677
SDF: False-oriented items	5	-	-	0.782
SDT: True-oriented items	3	-	-	0.569

Source: Authors' analysis of the data

4.2. Hypotheses testing

We performed a correlation and descriptive analysis to get a first glimpse of the relationships between the variables. The results are reported in Table 4 for a sample size of 307 individuals.

Table 4. Descriptive statistics and correlations

Variables	Mean	Standard Deviation	EI	CQ	ENB	SD	G	Age	RIE
EI	3.89	0.42	1	0.526**	0.285**	0.496**	0.017	0.033	0.055
CQ	3.71	0.42	0.526**	1	0.359**	0.191**	0.017	-0.033	0.163**
ENB	3.54	0.57	0.285**	0.359**	1	0.026	-0.013	-0.029	0.021
SD	3.59	0.55	0.496**	0.191**	0.026	1	0.044	0.188**	0.140*
G	1.29	0.45	0.017	0.017	-0.013	0.044	1	-0.211**	-0.053
Age	48.15	10.85	0.033	-0.033	-0.029	0.188**	-0.211**	1	0.091
RIE	1.22	1.92	0.055	0.163**	0.021	0.140*	-0.053	0.091	1

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Authors' analysis of the data

The key variables of the research were significantly correlated (EI, CQ, and ENB). Age and gender did not reveal any significant correlations with EI, CQ, or ENB. Regarding SD, significant correlations were observable with EI and CQ. SD effects were controlled in the hypothesis testing. Finally, RIE exhibited significant correlations with CQ and SD.

Subsequently, to carry out the hypothesis testing, several hierarchical linear regression analyses with a confidence interval of 95% were performed, controlling for age, gender, RIE, and SD. Regarding the sample size adequacy, we observed the rule of five

observations, as well as the preferable level of fifteen or even twenty observations for each independent variable (Hair et al., 2014).

4.2.1. Hypothesis 1, hypothesis 2, and hypothesis 3

According to the statistical F-test, the final regression models were significant at $p < 0.001$.

Table 5. Regression results (H_1 , H_2 , and H_3)

Variables Entered	Hypothesis 1 Final Model ENB			Hypothesis 2 Final Model ENB			Hypothesis 3 Final Model ENB		
	β	t	Sig.	β	t	Sig.	β	t	Sig.
Block 1: Control variables									
Age	-0.017	-0.295	0.768	-0.011	-0.190	0.849	-0.005	-0.087	0.931
Gender (G)	-0.014	-0.257	0.797	-0.021	-0.390	0.697	-0.018	-0.321	0.748
Respondents' international experience (RIE)	0.023	0.416	0.678	-0.034	-0.627	0.531	-0.019	-0.350	0.727
Social desirability (SD)	-0.152	-2.347	0.020	-0.038	-0.666	0.506	-0.123	-1.936	0.054
Block 2: Key variables									
Emotional intelligence (EI)	0.360	5.708	0.000	-	-	-	0.200	2.809	0.005
Cultural intelligence (CQ)	-	-	-	0.372	6.706	0.000	0.280	4.396	0.000
R^2			0.100			0.132			0.155
Adjusted R^2			0.085			0.118			0.138
ΔR^2			0.097			0.130			0.152
F			6.694			9.178			9.138
Sig.			0.000			0.000			0.000
ΔF			32.579			44.966			26.942
Sig.			0.000			0.000			0.000

All β are standardized coefficients

Source: Authors' analysis of the data

Hypothesis one stated that the higher the level of a decision-maker's EI, the better their performance regarding their ENB. EI emerged as a significant positive predictor, accounting for 9.7% of the variation in ENB (see the hypothesis one regression results in Table 5). We verified the expected positive relationship between EI and ENB. Therefore, hypothesis one was supported. The international SMEs' decision-makers' EI emerged as a significant predictor of their ENB.

Hypothesis two stated that the higher the level of a decision-maker's CQ, the better their performance regarding their ENB. CQ had a significant and positive effect, accounting for 13% of the variation in ENB (Table 5). We observed the expected positive relationship between CQ and ENB. Therefore, hypothesis two was supported. It can be concluded that the international SMEs' decision-makers' CQ was a significant predictor of their ENB.

Hypothesis three stated that a decision-maker's CQ is a more significant predictor of their ENB than the decision-maker's EI. This hypothesis was supported by the results

(Table 5): CQ ($\beta = 0.280$, $t(300) = 2.452$, $p = 0.000$) and EI ($\beta = 0.200$, $t(300) = 2.809$, $p = 0.005$). In these regressions, regarding casewise diagnostics, none of the cases that deserved some attention exhibited a Cook's distance greater than one or a centered leverage value greater than three times the calculated average value, and none were above an absolute value of one in terms of DFBeta statistics (Field, 2009). No influential cases were detected with an undue influence on the model (Field, 2009). Due to the verified correlations between the predictors, the variance inflation factor (VIF) values, and the T tolerance values, there were no multicollinearity concerns (Field, 2009). Concerning the VIF values, they are much lower than 10, indicating no cause for concern (Field, 2009). The independence of errors assumption was also observed in all regressions with the Durbin–Watson statistic (d) = 2.185, $d = 2.156$, $d = 2.163$ for final model of H_1 , final model of H_2 , and final model of H_3 , respectively. The linearity and homoscedasticity assumptions and the normality of the residuals were confirmed (Field, 2009).

4.2.2. Hypothesis 4, hypothesis 5, and hypothesis 6

The following regression results (Table 6) report the test results for hypotheses four, five, and six in terms of the four dimensions of EI and the three dimensions of ENB.

Table 6. Regression results (H_4 , H_5 , and H_6)

Variables Entered	Hypothesis 4 Final Model BMEC			Hypothesis 5 Final Model UECWW			Hypothesis 6 Final Model CCEC		
	β	t	Sig.	β	t	Sig.	β	t	Sig.
Block 1: Control variables									
Age	-0.072	-1.253	0.211	0.042	0.711	0.478	0.005	0.092	0.927
Gender (G)	-0.199	-3.503	0.001	0.147	2.513	0.012	0.083	1.451	0.148
Respondents' international experience (RIE)	0.020	0.366	0.714	-0.064	-1.126	0.261	0.061	1.084	0.279
Social desirability (SD)	-0.158	-2.366	0.019	-0.107	-1.556	0.121	0.004	0.057	0.955
Block 2: Key variables (EI dimensions)									
Self-emotions appraisal (SEA)	0.085	1.506	0.133	0.060	1.045	0.297	-0.004	-0.077	0.939
Others-emotions appraisal (OEA)	0.110	1.974	0.049	0.101	1.766	0.078	0.097	1.736	0.084
Use of emotion (UOE)	0.164	2.781	0.006	0.152	2.513	0.012	0.204	3.434	0.001
Regulation of emotion (ROE)	0.199	3.297	0.001	-0.010	-0.162	0.872	0.165	2.708	0.007
R^2		0.108			0.060			0.091	
Adjusted R^2		0.084			0.035			0.067	
ΔR^2		0.061			0.032			0.059	
F		4.522			2.386			3.750	
Sig.		0.000			0.017			0.000	
ΔF		5.132			2.562			4.844	
Sig.		0.001			0.039			0.001	

All β are standardized coefficients

Source: Authors' analysis of the data

According to the results of hypothesis four, others-emotions appraisal (OEA), use of emotion (UOE), and regulation of emotion (ROE) significantly predicted the decision-makers' engagement in building and maintaining external contacts (BMEC). A positive relationship was observable, as expected, between those EI dimensions and BMEC. Thus, as OEA, UOE, and ROE increased, so did BMEC. SEA was not statistically significant. Therefore, this hypothesis was partially supported, since SEA was not significant.

Hypothesis five stated that the higher the level of the EI dimensions of a decision-maker, the better their performance regarding ENB when using external contacts in a win-win perspective (UECWW). As expected, the use of emotion (UOE) exhibited a significant and positive effect on UECWW (Table 6). However, the other EI dimensions were not statistically significant. Therefore, hypothesis five was partially supported.

Hypothesis six stated that the higher the level of the EI dimensions of a decision-maker, the better their performance regarding ENB in the commitment to creating external contacts (CCEC). As expected, the use of emotion (UOE) and the regulation of emotion (ROE) exhibited a significant and positive effect on CCEC (Table 6). SEA and OEA were not statistically significant. Therefore, hypothesis six was partially supported.

Regarding casewise diagnostics, no influential cases were detected with an undue influence on the regressions. All the models' assumptions were verified.

4.2.3. Hypothesis 7, hypothesis 8, and hypothesis 9

The following regression results (Table 7) report the test results of hypotheses seven, eight, and nine, regarding the four dimensions of CQ and the three dimensions of ENB.

Hypothesis seven stated that the higher the level of a decision-maker's CQ dimensions, the better their performance regarding ENB when building and maintaining external contacts (BMEC). Metacognitive (MC), cognitive (COG), and motivational (MOT) dimensions of CQ, as expected, had a significant and positive effect on BMEC (Table 7). The behavioral (BEH) dimension was not statistically significant. Therefore, this hypothesis was partially supported.

Hypothesis eight stated that the higher the level of a decision-maker's CQ dimensions, the better their performance regarding ENB when using external contacts in a win-win perspective (UECWW). Motivational (MOT) and behavioral (BEH) dimensions had a significant and positive effect on using external contacts in a win-win perspective (Table 7). Therefore, this hypothesis was partially supported.

Table 7. Regression results (H_7 , H_8 , and H_9)

Variables Entered	Hypothesis 7 Final Model BMEC			Hypothesis 8 Final Model UECWW			Hypothesis 9 Final Model CCEC		
	β	t	Sig.	β	t	Sig.	β	t	Sig.
Block 1: Control variables									
Age	-0.079	-1.372	0.171	0.043	0.728	0.467	-0.008	-0.128	0.898
Gender (G)	-0.212	-3.742	0.000	0.156	2.714	0.007	0.059	1.027	0.305
Respondents' international experience (RIE)	-0.021	-0.371	0.711	-0.094	-1.641	0.102	0.034	0.595	0.552
Social desirability (SD)	-0.048	-0.833	0.405	-0.063	-1.064	0.288	0.115	1.956	0.051
Block 2: Key variables (CQ dimensions)									
Metacognitive (MC)	0.124	2.207	0.028	0.003	0.047	0.962	0.039	0.694	0.488
Cognitive (COG)	0.153	2.754	0.006	0.110	1.952	0.052	0.174	3.091	0.002
Motivational (MOT)	0.158	2.835	0.005	0.146	2.567	0.011	0.097	1.709	0.089
Behavioral (BEH)	0.055	1.001	0.318	0.120	2.134	0.034	0.101	1.808	0.072
R^2			0.109			0.074			0.081
Adjusted R^2			0.085			0.049			0.057
ΔR^2			0.062			0.046			0.049
F			4.544			2.958			3.297
Sig.			0.000			0.003			0.001
ΔF			5.174			3.675			3.967
Sig.			0.000			0.006			0.004

All β are standardized coefficients

Source: Authors' analysis of the data

Hypothesis nine stated that the higher the level of a decision-maker's CQ dimensions, the better their performance regarding ENB in the commitment to creating external contacts (CCEC). The cognitive (COG) dimension was the main predictor, with a significant and positive effect on CCEC (Table 7). This hypothesis was partially supported.

Regarding casewise diagnostics, no influential cases were detected with an undue influence in the regressions. SD did not present any concerns across the models. All the models' assumptions were verified.

In order to summarize the hypotheses testing, Table 8 provides an overview of the status of all the hypotheses.

Table 8. Hypotheses final report

Hypotheses	Findings	Status
H_1	EI was a significant predictor of ENB	Supported
H_2	CQ was a significant predictor of ENB	Supported
H_3	CQ was a more significant predictor of ENB than EI	Supported
H_4	OEA, UOE, and ROE positively predicted BMEC	Partially supported
H_5	UOE positively predicted UECWW	Partially supported
H_6	UOE and ROE positively predicted CCEC	Partially supported
H_7	MC, COG, and MOT positively predicted BMEC	Partially supported
H_8	MOT and BEH positively predicted UECWW	Partially supported
H_9	COG positively predicted CCEC	Partially supported

Source: Authors' own elaboration

5. DISCUSSION

In this research, we tested international decision-makers' psychological characteristics as the main predictors of their networking behaviors. We took cultural intelligence and emotional intelligence as significant characteristics that boost international decision-makers' external networking behavior in the SMEs' internationalization contexts. According to the results, this investigation showed the pivotal role of CQ and EI in external networking behavior. As expected, EI had a positive influence on ENB, indicating that the higher the capability of the decision-makers to reason about emotions and to use emotional knowledge to enhance thought (Mayer, Roberts, et al., 2008), the better the performance of their behaviors when building and maintaining external contacts, when using external contacts in a win-win perspective, and in the commitment to creating external contacts. Cultural intelligence, as expected, also exhibited a positive effect on ENB, indicating the positive predictive value of international decision-makers' capability to adapt to new cultural contexts. Therefore, the important role of EI and CQ in the international business management context of top managers' external relationships should be stressed. Another important result concerned the fact that in the international business management context, the CQ capability was more significant to the top managers' ENB than EI. Still, as already stated, this result did not invalidate the important role of EI in this context.

The present research also studied the value of the different EI and CQ dimensions on the new retained ENB dimensions. Hence, concerning EI, the results showed that others-emotions appraisal (OEA), use of emotion (UOE), and regulation of emotion (ROE) were the relevant variables in the context of the ENB of international top managers of international SMEs. Others-emotions appraisal is concerned with the capability for the perception and understanding of the emotions of others; the ability to predict the emotional responses of others (Law et al., 2008); the creation of empathy; the promotion of healthier, more satisfying, and fruitful relationships; the possibility of being better accepted (Salovey & Mayer, 1990). According to the results, this emotional capability allowed international decision-makers to better build and maintain their external contacts. Using emotion to enhance cognitive activities is related to the ability to promote reasoning, problem-solving, and interpersonal communication (Brackett et al., 2011). This ability promotes the possibility of better individual encouragement to continuously do better (Law et al., 2004). Therefore, according to our results, using emotions adequately in the international business

management context allowed international decision-makers to better establish relationships with others outside the organization in diverse aspects, namely, when building and maintaining their external contacts, when using their external contacts in a win-win perspective, and in their commitment to creating external contacts. The regulation of emotion also had a positive effect, showing that the better the top managers regulated their emotions via preventing, reducing, enhancing, or modifying self-emotional responses (Brackett et al., 2011), the more capable they were to build and maintain external contacts and to commit themselves to creating contacts.

In relation to CQ, our results showed that its four dimensions were relevant in the context of the ENB of the SMEs' international decision-makers. The metacognitive dimension empowers individuals with the cultural awareness that allows them to draw up cognitive strategies and enhance awareness about cultural interactions (Ang et al., 2007). Therefore, this cultural consciousness allows decision-makers to better build and maintain external contacts in international contexts. Regarding the cognitive (COG) dimension, top managers with a high level in this capability are better prepared to identify the different cultural characteristics between different cultural contexts (Charoensukmongkol, 2015). This dimension “[...] reflects knowledge of norms, practices, and conventions in different cultures [...]” (Ang & Van Dyne, 2008, p. 5). Consequently, individuals with higher levels in this dimension are better prepared to interact with different cultural settings (Ang & Van Dyne, 2008), and following our results, due to this capability, they were more capable at building and maintaining external contacts and committing themselves to creating contacts. According to the results, individuals were better prepared to build and maintain contacts, as well as to use their external contacts in a win-win perspective due to their motivational capability. Individuals with higher motivational levels are more likely to direct attention and energy to diverse cultural contexts (Ang et al., 2007), to adapt themselves to different cultural contexts to overcome inherent difficulties (Lin et al., 2012), and are more prone to foster intercultural contacts and adapt behaviors (Imai & Gelfand, 2010). As a final result, the behavioral (BEH) dimension, which is the capability to act appropriately and to adapt verbal and nonverbal behaviors in individual intercultural interactions (Ang & Van Dyne, 2008), emerged as a significant predictor of the decision-makers when using their external contacts in a win-win perspective.

5.1. Implications

This study has several theoretical and practical implications for our understanding of the role that cultural intelligence and emotional intelligence plays in improving the engagement of the top managers' external networking behavior within the international business management context.

5.1.1. Theoretical implications

Overall, this research makes three major theoretical contributions. First, given the importance of networking within the international business management context, our study's findings contribute to network theories suggesting that the top managers' psychological characteristics have a central role in their external networking behavior. Second, the present study also contributes to emotional intelligence theory and to cultural intelligence theory by showing the booster value of these intelligences to the international top managers' external networking behavior in international business contexts. Therefore, the present research makes these contributions at the confluence of the international business, networks, and psychological fields. Lastly, and adding to these theoretical bodies of knowledge, interesting theoretical implications emerged concerning the relationship between the emotional intelligence and cultural intelligence dimensions and the new retained external networking behavior's factorial structure, as stated above.

As a relatively new approach, this research adds to the literature on emotional intelligence theory, cultural intelligence theory, and network theory within the international business management body of knowledge, suggesting that the higher the levels of international top managers' emotional and cultural intelligences, the better the performance of their external networking behavior.

5.1.2. Practical implications

The results of our research are of interest to the international management field. The findings shed light on the value of the emotional and cultural intelligences of the firms' international decision-makers. According to our results, emotional intelligence and cultural intelligence play an important role in the top managers' external networking behavior. In line with this, we offered insights into the psychological characteristics that may play an important role in the performance of the top managers' behaviors when building and maintaining external contacts, when using external contacts in a win-win perspective, and

in the commitment to creating external contacts. These findings have important implications for international top managers' profiles. The results showed that the higher the capability of the decision-makers to reason about emotions, to use emotional knowledge to enhance thought, and to adapt to new cultural settings, the better their chance of engaging better in their external networking behavior. In this sense, international firms that want to have capable international top managers to engage and improve their external networking behaviors should provide training programs on emotional and cultural intelligences to their major international human resources. Specific training programs should be provided to improve their different emotional and cultural capabilities.

From a dimensional perspective, our findings also indicated that in order to better build and maintain their external contacts, international top managers must be aware and improve their emotional capabilities concerning the perception and understanding of the emotions of others, the use of emotions to facilitate performance, and the regulation of emotions. To this end, they could also improve their cultural capabilities concerning their cultural awareness, their cultural knowledge, and their capability to direct attention and energy to diverse cultural contexts. Our results suggest that the international SMEs' top managers had a greater chance of using their external contacts in a win-win perspective if they invested themselves in improving their use of their emotional capability and their cultural motivational and behavioral capabilities. Concerning the commitment to creating external contacts, we encourage international managers to improve their cultural knowledge and their emotional capabilities for using and regulating emotions. Therefore, an important managerial implication concerns the fact that the two intelligences in question are trainable and might be improved by the international top managers to produce better external networking behavior. Given the importance of networking in the international business context, the organizations that are internationally active or those that are intending to approach the international markets should assess the cultural and emotional intelligences of their potential international top managers, not only when hiring new ones but also when promoting internally. These are also important intelligences for teamwork development.

Thus, this research shed light on the role of the emotional and cultural intelligences of the founders, owners, chief executive officers (CEOs), managers of international activities, international market managers, or commercial managers of the international SMEs in the particular case of Portugal. Improving these intelligence levels would allow international decision-makers to enhance their external networking behavior.

6. CONCLUSIONS

The importance of the relationships through networks is recognized within the SMEs' international context (Masiello & Izzo, 2019). In this context, we emphasized the important role of top managers' psychological characteristics. In fact, networking activity is influenced by individual differences (Wolff et al., 2008), where the importance of the individuals' psychological characteristics as antecedents has been suggested (Gibson et al., 2014). In this vein, we showed the pivotal role of CQ and EI in international decision-makers' ENB. They are two important intelligences within cross-cultural contexts (Moon, 2010). Therefore, we provided important evidence within networking, cultural intelligence, and emotional intelligence fields, demonstrating the predictive value of these two intelligences.

In relation to the exploratory analysis of ENB, we found three different factors that embodied an interesting approach. Hence, after the interpretation, we retained the following three dimensions: building and maintaining external contacts, using external contacts in a win-win perspective, and a commitment to creating external contacts. To deepen the analysis, we also studied the value of the decision-makers' cultural and emotional intelligence dimensions on the external networking behavior factors used when conducting the empirical study. Important relations between CQ and EI dimensions and the new retained factor structure of ENB constituted an important result of our study.

In summary, this research suggested that cultural and emotional capabilities help top managers to engage in multicultural contexts in order to achieve better results in their ENB.

Regarding limitations, we emphasize the main ones, starting by mentioning that the self-report nature of the measures may lead to biases. However, its use is widely seen in the study of intelligences and external networking behavior (Ang et al., 2007; Imai and Gelfand, 2010; Lin et al., 2012; Naudé et al., 2014; Wolff and Kim, 2012). Concerning this issue, for further research, we emphasize the need, as reflected by many scholars, to use tests to assess ability levels (Law et al., 2004). It is worth noting that our study was based on cross-sectional data, a fact that disturbs the assessment of causality between constructs (Charoensukmongkol, 2015). Therefore, longitudinal studies promote another type of assessment of the relationships between the variables. To improve the CQ body of knowledge, one suggestion to further research is the application of the CQ expanded scale

of Van Dyne et al. (2012). Along this line, another suggestion for further research is to consider the business cultural intelligence quotient model of CQ developed by Alon et al. (2016) to undertake investigations related to business and international business management contexts. Following Leonidou et al. (2019), due to the fact that relationships are a dynamic phenomenon, longitudinal studies appear to allow for the understanding of their evolution and the role of EI and CQ in the different stages of the relationships. Given this dynamic nature, quantitative and qualitative studies should complement each other in a richer approach, promoting a better understanding of the networking phenomenon (Torres-Coronas & Vidal-Blasco, 2017). In order to improve the EI, CQ, and ENB bodies of knowledge, we suggest the application of this study in different cultural realities, in other countries, and in larger companies. As a final limitation, we emphasize that this study was carried out in the specific context of the Portuguese economy, a fact that may not allow its generalization to other economic environments.

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PART IV

SMEs' international strategy and top managers' cultural intelligence and emotional intelligence

DEGREE OF INTERNATIONALIZATION

CULTURAL INTELLIGENCE

EMOTIONAL INTELLIGENCE

CROSS-CULTURAL MANAGEMENT

SMEs' INTERNATIONAL STRATEGIC GROUPS AND TOP MANAGERS' PSYCHOLOGICAL CHARACTERISTICS

ABSTRACT

This research analyzed the small and medium-sized enterprises' (SMEs) international strategies concerning the scale and scope of the international activities. The major purpose was to study the international top managers' psychological characteristics as distinctive capabilities within the defined international strategic groups. The international top managers' cultural intelligence and emotional intelligence were taken as main characteristics to act in the international business environment. Therefore, we took as the main motivation to perform the present investigation the need to understand which psychological characteristics may help the international top managers to pursue high degrees of internationalization in their firms. This study was conducted in Portugal, and the sample was composed of 307 Portuguese SMEs' international top managers directly responsible for the firms' international decisions. The multinomial logistic regression method was used to test the hypotheses. The firms were classified into three international strategic groups based on the internationalization scale and scope. The degree of internationalization reflects that combination, creating groups with a high, medium, and low international exposure. The main result indicates as a distinctive capability, the international top managers' cultural intelligence within the firms that exhibit a high international strategic positioning. Regarding the main contributions, this article contributes to the bodies of knowledge of international SMEs, cultural intelligence, emotional intelligence, and networking. This study also contributes to upper echelons theory and the resource-based view.

Keywords: small and medium-sized enterprises; degree of internationalization; cross-cultural management; cultural intelligence; emotional intelligence

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1. INTRODUCTION

The present research is grounded in the international business and psychology fields. The conceptual and empirical approach addresses small and medium-sized enterprises' (SMEs) internationalization and their top managers' psychological characteristics.

The international strategy of SMEs is taken as an extremely important decision reflected in a multidimensional construct concerning the firms' international strategic decisions. We took the combination between the scale and scope of the internationalization of SMEs (e.g., Cerrato & Fernhaber, 2018) as a decisive blend to capture a more accurate picture of the different international strategies and strategic groups. In this research, the international scale and scope, besides measuring the magnitude of the firms' international activities, embodies an important mirror of the firms' international strategic positioning (cf. Kumar Singal & Kumar Jain, 2014). Therefore, we defined three major international strategic groups in regard to the international exposure of SMEs. In relation to the top managers' psychological characteristics, we took them as distinctive characteristics of those firms' strategic groups and of their degree of internationalization (DoI), respectively.

In the current international business world, firms face a highly competitive reality and a high dynamic of the markets that increasingly requires efficiency and effectiveness standards. This requires from those who are in charge of the firms' international main decisions, a set of capabilities that may assist them with handling the inherent differences, difficulties, and complexities that internationalization implies. Therefore, diverse emotional and cultural challenges emerge from the international environments with which the international top managers have to deal. Hence, in this research, the emotional and cultural top managers' intelligences are taken as a significant set of capabilities in the international business environment. In this context, we stress that these intelligences provide and improve the individuals' social capital. Social capital is a relevant concept to firms' internationalization (Jones & Covello, 2005), and embodies the resources embedded in the network of relationships (Nahapiet & Ghoshal, 1998). Taking into account some components of this concept, namely, managerial tie utilization, trust, and solidarity (e.g., Cui et al., 2020), for instance, we suggest the relevant role that emotional intelligence and cultural intelligence may have in managers' interpersonal contacts and in building trust and solidarity.

The context of the present research emphasizes the importance of researching SMEs. This is a research theme with a growing interest in the recent years (Steinhäuser et al., 2020). SMEs have been increasing their presence in the international business environment (Morais & Ferreira, 2020), are a very important element of the world economy (Genc et al., 2019), and their international decisions are a relevant domain of studies with directed attention (Lobo et al., 2020). In this research, we focus on the top managers' characteristics within the distinct strategic groups of the international SMEs. The characteristics of the top managers are of major importance in the international context and deserve more attention by researchers (Hsu et al., 2013). In fact, the role and the characteristics of the top managers in SMEs' internationalization is an important and recent line of research (Adomako et al., 2019; Anwar et al., 2018; Nielsen, 2010; Oesterle et al., 2016; Saeed & Ziaulhaq, 2019). Within their characteristics, the influence of the psychological ones on firms' international decisions is a necessary and relevant subject of investigation (Adomako et al., 2019; Anwar et al., 2018; Francioni et al., 2015; Oesterle et al., 2016). Following the upper echelons theory, "[...] one of the most influential perspectives in the strategic management literature" (Neely et al., 2020, p. 1030), the top managers as central decision-makers (Nielsen, 2010) make their strategic decisions on the basis of their observable, but also of their psychological characteristics, affecting the firms' strategic outcomes (Carpenter et al., 2004; Hambrick, 2007; Hambrick & Mason, 1984). Accordingly, the firms' strategic choices and the firms' performances are influenced by top managers' idiosyncrasies (Hambrick, 2007; Hambrick & Mason, 1984). Within the space of firms' international activity, the psychological characteristics of the decision-makers radiate strong signs for influencing those decisions. In fact, their personal characteristics appear to be essential to the firms' internationalization (e.g., Navarro-García, 2016). For instance, according to Navarro-García et al. (2016), "[...] human resources and managerial attitudes are two cornerstones of exporting success" (p. 1880).

Therefore, due to the potential relevant role of the top managers' psychological characteristics on SMEs' internationalization, the present research focuses on their emotional intelligence (EI) and cultural intelligence (CQ) as significant personal characteristics. In fact, within a cross-cultural and inherently complex and challenging context, the intelligences of the top managers that promote better intercultural interactions and to manage dissimilarities are an important set to act international (Moon, 2010).

This article makes six major contributions. First, it contributes to the body of knowledge of international SMEs. This is an important contribution due to the important

role of these firms in the international business environments and due to the relevance of their international decisions regarding the scale and scope. Second, this study also contributes to emotional intelligence and cultural intelligence bodies of knowledge by addressing the value of these intelligences to the firm's international strategy. Third, due to the relevance of networks within the international business context, our research's findings also contribute to the networking body of knowledge. Fourth, this article contributes to upper echelons theory and the resource-based view by showing the value of those top managers' intelligences in SMEs' international strategy. Fifth, it also contributes to the expansion of the concept of strategic group. This research took the international SMEs as a macro strategic group. Finally, the present research contributes to a required multidimensional approach of the international strategy.

2. INTERNATIONALIZATION

The present research takes internationalization strategy as an increasingly major decision to SMEs. Researching the factors that affect their internationalization decisions is an important line of research (Lobo et al., 2020). In order to define the different strategic groups of firms that follow this strategy, we used their strategic positioning concerning the scale and scope of the international decisions. Therefore, when a firm goes international, two major decisions embody the mirror of its international strategy: the intensity of the international endeavor (scale) and the number of countries or regions in which the firm operates (scope) (Kuivalainen et al., 2007; Tallman & Li, 1996; Zahra, 2020). In this context, we applied the degree of internationalization (DoI) (Kuivalainen, Sundqvist, et al., 2012) to label the combination of those dimensions and to define the strategic groups. DoI is an important subject of analysis within the firms' international framework, and its multidimensionality is acknowledged, giving rise to a more accurate picture of the firms' internationalization (Cerrato et al., 2016; Genc et al., 2019; Kuivalainen, Sundqvist, et al., 2012). However, its measurement is not a simple task (Genc et al., 2019; Pangarkar, 2008). In fact, we attest the diverse use of different measures of the DoI across the literature (e.g., Genc et al., 2019; Pangarkar, 2008; Saeed & Ziaulhaq, 2019).

The scope dimension of the internationalization consists of the number of countries (e.g., Hsu et al., 2013; Navarro-García, 2016) or regional blocs (e.g., Pangarkar, 2008;

Rugman & Verbeke, 2004) in which firms perform their international sales (Kuivalainen, Sundqvist, et al., 2012). The scale consists of the level or intensity of the international operations, traditionally measured by the foreign sales to total sales (FSTS) (e.g., (e.g. Kuivalainen, Saarenketo, et al., 2012; Sullivan, 1994).

2.1. Strategic groups

The competitive strategy domain integrates several theories and models, and has been addressing the causes of strategy formulation (Parnell & Hershey, 2005). In this context, according to the authors, the industrial organization and the resource-based schools emerged. Following the industrial organization school, the characteristics of the industry are a determinant for the competitive strategy development. According to the resource-based school, the key resources, like management talent and experience, expertise in production, among others, are the ones that drive the competitive strategy development (Parnell & Hershey, 2005).

As stated, in the present research we defined three strategic groups concerning the SMEs' international exposure. Linking the strategic groups and the strategic management field is an important line of research (McGee et al., 1995). The strategic groups follow in themselves different strategies between them (McGee et al., 1995). Therefore, centering on the criterion of the similar strategy, we defined the SMEs' international strategic groups based on the followed international strategy by the firms. Characteristically, the strategic groups are considered and analyzed within an industry. However, to explain the competitive strategy and firm performance we followed the resource-based school. This view moved the focus from the industry characteristics to the firms' unique resources and capabilities (Boyd, 2004).

Thus, this research looks to the international SMEs as a macro strategic group where, according to the firms' international exposure, different groups can be defined (López, 2007). The strategic group theory allows firms to be analyzed upon their similarity in the adopted strategies (Leask & Parnell, 2005). Despite being usually linked to the industry where the groups operate, “[...] many strategic group researchers began to utilize approaches believed to be generalizable across industries” (Parnell & Hershey, 2005, p. 19). Near this line, McGee et al. (1995) already argued that industries and markets boundaries are “fuzzy”, acknowledging that groups of firms must be identified “[...] that are following ‘similar’ strategies but are situated in environments that cut across industry boundaries” (p.

261). Therefore, following Boyd (2004), studying the industry is important, but is also considered insufficient for the explanation of firms' performance. In this vein, following the resource-based school, we acknowledged the firms as a bundle of unique resources that should contribute to their sustainable competitive strategy and performance. Accordingly, firms' success is taken as the result of the application of their unique resources and not of the industry structure (Leask & Parnell, 2005).

Consequently, we combined the two schools of thought, taking into account the complementarity between the strategic groups and the resource-based perspectives (Leask & Parnell, 2005). Through the strategic groups, we intended to aggregate in groups the firms with similar international strategies, and considering the resources, we focused on important drivers of the international strategies and international performance. There is a recognized interest in analyzing the firms' international commitment through strategic groups due to their inherent similar strategies and to the possibility in studying the international activity performance (López, 2007). In the present research, and according to other studies in the European context (e.g., López, 2007), we took the international SMEs as the major sector of analysis, and as referred, defined three international strategic groups.

2.2. Degree of internationalization

This research assesses the relationship of the international top managers' psychological characteristics, namely, emotional intelligence and cultural intelligence, with the SMEs' strategic positioning through the degree of internationalization. The degree of internationalization is a relevant and widely used concept to measure firms' internationalization (e.g., Cerrato et al., 2016; Hsu et al., 2013; Kuivalainen, Sundqvist, et al., 2012).

Taking into account the holistic model of Kuivalainen, Sundqvist, et al. (2012), to assess the DoI and distinguish between the different internationalization patterns, three dimensions should be considered: time, scale, and scope of internationalization.

However, due to the firms' path dependence settings (Samuelsson et al., 2020) and due to the major role played by the realized strategy triggered by the deliberate and emergent strategies (Mintzberg & Waters, 1985), we are able to study the influence of the current top managers' intelligences on the present realized strategy and not on the previously deliberate and emergent ones. Towards an additional understanding, we can go deeper by attesting that the top managers' cultural and emotional intelligences are not static; they are dynamic in their

levels as the human being evolves and learns. These intelligences are learnable and can be taught and improved over time (Ramsey et al., 2017; Santos et al., 2018). Therefore, we avoided studying their influence in the past time decisions to internationalize, i.e., in the time dimension that reflects the period of time between the founding of a firm and its first international sales. Another reason is the fact that the current top managers may not be the same when the internationalization process started. Being the same, their current intelligence levels would not be reflected at the time. Due to the cross-sectional nature of this research, it does not seem methodologically accurate to study the influence of the current top managers' psychological characteristics on the time variable to internationalize. Consequently, we recognize the methodological adequacy of the longitudinal analysis concerning the dynamic levels of the top managers' intelligences and the dynamic of the degrees of internationalization. Internationalization is a dynamic behavioral phenomenon and firms may undertake different international behaviors over time (Olejnik & Swoboda, 2012). Longitudinal analysis allows us to go deeper on the comprehension of the internationalization phenomenon and its causal relationships concerning antecedents and outcomes (Cerrato et al., 2016).

Taking the above into account, and in order to avoid a simplistic approach studying and measuring the degree of internationalization (DoI), we used the combination of the scale and scope. Scale allows us to study the international strategic intensity towards international markets, and scope allows us to assess the international geographic diversity endurance (Hosseini et al., 2018). We took internationalization as a more complex business reality that does not allow a single variable to measure it (Genc et al., 2019). Foreign sales to total sales (FSTS) is a widely used measure of the scale of internationalization (Sullivan, 1994). However, this measure alone does not portray the essence and diversity of internationalization, as it does not reflect the geographic diversity of the adopted international strategy (Pangarkar, 2008). Therefore, as an important indicator to assess DoI, we used the FSTS to measure the scale along with two measurement perspectives of the scope. Scope is an important strategic dimension within SME internationalization studies (e.g., Ismail & Kuivalainen, 2015). To assess this dimension, we used the number of countries in which firms perform their international sales (e.g., Hsu et al., 2013; Navarro-García, 2016). However, the analysis of the international sales dispersion across different geographic regions allows a more accurate and representative measure of the firms' international strategy (Pangarkar, 2008). In fact, regional analysis has become increasingly relevant within the scope of firms' internationalization (e.g., Freixanet & Renart, 2020;

Ismail & Kuivalainen, 2015; Rugman & Verbeke, 2004; Ruzzier et al., 2007). Thus, we took these two perspectives together, to accurately assess the different strategic positioning of SMEs and the different strategic groups.

Consequently, we analyzed three levels of firms' strategic positioning, as shown in Figure 1: firms with high DoI, i.e., firms with high levels of international intensity (scale) and with a diversified (high level in the number of countries) and wide (high level in the number of regions) scope of their international sales; firms with low DoI, i.e., firms that exhibit a low level of international sales; firms with medium DoI, i.e., those firms that do not meet the high degree criteria but at the same time have a high intensity concerning the sales in the international markets.

Figure 1. International small and medium-sized enterprises' (SMEs) strategic groups (scale and scope of internationalization). FSTS: foreign sales to total sales; DoI: degree of internationalization.

Strategic groups		
Group one SMEs with high level of international exposure	Group two SMEs with medium level of international exposure	Group three SMEs with small level of international exposure
Strategic positioning	Strategic positioning	Strategic positioning
Scale (FSTS) <u>High</u>	Scale (FSTS) <u>High</u>	Scale (FSTS) <u>Low</u>
Scope (number of countries) <u>High</u>	Scope (number of countries) and Scope (number of regions) <u>Mixed levels</u>	Scope (number of countries) and Scope (number of regions) <u>Mixed levels</u>
Scope (number of regions) <u>High</u>		
High DoI	Medium DoI	Low DoI

Source: Authors' own elaboration

Due to the main objective of this research, i.e., to study the top managers' psychological characteristics as a major distinctive feature of the different international SMEs' strategic groups, and in line with the model of Kuivalainen, Sundqvist, et al. (2012), we took cultural intelligence and emotional intelligence as significant contributors to the scale and scope of internationalization.

3. TOP MANAGERS' CHARACTERISTICS AND HYPOTHESES DEVELOPMENT

The managerial level of the international SMEs needs to be studied insofar as they can affect firms' international scale and scope (Kuivalainen, Sundqvist, et al., 2012). In this context, three major perspectives should be considered: the individual/managerial level; the firm level; the environmental level (Kuivalainen, Sundqvist, et al., 2012; Martineau & Pastoriza, 2016). The present research relies on the managerial level (e.g., Anwar et al., 2018; Ruzzier et al., 2007).

The upper echelons characteristics are of major importance to the firms' strategic choices and performance (Carpenter et al., 2004; Hambrick & Mason, 1984), and specifically in the context of this research, to the SMEs' internationalization (Hsu et al., 2013; Navarro-García, 2016; Nielsen, 2010; Saeed & Ziaulhaq, 2019). Therefore, to understand the way firms act, we should consider the characteristics of their main protagonists, their top managers, where the psychological ones are of major importance (Hambrick, 2007; Hambrick & Mason, 1984). In fact, "international strategic decisions are made dependent on the cognition and values of the top manager" (W.-T. Lin & Liu, 2012, p. 98). It is important to understand the distinctive characteristics of the top managers, as depending on the DoI, different types of managers may be needed, once their characteristics may improve the internationalization and its degrees (Barkema & Chvyrkov, 2002). For instance, according to Zahra (2005), the managers' cognitive and psychological characteristics may affect their decisions to internationalize, the ability to recognize opportunities, measure risks, and to learn and adapt. Acedo and Jones (2007) accentuate the importance of the psychological characteristics of the decision-makers in the context of the internationalization decisions. Navarro-García (2016) stated that the literature on the drivers of export entrepreneurship, concerning the personal factors of the international decision-makers, stress that the cognitive, attitudinal, or motivational ones are important drivers of the export intensity, scope, and speed. According to Cerrato et al. (2016), it is also important to highlight the fact that the DoI includes an attitudinal effect from the top managers.

In the present research, the psychological characteristics of the top managers are taken as significant and distinctive characteristics for the SMEs' international strategic positioning; specifically, their cultural intelligence (CQ) and emotional intelligence (EI). Within the context of the individuals' international activities, these intelligences deserve further research (Moon, 2010). Rockstuhl et al. (2011) also request more research in the field

of intelligence, where the cultural and emotional ones should be considered in the context of leadership effectiveness, both in the domestic and international contexts. The literature also highlights the positive effects of EI and of CQ on cross-cultural adjustment (e.g., Y. Lin et al., 2012). It should also be noted that in the international business environment, relationships are a constant with which managers have to deal. From this international relationship setting, both emotional and cultural circumstances emerge where CQ and EI play an important role (Clark & Polesello, 2017). Therefore, we took CQ and EI as important capabilities of the international top managers to deal with the complexity of the firms' international expansion.

3.1. Cultural intelligence

In this context, cultural diversity requires specific capabilities to deal with their specificities, challenges, complexities, and opportunities, i.e., the cultural intelligence (Imai & Gelfand, 2010; Nosratabadi et al., 2020). CQ emerges as a significant capability for those leaders who interact in multicultural settings and promotes leadership effectiveness (Rockstuhl et al., 2011). CQ is also an important indicator of the global mindset of leaders (Story et al., 2014). According to Earley and Ang (2003), "cultural intelligence refers to a person's capability to adapt effectively to new cultural contexts" (p. 59). Following Ang et al. (2007), cultural intelligence is a multidimensional construct with four dimensions: metacognitive, cognitive, motivational, and behavioral.

In the international business context, the lack of knowledge about the different cultures may imply failures in negotiations (Groves et al., 2015). However, CQ promotes intercultural negotiation effectiveness (Imai & Gelfand, 2010). Cultural intelligence also promotes better interactions in multicultural settings (Caputo et al., 2018), allows cross-cultural adjustment (Y. Lin et al., 2012), better communication and relationships with foreign stakeholders (Charoensukmongkol, 2015), and facilitates cooperative behaviors in negotiation contexts (Groves et al., 2015). According to Imai and Gelfand (2010), individuals with higher levels of CQ tend to be more confident and cooperative in their intercultural interactions. CQ is an important capability for international opportunity recognition and individual innovation (Lorenz et al., 2018). Therefore, the positive role of top managers' CQ in the international business context is widely acknowledged (e.g., Alon et al., 2016; Charoensukmongkol, 2015; Nosratabadi et al., 2020). According to Earley and Mosakowski (2004), CQ is a significant and indispensable capability for managers in

intercultural environments. Thus, in the international business environments, the higher the CQ of the international top managers the higher the firms' performance (Nosratabadi et al., 2020).

This intelligence, by metacognitive CQ, allows individuals to draw cognitive strategies and to promote awareness about cultural interactions (Ang et al., 2007). The cognitive CQ “[...] reflects knowledge of norms, practices, and conventions in different cultures [...]” (Ang & Van Dyne, 2008, p. 5), allowing a better preparation to interact with different cultural settings (Ang & Van Dyne, 2008). The motivational CQ allows individuals to direct attention and energy to diverse cultural situations (Ang et al., 2007). The behavioral CQ empowers the individual to appropriately adapt verbal and nonverbal behaviors in intercultural interactions (Ang et al., 2007).

Therefore, the top managers with higher levels in this intelligence appear to be more capable to pursue their firms' international activities due to their capabilities to think culturally, to know different cultures, to motivate themselves in diverse intercultural situations, and to act appropriately. These capabilities promote intercultural negotiation effectiveness, better intercultural interactions, facilitates cooperative behaviors in negotiation contexts, and better communications with the stakeholders. Thus, top managers with higher CQ levels should be able to capitalize their actions towards a more intense internationalization and with a higher geographical scope. Consequently, we formulate hypothesis one (H_1) as the following:

H_{1a} : International top managers of firms with high DoI (high levels of international exposure) have higher levels of CQ than the top managers of firms with low DoI (low levels of international exposure)

H_{1b} : International top managers of firms with medium DoI (medium levels of international exposure) have higher levels of CQ than the top managers of firms with low DoI (low levels of international exposure)

H_{1c} : International top managers of firms with high DoI (high levels of international exposure) have higher levels of CQ than the top managers of firms with medium DoI (medium levels of international exposure)

3.2. Emotional intelligence

Emotional intelligence is an important capability within the business context (e.g., Ingram et al., 2019; Leonidou et al., 2019; Wong & Law, 2002). According to Clark and Polesello (2017), “researchers recognize that emotionally intelligent individuals are an essential factor for organizational success” (p. 339). In the present research, emotional intelligence is taken as an important psychological characteristic of the top managers that

interact in the international business environments (e.g., Leonidou et al., 2019). Its role has been stated as an important contributor to cross-cultural adjustment (e.g., Y. Lin et al., 2012). Furthermore, those who interact with people from different cultures, by having higher levels of EI, are more capable to express their emotions and to read those of others, and to regulate and to use emotions for a more appropriate way of acting given the cultural differences (Y. Lin et al., 2012). Thus, EI may influence cross-cultural interactions, allowing higher level EI individuals to adapt to unfamiliar environments (Moon, 2010).

Relationships are in the core of the international business environments (Johanson & Vahlne, 2009). It should also be noted that the multicultural environments entail diverse challenges and difficulties, for instance, of cultural, social, and communicational adjustment (Y. Lin et al., 2012). Therefore, top managers' EI appears to be of utmost importance to perform better within their relationships and with the emotional spectrum that these dynamics imply. As referred, multicultural contexts lead to a series of emotional challenges and difficulties that arise from the personal contact with other people, institutions etc. In this line, to improve the performance when top managers execute their international activities, we highlight a set of positive effects with which EI has been linked. EI comprises key capabilities for flexible and creative problem solving (Salovey & Mayer, 1990), interpersonal relations (Pradhan et al., 2016) and life satisfaction (Law et al., 2004), motivational communications (Mayer et al., 2004), job performance (Law et al., 2008), individual ethics and ethics and success perceptions in an international business context (Cabral & Carvalho, 2014), entrepreneurial style and external networking behavior (Naudé et al., 2014), achieving win-win situations with others, and individual innovation performance (Zhang et al., 2015). EI is also positively related to entrepreneurial intentions, i.e., the personal interest in creating a new venture (Miao et al., 2018).

“Emotional intelligence concerns the ability to carry out accurate reasoning about emotions and the ability to use emotions and emotional knowledge to enhance thought” (Mayer et al., 2008, p. 511). As a multidimensional construct, according to Wong and Law (2002), EI has four dimensions: self-emotions appraisal, others-emotions appraisal, use of emotion, regulation of emotion. Salovey and Mayer (1990) state that emotionally intelligent individuals “[...] understand and express their own emotions, recognize emotions in others, regulate affect, and use moods and emotions to motivate adaptive behaviors” (p. 200). They are also capable to recognize, understand, and respond to the emotions of others, creating empathetic connections and adequate responses to different situations (Salovey & Mayer 1990).

Therefore, we see EI as an important capability to deal with the emerging emotional challenges from the diverse international contacts and realities. This capability promotes, for instance, better interpersonal relations, job performance, entrepreneurial style, and entrepreneurial intentions. In line with this, the top managers with higher levels of EI, should be more capable to overcome the emotional difficulties within their international negotiations and capitalize their firms towards a more intense and diverse internationalization. Consequently, we formulate hypothesis two (H_2) as the following:

H_{2a} : International top managers of firms with high DoI (high levels of international exposure) have higher levels of EI than the top managers of firms with low DoI (low levels of international exposure)

H_{2b} : International top managers of firms with medium DoI (medium levels of international exposure) have higher levels of EI than the top managers of firms with low DoI (low levels of international exposure)

H_{2c} : International top managers of firms with high DoI (high levels of international exposure) have higher levels of EI than the top managers of firms with medium DoI (medium levels of international exposure)

3.3. External networking behavior: mediator variable

The role of networks in SMEs' internationalization is a relevant and current line of research (cf. Karami & Tang, 2019; Morais & Ferreira, 2020). This is an important subject due to the relational character of the internationalization (Johanson & Vahlne, 2009). Firms' internationalization is embedded with a diversity of relationships, where the networking behavior of the top managers is an important aspect to take into account. In fact, the networking activity is an important promoter to SMEs' internationalization (Che Senik et al., 2011). We took networking as the "[...] individual behavior aimed at building and cultivating personal relationships" (Wolff et al., 2011, p. 244). These dynamics involve internal and external behaviors to organizations (Gibson et al., 2014). These interactions with others, and specifically in this research, with others outside the organization (McCallum et al., 2014), i.e., external networking behavior (ENB), are taken as an important behavior to gather relevant information and recognize important opportunities to facilitate firms' internationalization. Hence, in the present research we considered the decision-makers' ENB. This activity is influenced by individual differences (Wolff et al., 2008), where the psychological ones are of utmost importance (cf. Gibson et al., 2014). Thus, the top managers' ENB is taken as a mediator between their psychological characteristics and firms' international exposure. For instance, in regard to CQ, this capability allows individuals to be more disposed and prepared to establish quality interactions with others

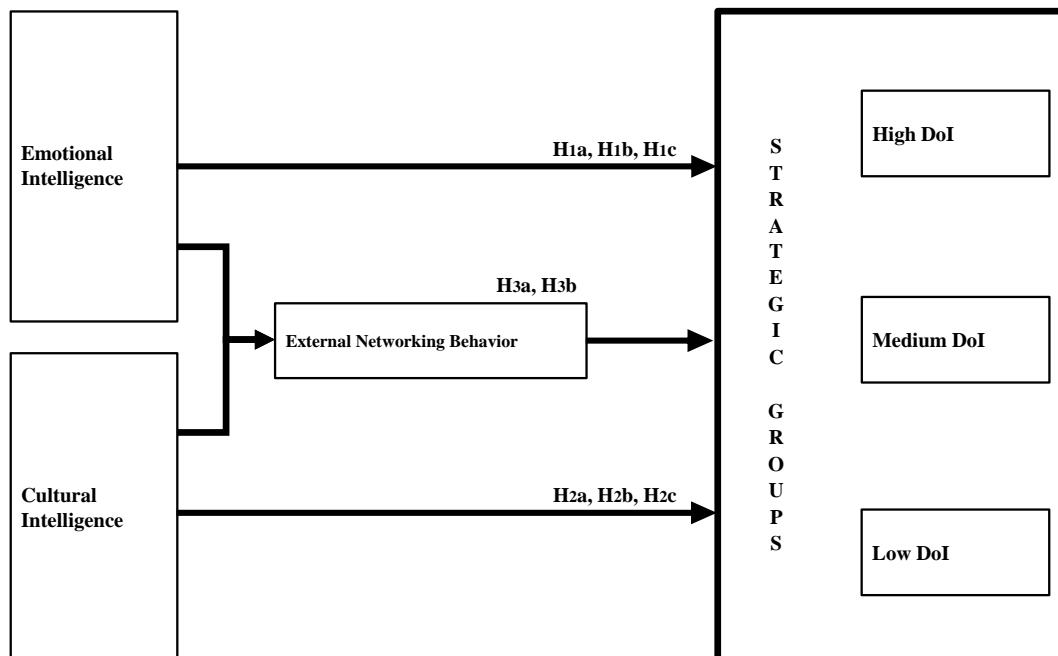
(Charoensukmongkol, 2015). CQ also promotes cross-cultural adjustment (e.g., Y. Lin et al., 2012). In relation to EI, this capability promotes better interactions with others (Pradhan et al., 2016) and a positive influence for the communications and social bonds between the relationships with international actors (Leonidou et al., 2019). Consequently, we formulate hypothesis three (H_3) as the following:

H_{3a} : International top managers' ENB mediate the relationship between their EI and firms' DoI
(international exposure)

H_{3b} : International top managers' ENB mediate the relationship between their CQ and firms' DoI
(international exposure)

According to our hypotheses (H_1 to H_3), we present the research model overview in Figure 2.

Figure 2. Research model



Source: Authors' own elaboration

4. RESEARCH METHODOLOGY

4.1. Sample and procedure

After data purification, the sample was composed of 307 decision-makers directly responsible for the international activities in Portuguese international SMEs. As admissibility criteria to the study, their positions were requested, and the European Union's

definition of SME was followed. Thus, our sample was composed of founders, owners, chief executive officers (CEOs), managers of international activities, international market managers, and commercial managers. In line with other studies, we adopted a multi-industry approach to increase the observed variance and the generalization of the results (e.g., Navarro-García et al., 2016).

In order to test our hypotheses, the sample was obtained from the Portuguese international SMEs listed in the 2019 Amadeus database, Moody's Analytics Company, and from the 2019 aicep Portugal Global—Trade & Investment Agency (AICEP) exporting companies' database, the Portuguese suppliers directory. The list of e-mails was collected and built between January and February 2019. We jointly used two databases, similarly to other studies (e.g., Acedo & Jones, 2007). The Amadeus exporting firms were selected taking into consideration that all firms were active, had an e-mail address, and a maximum of 250 employees. Concerning the AICEP database, we sent the online survey to all the remaining firms after the elimination of those whose e-mail addresses were already in the Amadeus database.

In relation to the sample of the present research, it is important to ensure its randomness and representativeness. Regarding the randomness of the procedure to obtain the sample (contact by e-mail), we carried out a runs test (e.g., Bujang & Sapri, 2018) for the variables included in the study, and the hypotheses that stated the randomness of the sample were not rejected. With regard to the representativeness of the sample in relation to the population of Portuguese SMEs, for the most relevant attribute (the European classification in micro, small, and medium-sized enterprises), the chi-square test was performed (e.g., Shaver et al., 2019) on the quality of fit of the sample to the population. The hypothesis that the distribution of frequencies in the sample follows the distribution of probability associated to the population was not rejected. Taking these results into account, it was possible to continue the study while maintaining the intention for the generalization of the results.

The survey, sent by e-mail, was the data collection instrument, which was directed to the international top managers from 2–30 April 2019. It was pretested with a panel of 10 individuals representing managers working in internationalized enterprises to verify, amongst others, the conformity of the survey, its answering time, the meaning of the items, and the filling instructions. Minor changes were made, given that their feedback did not reveal any particular problems. Due to the fact that the sample was constituted of native Portuguese speakers, some scales were translated from English to Portuguese. Thus, we used

the translation/back-translation procedure of Behling and Law (2000) to translate the ENB and the social desirability (SD) scales. This research uses self-reported measures that may lead to socially desirable responses (Carvalho et al., 2016). Therefore, we used the social desirability to control for those effects. The age and gender of the respondents were also variables with potential effects on the intelligences (e.g., Gunkel et al., 2014; Mayer et al., 2008) and networking behavior (Wolff et al., 2008). We controlled for firms' age as it may represent firms' business experience and influence the internationalization strategy (Cerrato et al., 2016). We also controlled for the firms' industry effect given its implications when they approach the international markets (Cavusgil & Zou, 1994).

Due to the single respondent self-report nature in this research, we took measures to control the common method bias (Podsakoff et al., 2003). Therefore, the potential problem of the social desirability response tendency and the existence of ambiguous and complex items were taken into consideration. The confidentiality of the responses was assured, and we appealed to honest responses and emphasized the non-existence of right or wrong answers.

4.2. Measurement

4.2.1. Firms' international exposure: DoI | dependent variable

International SMEs are assumed as being predominantly exporting firms rather than foreign investing firms (Hosseini et al., 2018). Therefore, despite other modes, for SMEs, exports are the major entry mode in the international markets (Morais & Ferreira, 2020). However, in order to capture the true scale of internationalization, the international sales are a better indicator than the value of exports alone (Contractor et al., 2007; Denicolai et al., 2014). In fact, when firms operate internationally, the sales may emerge from exports as well from their affiliates (Denicolai et al., 2014). FSTS is the indicator to be considered (Contractor et al., 2007) given that "it includes sales of foreign subsidiaries and exportation" (Ferraris et al., 2016, p. 368). Indeed, the FSTS is undoubtedly an indicator par excellence of the DoI (cf. Sullivan, 1994) and of the scale of internationalization respectively (Cerrato & Fernhaber, 2018; Kuivalainen, Saarenketo, et al., 2012). Thus, to define the firms' DoI, we used the accepted criterion of 25% of foreign sales. Despite being a non-consensual cut-off (Kuivalainen, Sundqvist, et al., 2012), we took the FSTS value of 25% or more as indicative of an intense and not sporadic internationalization (Kuivalainen, Saarenketo, et

al., 2012). This is a widely used criterion for the scale of the born-global pattern (e.g., Gerschewski et al., 2015; Knight & Cavusgil, 2004).

To assess the scope dimension of internationalization, we used the number of countries along with the number of regions in which firms generated international sales. Somewhat similar, to assess the market dimension of internationalization, Ruzzier et al. (2007) used the number of countries and the regional geographic dispersion where firms sell their products. Therefore, to measure the scope, based on Kuivalainen, Saarenketo, et al. (2012), we compared the number of markets where the firm is present with the number of neighboring countries. As a criterion, a firm with a higher scope should have more markets (at least plus one) than the number of neighboring countries of its home country. However, Portugal is a country with a single land border with Spain and is part of the European Union. Thus, the consideration of the value one as a criterion would most likely be reductive of the international SMEs' strategic positioning. Therefore, due to the fact that the present research is in Portugal, being part of the European Union, we took into account a reference number (four countries) based on the average land borders of all the members. In this line, we took the following criterion—a firm with a high DoI should exhibit its international presence in at least five countries or more. This metric is also used in other studies in Europe (e.g., Kontinen & Ojala, 2012; Kuivalainen, Saarenketo, et al., 2012). Together, we also took into account the regional blocs following a study in the European context (cf. Cerrato et al., 2016). Thus, we used six regions: “[...] (1) European Union countries; (2) other European countries (including Russia and Turkey); (3) North America; (4) Central and South America; (5) Asia; (6) Africa and Australia” (Cerrato et al., 2016, pp. 289–90). To assess and distinguish between the different DoI, concerning the regional blocs, we took two regions or more to a wider scope criteria. This was the assumed cut-off to the Portuguese SMEs due to the strong effort that the national economic reality imposes to firms that intend to expand internationally in a higher degree. However, it should be noted that in the literature some inconsistencies exist surrounding the scope dimension of internationalization. For instance, “[...] the question of what number of markets served qualifies a firm as a proper BG remains” (Kuivalainen, Saarenketo, et al., 2012, p. 375). Therefore, the considered criteria for a high DoI are – firms that generate their international sales in five or more countries within two or more regional blocs are taken as firms with a diversification strategy and with a wide geographical scope, respectively.

Taking the above into account, as pointed out by Cerrato and Fernhaber (2018), to define the firms' DoI we applied a theory-driven approach relying on the thresholds of the

scale and scope. Therefore, as a categorical variable, we defined three different DoI. A firm with a high DoI must meet: 25% or more in FSTS, present in five countries or more, and simultaneously in two regional blocs or more. A firm with a low DoI has not yet reached 25% in FSTS. A firm with a medium DoI has reached 25% in FSTS and with multiple behaviors concerning the geographical scope.

4.2.2. Independent variables

In the case of CQ, we used the translation to Portuguese by Sousa et al. (2015) of the self-report Cultural Intelligence Scale (CQS) developed by Ang et al. (2007). This scale assesses four CQ dimensions: metacognitive, cognitive, motivational, and behavioral (Ang et al., 2007). To measure EI, we used the translation by Rodrigues et al. (2011) of the self-report scale developed by Wong and Law (2002), the Wong and Law Emotional Intelligence Scale (WLEIS). This scale evaluates the four dimensions of EI: self-emotions appraisal, others-emotions appraisal, use of emotion, and regulation of emotion (Law et al., 2004).

4.2.3. Mediator variable

According to Wolff and Moser (2009), the article “Entwicklung und Validierung einer Networkingskala (Development and validation of a networking scale)” published by Wolff and Moser in the journal *Diagnostica* in 2006, developed a 44-item German measure of networking. That scale distinguishes between internal and external networking behaviors with twenty-two items each (Wolff et al., 2011). From the original scale, we used the nine items in Naudé et al. (2014) and adapted the scale to assess the external networking behavior (ENB) of the top managers.

This construct, as well as CQ and EI, were measured on a 5-point Likert scale response format ranging from 1 = strongly disagree to 5 = strongly agree.

4.2.4. Control variables

To assess social desirability (SD), we translated from English to Portuguese the scale of Reynolds (1982) Form C. It was also measured on the mentioned 5-point Likert scale response format. The age of the respondents was taken into account. It may influence the level of the intelligences, e.g., EI increases with age (Mayer et al., 1999). We used gender as a control variable (1 = male and 0 = female). It may also influence the studied intelligences (e.g., Ang et al., 2007). We controlled for firms' age with the number of years of activity

since their creation (e.g., Cerrato et al., 2016). We controlled for the industry effect with dummy variables concerning the industry sectors, that following Gerschewski and Xiao (2015) are: other, e.g., agriculture, fishing, and forestry (Sector I); manufacturing (Sector II); services (Sector III). To represent these sectors, we used two binary variables: binary variable 1 (BV1) with the codification (1 and 0) for sector II; binary variable 2 (BV2) with the codification (0 and 1) for sector III. Sector I took the codification (0 and 0).

5. RESULTS

Following Podsakoff et al. (2003), the Harman's single factor test was performed, and the result suggests that common method bias is not a major concern. Concerning the industrial sectors, we observed in our sample that: sector I (other, e.g., agriculture = 4.23%); sector II (manufacturing = 53.42%); sector III (services = 42.35%). In regard to the occupied position in the firm, we observed that 46.9% were founders and owners, 21.8% were CEOs, 13.7% commercial managers, 13% managers of international activities, and 4.6% international market managers.

5.1. Exploratory factor analysis

An exploratory factor analysis was conducted to CQ, EI, ENB, and SD following the procedures of Field (2009). The results attested the original factorial structure of the EI scale and of the CQ scale despite the elimination of one item in the CQ motivational dimension. Regarding the ENB nine-item scale, we retained the three factors structure with slight differences from the original one. Concerning SD, no unidimensional structure emerged. However, the true and false dimensions may be expected. After the factorial structure purification, the two factors in a total of eight items were found. Therefore, to perform our subsequent analysis, to CQ, EI, ENB, and SD, the total scale mean scores were calculated.

5.2. Hypotheses testing

The DoI has three categories (low DoI, medium DoI, high DoI). Following Field (2009), we tested the hypotheses using a multinomial logistic regression analysis with DoI

as the dependent categorical variable, as shown in Table 1. In Table 1, the first two columns report the results of the hypotheses testing with the reference category low DoI. Furthermore, we intended to test the relationship regarding the high DoI with the reference category Medium DoI. Thus, the result regarding this relationship appears in the third column.

Table 1. Multinomial logistic regression analysis

Variables	Reference Category: Low DoI				Reference Category: Low DoI				Reference Category: Medium DoI			
	Medium DoI				High DoI				High DoI			
	B	Wald	Sig.	Exp(B)	B	Wald	Sig.	Exp(B)	B	Wald	Sig.	Exp(B)
Intercept	1.075	0.293	0.588		-3.832	3.597	0.058		-4.907	7.020	0.008	
CQ: Cultural intelligence	0.204	0.202	0.653	1.227	1.527	10.480	0.001	4.605	1.323	9.946	0.002	3.755
EI: Emotional intelligence	-0.202	0.175	0.675	0.817	-0.309	0.384	0.536	0.734	-0.107	0.058	0.809	0.898
ENB: External networking behavior	-0.247	0.661	0.416	0.781	-0.600	4.014	0.045	0.549	-0.353	1.726	0.189	0.703
SD: Social desirability	-0.085	0.067	0.796	0.919	0.004	0.000	0.991	1.004	0.089	0.090	0.765	1.093
Top managers' age	0.027	3.270	0.071	1.027	0.039	6.511	0.011	1.039	0.012	0.731	0.393	1.012
Firms' age	-0.030	11.105	0.001	0.971	-0.022	6.619	0.010	0.979	0.008	0.816	0.366	1.008
[Gender = 0]	0.465	1.716	0.190	1.593	0.497	1.905	0.168	1.644	0.032	0.010	0.920	1.032
[Gender = 1]	0 ^a				0 ^a				0 ^a			
[BV 1 = 0]	-0.516	0.399	0.527	0.597	-0.086	0.013	0.911	0.917	0.430	0.382	0.536	1.537
[BV 1 = 1]	0 ^a				0 ^a				0 ^a			
[BV 2 = 0]	-0.067	0.007	0.935	0.935	0.577	0.554	0.457	1.781	0.644	0.837	0.360	1.904
[BV 2 = 1]	0 ^a				0 ^a				0 ^a			

^a This parameter is set to zero because it is redundant

Source: Authors' analysis of the data

Our final model is significant (model $\chi^2 (18) = 41.418$), revealing a better fit than the baseline model. According to the Pearson ($p = 0.295$) and deviance ($p = 0.170$) statistics, the model is a good fit of the data (both $p > 0.05$). The $R^2 = 0.126$ (Cox and Snell); $R^2 = 0.142$ (Nagelkerke); $R^2 = 0.062$ (McFadden).

According to the results, whether the top manager was culturally intelligent significantly predicted whether the DoI of the firm is high or low, $b = 1.527$, Wald $\chi^2 (1) = 10.480$, $p < 0.01$. According to the odds ratio, as top managers are one more unit culturally intelligent, the change in the odds ratio of a firm having a high DoI is 4.608. Therefore, a firm is more likely to have a high DoI than a low DoI if the top manager is culturally intelligent. H_{1a} is supported. The hypothesis H_{1b} stated that the international top managers of firms with medium DoI have higher levels of CQ than the top managers of firms with low DoI. The results show that the hypothesis is not supported with $b = 0.204$, Wald $\chi^2 (1) = 0.202$, $p = 0.653$. Concerning the hypothesis H_{1c} , a firm is more likely to have a high DoI than a medium DoI if the top manager is culturally intelligent ($b = 1.323$, Wald $\chi^2 (1) = 9.946$, $p < 0.01$). The hypothesis is supported.

In order to perform our multinomial logistic regression, the following equation was applied:

$$P(Y_i) = \frac{1}{1 + e^{-(b_0 + b_1 X_{1i} + b_2 X_{2i} + b_3 X_{3i} + b_4 X_{4i} + b_5 X_{5i} + b_6 X_{6i} + b_7 X_{7i} + b_8 X_{8i} + b_9 X_{9i})}} \quad (1)$$

$P(Y_i)$ is the probability of Y occurring for the i th firm. In this research, it is the probability of a firm belonging to a certain DoI;

b_0 : intercept;

$b_1 \dots b_9$: parameter of each predictor variable;

X_{1i} : cultural intelligence of the top manager in firm i ;

X_{2i} : emotional intelligence of the top manager in firm i ;

X_{3i} : external networking behavior of the top manager in firm i ;

X_{4i} : social desirability of the top manager in firm i ;

X_{5i} : top manager's age in firm i ;

X_{6i} : firm's age for firm i ;

X_{7i} : gender of the top manager in firm i ;

X_{8i} : binary variable 1 for firm i ;

X_{9i} : binary variable 2 for firm i ;

With $i = 1, \dots, 307$.

Contrary to our expectations, according to the results as shown in Table 1, the hypotheses concerning EI ($H_{2a}-H_{2c}$) are not supported. EI did not emerge statistically significant.

In relation to the hypotheses H_{3a} and H_{3b} , following Baron and Kenny's (1986) mediation guidelines, the ENB did not mediate the relationships between the two intelligences and the firms' DoI. To perform this test, according to Baron and Kenny (1986), three criteria must be met. First, the independent variable must affect the mediator. Second, the independent variable must affect the dependent variable. Third, the mediator must affect the dependent variable. Afterwards, to verify the mediation effect, the effect of the independent variable on the dependent one must be less or even nonexistent after the control of the mediator in the last step (Baron & Kenny, 1986).

Regarding the first criterion, after running a linear regression analysis with all the control variables and the independent ones, the two intelligences significantly affected the mediator variable external networking behavior: cultural intelligence ($\beta = 0.257$, $t(298) = 4.066$, $p < 0.001$) and emotional intelligence ($\beta = 0.219$, $t(298) = 3.090$, $p < 0.05$).

To perform this analysis, we applied the following linear regression equation:

$$ENB_i = b_0 + b_1 X_{1i} + b_2 X_{2i} + b_3 X_{3i} + b_4 X_{4i} + b_5 X_{5i} + b_6 X_{6i} + b_7 X_{7i} + b_8 X_{8i} \quad (2)$$

b_0 : intercept;

$b_1 \dots b_8$: parameter of each predictor variable;

X_{1i} : cultural intelligence of the top manager in firm i ;
 X_{2i} : emotional intelligence of the top manager in firm i ;
 X_{3i} : social desirability of the top manager in firm i ;
 X_{4i} : top manager's age in firm i ;
 X_{5i} : firm's age for firm i ;
 X_{6i} : gender of the top manager in firm i ;
 X_{7i} : binary variable 1 for firm i ;
 X_{8i} : binary variable 2 for firm i ;
With $i = 1, \dots, 307$.

Regarding the second criterion, according to our results as shown in Table 2, only cultural intelligence affected the dependent variable.

Table 2. Mediation analysis (second criterion)

Variables	Reference Category: Low DoI				Reference Category: Low DoI				Reference Category: Medium DoI			
	Medium DoI				High DoI				High DoI			
	B	Wald	Sig.	Exp(B)	B	Wald	Sig.	Exp(B)	B	Wald	Sig.	Exp(B)
Intercept	0.650	0.114	0.735		-4.873	6.279	0.012		-5.524	9.468	0.002	
CQ: Cultural intelligence	0.092	0.045	0.831	1.096	1.291	8.255	0.004	3.637	1.199	8.733	0.003	3.318
EI: Emotional intelligence	-0.262	0.303	0.582	0.769	-0.470	0.926	0.336	0.625	-0.208	0.231	0.631	0.812
SD: Social desirability	-0.054	0.027	0.869	0.947	0.079	0.057	0.811	1.082	0.133	0.206	0.650	1.142
Top managers' age	0.027	3.222	0.073	1.027	0.038	6.354	0.012	1.039	0.011	0.672	0.412	1.011
Firms' age	-0.029	10.778	0.001	0.972	-0.019	5.535	0.019	0.981	0.010	1.189	0.276	1.010
[Gender = 0]	0.467	1.731	0.188	1.596	0.494	1.906	0.167	1.639	0.027	0.007	0.931	1.027
[Gender = 1]	0 ^a				0 ^a				0 ^a			
[BV 1 = 0]	-0.457	0.312	0.577	0.633	0.028	0.001	0.971	1.028	0.485	0.497	0.481	1.625
[BV 1 = 1]	0 ^a				0 ^a				0 ^a			
[BV 2 = 0]	-0.005	0.000	0.995	0.995	0.703	0.829	0.362	2.019	0.707	1.027	0.311	2.028
[BV 2 = 1]	0 ^a				0 ^a				0 ^a			

^a This parameter is set to zero because it is redundant

Source: Authors' analysis of the data

In this multinomial logistic regression, the following equation was applied:

$$P(Y_i) = \frac{1}{1 + e^{-(b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + b_6 X_6 + b_7 X_7 + b_8 X_8)}} \quad (3)$$

$P(Y_i)$ is the probability of Y occurring for the i th firm. In this research, it is the probability of a firm belonging to a certain DoI;

b_0 : intercept;

$b_1 \dots b_8$: parameter of each predictor variable;

X_{1i} : cultural intelligence of the top manager in firm i ;

X_{2i} : emotional intelligence of the top manager in firm i ;

X_{3i} : social desirability of the top manager in firm i ;

X_{4i} : top manager's age in firm i ;

X_{5i} : firm's age for firm i ;

X_{6i} : gender of the top manager in firm i ;

X_{7i} : binary variable 1 for firm i ;

X_{8i} : binary variable 2 for firm i ;

With $i = 1, \dots, 307$.

In relation to the third criterion, the mediator only affected the dependent variable in the model of high DoI vs. low DoI, as shown in Table 1. Therefore, following Baron and Kenny (1986), and according to our results, in the model of high DoI vs. low DoI, the significant effect of ENB, as shown in Table 1, neither removed the effect of CQ nor weakened it. In fact, before controlling for ENB, as shown in Table 2, the significant effect of CQ was ($b = 1.291$, Wald $\chi^2 (1) = 8.255$, $p < 0.01$). After controlling for ENB, the effect of CQ was stronger, as shown in Table 1, ($b = 1.291$, Wald $\chi^2 (1) = 8.255$, $p < 0.01$). Consequently, the hypotheses were not supported.

However, it should be noted that ENB significantly predicted whether the DoI of the firm is high or low, $b = -0.600$, Wald $\chi^2 (1) = 4.014$, $p < 0.05$. Accordingly, as top managers exhibit higher levels of ENB, the firm is less likely to have a high DoI than a low DoI.

6. DISCUSSION

The major purpose of this research was to analyze and understand the different SMEs' international strategies, and the international top managers' psychological characteristics as fundamental characteristics within this context. Thus, in this research, we took the international top managers' CQ and EI as distinctive characteristics of those who are responsible for the SMEs' international strategic decisions. In fact, the mentioned psychological characteristics appear to be related with the different international strategies of SMEs.

Due to the cultural diversity with which international top managers have to deal when firms adopt internationalization, a set of challenges and difficulties emerge. Therefore, they need to hold specific capabilities to overcome the typical difficulties within the international business environments. According to the results, cultural intelligence is a major capability to that end. In fact, CQ is an important capability to top managers that operate in international business contexts (Nosratabadi et al., 2020).

The results confirmed cultural intelligence as a decisive capability for international top managers that follow an intense and geographically diverse international strategy. According to the results, the top managers of the firms with high DoI, i.e., of those SMEs with higher levels of international exposure, are more culturally intelligent than the ones of

firms with medium DoI and with low DoI. Therefore, the more the top managers are culturally intelligent, the more likely the firm is to pursue an internationalization with a higher scale and scope. This demonstrates that, due to the top managers' capability to adapt to new cultural contexts, and once this capability promotes better interactions in multicultural environments (Caputo et al., 2018) and allows the realization of better intercultural negotiations (Imai & Gelfand, 2010), the international activities that they lead achieve a greater intensity in the foreign sales and a diversified and wider geographical scope. Specifically, according to the results and the pursued methodology of the present research, the Portuguese international SMEs of our sample with high DoI exhibited more than 25% of FSTS in more than five countries and in two different regions or more. Thus, the top managers have higher levels of CQ in these firms than their counterparts in firms with medium DoI and low DoI, respectively.

CQ, being an important capability to international opportunity recognition (Lorenz et al., 2018), allows the international top managers to better improve and expand the firms' international fingerprint. Having higher levels of CQ, top managers perform better communications and relationships with foreign stakeholders (Charoensukmongkol, 2015) and manage cooperative behaviors in negotiation contexts (Groves et al., 2015). This immediately suggests that the top managers are capable of strengthening existing negotiation ties and creating new ones, contributing to better international opportunities exploitation, improving their foreign sales, or even establishing new links for sales in other countries and regions. In conclusion, according to the results, CQ emerged as a distinctive capability to the international managers' decisions, specifically concerning the international scale and scope of the SMEs. Therefore, the capability that allows the international top managers to draw cognitive strategies and awareness about cultural interactions, to know different cultures, to motivate themselves in diverse intercultural situations, and to act appropriately, is positively associated with the intensity (FSTS) and the number of countries and regions that the firm shows in its international strategy.

Concerning the hypotheses on emotional intelligence, contrary to our expectations, they were not supported in any strategic group. Consequently, we could have been led to think that it was not an important intelligence, and also that the top managers EI levels were low. However, despite the results, we should highlight that the international SMEs' top managers exhibited high levels in this intelligence in all the studied strategic groups, as shown in Table 3. It should also be highlighted that, according to the results from the one-way ANOVA analysis ($F(2, 304) = 1.287, p = 0.277$), there was no significant difference in

the top managers' emotional intelligence mean levels between the three strategic groups. This observation allows us to mention that the emotional intelligence of the international top managers is high and will potentially help them in the performance of their international activities when emotional information is at stake.

Table 3. Emotional intelligence mean between the strategic groups

Emotional intelligence		
International strategy	N	Mean
Firms with low DoI	82	3.891
Firms with medium DoI	113	3.843
Firms with high DoI	112	3.934
Total	307	3.889

Source: Authors' analysis of the data

Finally, and given the importance of the networks to the business internationalization, it should be noted that, despite not a hypothesized result, the top managers' external networking behavior emerged negatively significant in the firms' high DoI vs. firms' low DoI. Therefore, top managers' ENB is related to the firms' low DoI. This means that top managers with better performances on their external networking behavior are found in firms that hold a low level of international exposure. In fact, SMEs may even take their decision to internationalize due to their networks (Lobo et al., 2020). Thus, the results suggest that the firms where the networking capabilities are more developed are the ones that are wanting to reach a more demanding and intense international strategy, will need and use those managerial capabilities to build, maintain, and use external contacts.

7. CONCLUSIONS

To SMEs, the international strategy is an extremely important and complex decision. The international business environments not only involve a set of potential opportunities, but also a wide range of difficulties to the international top managers due to the cultural differences and emotional challenges that emerge. In today's increasingly connected and synchronized international business world, SMEs are to a greater degree a prominent actor. Therefore, for meeting the international business goals, their international top managers should be prepared to deal with the inherent complexity of the cross-cultural contexts. In this sense, and according to the results of the present research, cultural

intelligence is an important and determinant capability of the international top managers. In fact, its effects are decisive when firms pursue a high international exposure in regard to scale and geographical scope.

About limitations, in the first place we should state that in this research we used self-report measures that may lead to biases. Further, in the development of this study, in regard to the factors that may affect the SMEs' internationalization, we focused on the managerial level. However, those concerning the organizational level and the environmental level were not considered. Another concern is in respect to the cross-sectional nature of the research. In fact, longitudinal studies allow researching on the firms' international paths and allow another type of analysis, both on the antecedents and outcomes, and the study of causality. This is an important future research avenue. Regarding the different measures in the literature concerning the different constructs, in relation to CQ, the recently developed business cultural intelligence quotient model of CQ (Alon et al., 2016) appears to be an interesting tool to be used in investigations concerning business and international business contexts. Researching on the performance of SMEs' internationalization is also a current and important line of research that must be considered to develop this body of knowledge. Another future research avenue may consist of the study of the factors that lead to changes in the modes of internationalization (Morais & Ferreira, 2020). Performing SMEs' internationalization studies in more countries is a needed research line (Lobo et al., 2020).

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PART V

SMEs' international strategy and international performance

DEGREE OF INTERNATIONALIZATION
INTERNATIONAL SCALE AND SCOPE
INTERNATIONAL PERFORMANCE
PERFORMANCE MEASUREMENT

INTERNATIONAL PERFORMANCE OF SMEs' INTERNATIONAL STRATEGIC GROUPS

ABSTRACT

The present research focuses on whether the different combinations of the micro, small and medium-sized enterprises' (SMEs) international scale and scope affect their international performance differently. The major purpose of this research is to study the paramount relationship between the SMEs' international strategies and international performance. With a sample composed of 307 international SMEs, our empirical analysis defines three different strategic groups regarding the scale and scope of internationalization, that is, a high, medium and low international exposure of the firms. The scope, as an important international strategic dimension, is taken from two angles, the number of countries and the number of regional blocs where the firms operate. We assessed the strategic groups' implications on the firms' international performance. The latter was taken as a multidimensional construct composed of the financial, strategic and overall international performance respectively. We used the hierarchical regression analysis to test our hypotheses, and major results emerged. Higher levels of commitment with the international markets lead to better financial, strategic and overall international performances. These results are of utmost importance from the theoretical point of view and for the strategic decision-making of SMEs, opening new avenues for future studies.

Keywords: small and medium-sized enterprises; degree of internationalization; international scale and scope; international performance; performance measurement

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1. INTRODUCTION

The present research is grounded in the international business and strategic management fields. The conceptual and empirical approach addresses the international strategy and international performance relationship of the micro, small and medium-sized enterprises (SMEs). The major purpose of this research concerns the study of whether the different combinations of the SMEs' international scale and scope affect their international performance differently. Thus, our primary research aim is to study the effects of the different international strategic positioning on the international performance of SMEs. To accomplish this objective, we took the degree of internationalization and the international performance of the firms as multidimensional constructs.

In the context of SMEs, the international strategy is an important strategy that deserves more investigation (Lobo et al., 2020). We took the SMEs' international strategy as a multidimensional construct combining the firms' international strategic decisions concerning the scale and scope of internationalization (e.g. Cerrato & Fernhaber, 2018). Then, we classified three different strategic groups based on the SMEs international exposure, linking these two determinant dimensions within the domain of the firms' internationalization, i.e., concerning their strategic positioning (cf. Kumar Singal & Kumar Jain, 2014). Concerning the SMEs' international performance, in this research, it is composed of the SMEs' international objectives and overall evaluation of the international activity. Thus, we considered the financial, strategic and an overall dimension of international performance, respectively.

Studying the internationalization and performance of SMEs is part of the recent stage of research within the internationalization context (Morais & Ferreira, 2020; Steinhäuser et al., 2020). SMEs are an important agent of the world economy (Genc et al., 2019). Due to their increased presence and importance within the international markets, SMEs' internationalization is an important field of research (Steinhäuser et al., 2020). This, however, is fragmented (Steinhäuser et al., 2020) with a relative lack of consensus concerning the relationships (Morais & Ferreira, 2020), although "the notion that international expansion is 'good' is a core argument of International Management studies" (Contractor et al., 2007, p. 401). It is in this rationale that the present research is focused.

As a final point, according to Pangarkar (2008), the observed inconsistency of results in the literature regarding the internationalization and performance relationship is a

consequence of a wide variety in the usage of measures of the degree of internationalization (DOI) and the firms' performance. Despite the little consensus and the complexity surrounding this relationship, this is a very important issue in the business field (Cerrato et al., 2016). In this vein, the relationship between the DOI and performance is a critical and relevant one within the international business context of the SMEs (e.g. Hosseini et al., 2018; Pacheco, 2019). Hence, our focus is on the relationship between the internationalization and performance of SMEs, a relationship that is not fully understood and deserves more investigation (Benito-Osorio et al., 2016).

Concerning the structure of the present research, section two is composed of the theoretical foundation regarding the international strategy, the international performance, their relationship and the development of the hypotheses. In the following section, number three, the methodology followed is addressed. In section four we present the hypotheses testing and the empirical results. Subsequently, sections five and six contain the discussion and conclusion of the research, respectively. Finally, in section seven we address the limitations and future research avenues.

2. THEORETICAL FOUNDATION

2.1. International strategy

The international expansion of the SMEs is an important decision that may allow firms to grow and survive (Dutot et al., 2014). The present research takes the SMEs' international strategy as a major one in the today's globalized business world. Furthermore, research on business internationalization in Portugal is a pertinent subject, given the economic characteristics of the national market. As Portugal is a small country, firms are more likely to expand internationally (Nielsen, 2010).

To perform our study, we defined the SMEs' strategic groups according to their strategic positioning, considering the scale and scope of the international decisions. In fact, the international intensity, i.e., the scale of internationalization, and the geographic scope, i.e., the number of countries or regions in which firms operate, are two major decisions reflecting the firms' international strategy (Tallman & Li, 1996; Zahra, 2020). To classify the different combinations between the two dimensions, we used the degree of internationalization (DoI) (Kuivalainen, Sundqvist, et al., 2012). This is a widely used

multidimensional measure of internationalization, despite the different approaches across the literature (e.g. Cerrato et al., 2016; Genc et al., 2019; Pacheco, 2019; Pangarkar, 2008).

Strategic positioning

This research assesses the relationship between the firms' DoI and their international performance. Measuring the DoI is an important procedure within the sphere of the firms' internationalization, making it possible to identify different international strategies (Cerrato et al., 2016; Kuivalainen, Sundqvist, et al., 2012). Performing this measurement is not a simple task, however, resulting in disparate and inconsistent results across the literature (Pangarkar, 2008). The common usage of a single variable to assess the SMEs' degree of internationalization (e.g. Hosseini et al., 2018; Ren et al., 2015; Thi Ngoc Huynh et al., 2018) does not reflect the complex business reality that it intends to measure (Genc et al., 2019). Therefore, in the present research, to avoid a simplistic approach concerning the SMEs' international strategies and the assessment of the DoI, we used the combination between the scale and scope of the SMEs' internationalization. The scale of internationalization assesses the level of the strategic intensity towards the international markets (Hosseini et al., 2018). The foreign sales to total sales (FSTS) is a widely used indicator to reflect that intensity, showing “[...] the strategic concern that a company attributes to serving international markets [...]” (Hosseini et al., 2018, p. 114). Given the fact that the international strategy of geographical diversity is not captured by the FSTS (Pangarkar, 2008), we used the internationalization scope. This is a critical dimension to the internationalization strategy (Cerrato et al., 2016) and to the firms' performance (Pangarkar, 2008). To assess the scope we used the number of countries (e.g. Hsu et al., 2013; Navarro-García, 2016) and regional blocs (e.g. Pangarkar, 2008; Rugman & Verbeke, 2004), in which firms perform their international sales (Kuivalainen, Sundqvist, et al., 2012). It should be emphasized that the regional analysis is a relevant dimension in the international strategy (e.g. Freixenet & Renart, 2020; Ismail & Kuivalainen, 2015; Rugman & Verbeke, 2004), bringing an additional and more accurate measure of the firms' internationalization (Pangarkar, 2008). Thus, to distinguish the different strategic groups, we took the DoI as a multidimensional construct, combining the referred dimensions of the SMEs internationalization.

Therefore, we classified three different levels of the firms' strategic positioning. The firms with a high DoI exhibited high levels of international intensity, i.e., FSTS, and a

diversified and wide geographical scope of their international sales, i.e., a correspondingly high number of countries and a high number of regions. The firms with a low DoI exhibited a low level of international sales, and the firms with a medium DoI are those that exhibited high levels of international intensity, while they do not fulfil the high scope criteria concerning the corresponding number of countries and regions.

2.2. SMEs internationalization and international performance

The present research line focuses on the relationship between the SMEs international strategies and international performance. This is an undoubtedly important relationship within the international business research field (Hitt et al., 2006; Hosseini et al., 2018; Kuivalainen, Sundqvist, et al., 2012; Pacheco, 2019). The internationalization strategy embodies an opportunity for development and growth for SMEs (Benito-Osorio et al., 2016; Navarro et al., 2010; Ruzzier et al., 2007), and specifically for the new ventures, a strategic option that brings challenges and opportunities (Sapienza et al., 2006). For many firms, internationalization embodies a competitive necessity (Joensuu-Salo et al., 2018). In this sense, research on the impact of the scale and scope of the internationalization on the firms' performance is an important line of research (Kuivalainen et al., 2007).

Compared to the larger firms, the SMEs typically suffer from scarcity of resources, specially, financial, physical and human (Steinhäuser et al., 2020). In regard to internationalization, firms face a wide range of challenges that emerge from the typical environmental uncertainty in the international markets (Nielsen, 2010). A lot of risks arise, namely, those associated with culture shock, different legal regimes and customer behaviors (Lin & Cheng, 2013), differences in distribution systems and profitability of the industry (Zahra & George, 2002). Barkema and Chvyrkov (2002) also highlight the complexity that arises from different governments, suppliers, customers and competitors. Moreover, these firms may suffer from the liability of newness (Zahra, 2005), the liability of foreignness and the liability of outsidership (Johanson & Vahlne, 2009). In this international context, SMEs also may suffer from scarcity of resources (Hollender et al., 2017), and other types of limitations, such as those related to information, capital or managers' skills (Lobo et al., 2020). Despite the resource issues, however, SMEs are more flexible and nimbler than larger firms, a fact that may facilitate their internationalization (L. Li et al., 2012). Nevertheless, internationalization, despite all the complexities, embodies a strategic option that promotes the exploration, exploitation and development of growth and learning opportunities

(Johanson & Vahlne, 2009; Zahra et al., 2000) as well the application of core competencies (Hitt et al., 2006). Internationalization also makes it possible to achieve economies of scale and scope (Hsu et al., 2013), to exploit the firms' tangible and intangible assets (Zahra et al., 2003), to obtain technological and organizational learning (Hitt et al., 2006) and exploit specific advantages of the host countries (J. W. Lu & Beamish, 2004). Therefore, knowing, studying, and understanding the effect of internationalization on the SMEs' performance emerge as determinant for their activity. This embodies a critical relationship in the international business context, and it is a current discussion theme due to its importance and the increasing global competitive context of the markets (Benito-Osorio et al., 2016).

However, this is not a "peaceful" relationship. Across the literature we observed inconclusive findings. In fact, according to many empirical results, the effects of internationalization on the firms' performance are somewhat mixed and inconsistent (Hutzschenreuter & Horstkotte, 2013; J. W. Lu & Beamish, 2004; Thi Ngoc Huynh et al., 2018). "Researchers found significant, insignificant, positive, negative, linear, non-linear, U-shaped, inverted U-shaped, sigmoid, and inverted sigmoid relationships between internationalization and performance" (Hosseini et al., 2018, p. 119). Accordingly, the relationship between the DoI and performance appears to be non-consensual (Hsu et al., 2013). One of the main reasons that gives rise to the non-robustness of the results across the literature is due to the non-homogenized use of internationalization measures and also to some contradictions between theory and measurement (Hennart, 2007). It should be noted that, not only due to the internationalization measures, but also to the diverse usage and narrowness of performance measures, the results have proved to be inconsistent (Pangarkar, 2008). In fact, as highlighted by Christoffersen et al. (2014), with different measures, a given antecedent may have an accordingly positive, negative or neutral effect. On the other hand, Contractor et al. (2007) stress that the internationalization in general is positive for firms, arguing that the inconsistencies in the literature are due to not taking into account the different stages of the firms' internationalization and to the studies not being divided into sectors, namely, services and industry, which will behave differently. Internationalization offers advantages and sets up an important growth-promoting strategy (Ruzzier et al., 2007; Zahra et al., 2000), particularly for SMEs located in limited domestic markets (Hsu et al., 2013). Along this line, we took internationalization as a strategy that promotes better performances to the SMEs.

2.3. International performance

The focus on performance is important, although a blind view of growth and cost-cutting may have harmful consequences, such as damaging the organization's uniqueness and weakening competitive advantages, so “in fact, the growth imperative is hazardous to strategy” (Porter, 1996, pp. 76–77). Studying performance and, in particular, international performance, is crucial for the understanding of what determines it and of its composition (Diamantopoulos & Kakkos, 2007). It should be noted that in the international business field, performance is surrounded by critical issues and challenges with regard to its measurement (Hult et al., 2008). In this context, the internationalization and performance relationship is a widely debated territory, both in relation to the larger firms (e.g. Ferraris et al., 2016), as well as to SMEs (e.g. Morais & Ferreira, 2020).

The definition of performance is not homogeneous and consensual (Hosseini et al., 2018). Thus, regarding the concept of international performance, the conceptual approach followed in the present research is based on the following definitions. To Knight and Cavusgil (2004), international performance “[...] is defined as the extent to which financial and other goals are achieved as a function of business strategies” (p. 129). According to Knight and Cavusgil (2005) “international performance is defined as the extent to which firm objectives are attained in foreign markets as a function of specific orientations and strategies” (p. 18). Finally, following Zou et al. (1998), the export performance is taken “[...] as the financial and strategic performance of the export venture and the firm's satisfaction with the export venture” (p. 41). Therefore, taking the above definitions into account, we took the SMEs' international performance as a multidimensional construct assessing different organizational objectives concerning the firms' international actions, namely, in three dimensions, financial, strategic and overall performance, respectively. In this context, given the importance of the Cavusgil and Zou's (1994) study to the literature, the consideration by the authors of the strategic and economic objectives should be noted. It is important to understand the impact of the firms' internationalization on financial performance but also on non-financial performance (Zahra & George, 2002). In fact, to carry out research on the SMEs' international involvement, it is required that performance measures not only assess financial performance, but other types of outcomes (Martineau & Pastoriza, 2016). Considering the multidimensional approach of performance in this investigation, and according to one of the key performance concepts that we followed that defined a triple vision of the construct into financial, strategic and overall satisfaction

performance (cf. Zou et al., 1998), we attest its current application in recent investigations (e.g. Ahamed & Skallerud, 2015; Gnizy & Shoham, 2014; Oura et al., 2016). Moreover, Kuivalainen et al. (2012) in their holistic model regarding the SMEs international patterns recommended several categories regarding the international performance, of which we highlight the international financial performance and the performance relative to firm goals.

Due to the necessary construct validity in the investigation (cf. Christoffersen et al., 2014), an international performance scale with several domains is used. Those domains are scientifically based on the international business literature and allow the international performance evaluation. From our literature review, we took performance as multidimensional, and because the typical and important financial measures do not assess the entire reality and the firms' objectives, then, a more accurate analysis is pursued concerning financial, non-financial and overall performance, respectively (Hult et al., 2008; Katsikeas et al., 2000). In fact, a firm, when attempting its international action, has multiple objectives (Diamantopoulos & Kakkos, 2007; Madsen, 1998). Considering the different dimensions and objectives of the firms' international performance, we emphasize, following Gerschewski and Xiao (2015), that it constitutes a “[...] suitable approach, as it recognizes that each individual firm may have different internal goals in comparison to its competitors” (pp. 617-618). In fact, firms do not have the same objectives and do not look to the international action in the same way and with the same degree of importance (Madsen, 1998). Depending on the stage they are in, as Pangarkar (2008) points out, firms, for instance, may give more significance to sales than to profitability. Therefore, the adapted international performance scale in this research, measures the SMEs financial objectives, strategic objectives and the satisfaction with the overall performance.

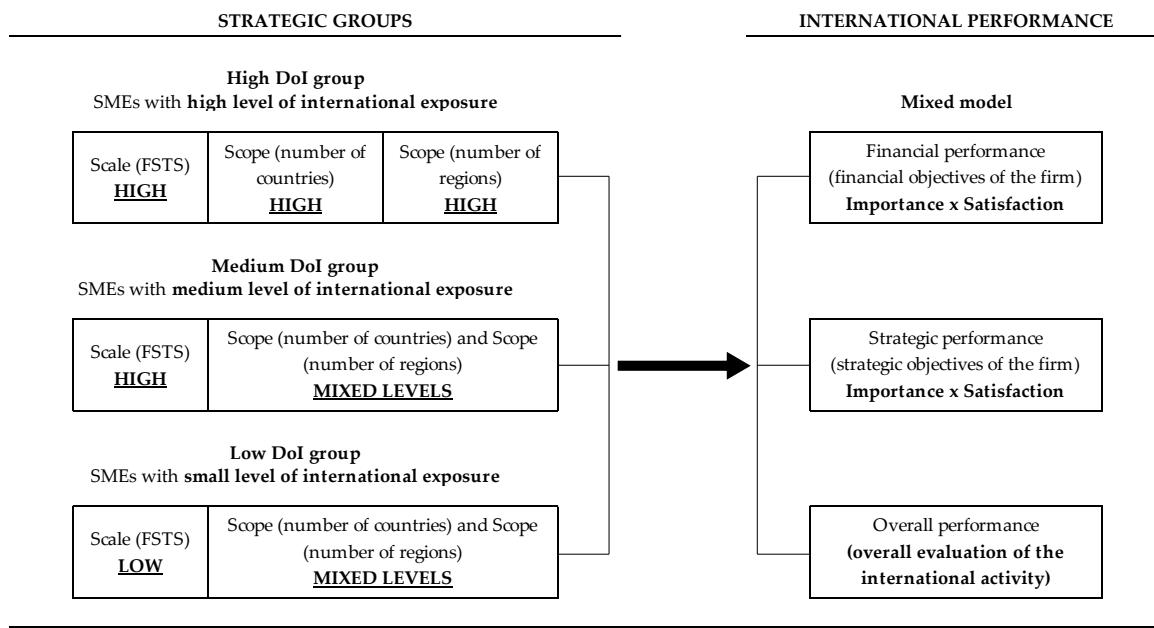
2.4. Overview of the conceptual model and hypotheses development

Internationalization is taken as a major decision within SMEs, with important implications for the international performance. A multidimensional approach to DoI is a more accurate portrait of the complex reality it intends to represent (e.g. Genc et al., 2019). We used the internationalization scale and geographical scope to define the SMEs' strategic positioning. Analyzing the relationship between internationalization and performance is a significant research subject within the international business, and requires further investigation and robustness (Morais & Ferreira, 2020; Pangarkar, 2008; Wiersema & Bowen, 2011). In this context, there is a need to distinguish between international

performance, national performance and total performance (Martineau & Pastoriza, 2016). In fact, there are many researchers who do not establish this distinction, a fact that jeopardizes the understanding and the interpretation of the results (Martineau & Pastoriza, 2016). The distinction between domestic and international performance is a relevant point in the field, although not always verified (Lages et al., 2005). Following this line, we measured the SMEs' international performance as a multidimensional construct.

The present research assesses the link between the firms' DoI and international performance (Figure 1 below). Although, as we have already mentioned, this is not a consensual relationship (Hosseini et al., 2018). Following the rationale that, as internationalization increases, the performance improves because of the knowledge gained, the access to resources, (Hitt et al., 2006), the learning opportunities with the different business environments, the recoup of R&D costs and economies of scale (Pangarkar, 2008), we assumed that the more intense and diverse the internationalization is, the more international performance the firm accomplishes.

Figure 1. Conceptual model overview



Source: Authors' own elaboration

2.4.1. International financial and strategic performance

In the context of firms' internationalization, the different international markets, while strategically relevant, may generate new opportunities to firms (Hitt et al., 1997; Zahra et al., 2000); may help them to reduce risks by the operations across the different countries

(Lobo et al., 2020); and may promote potentially lower levels of competitive intensity (L. Li et al., 2012). Hence, a dispersed internationalization suggests the possibility to better performances. In fact, according to Schwens et al. (2018) meta-analysis on the internationalization and performance relationship, the firms' international scale and scope positively affect the firms' sales growth and profitability. Accordingly, this result indicates that the benefits from internationalization accordingly outweigh the costs (Schwens et al., 2018). In this sense, internationalization embodies a strategy that promotes the firms' performance (Gnizy & Shoham, 2014). Additionally, according to Hitt et al.'s (2006) literature review, internationalization promotes learning and operational efficiency that positively affect the firms' financial performance. In fact, the financial performance is an important outcome of the firms' internationalization, and many studies attest the positive effect of internationalization on it (Zahra et al., 2000). For instance, Kuivalainen et al. (2007) attest that the true born-globals are associated with higher sales performance, profit performance and sales efficiency performance. Among several aspects, the authors approach the degree of satisfaction with the export volume, market share, overall profitability, and the ratios of the export sales turnover to the total number of employees allocated to the activity and to the total number of countries. Following Pangarkar (2008), a high international diversity, with an inherent psychological distance, allows firms to improve competitiveness and performance, as a consequence of the possibility of learning through the variety of markets. Pangarkar (2008) attests the positive impact of DOI on the SMEs' performance, this latter composed of the experience or knowledge gained by the internationalization and financial objectives. Following Karagozoglu and Lindell (1998), internationalization promotes the firms' success, insofar as it allows for increasing the potential exploitation of new strategic opportunities, responding to requests from foreign buyers, achieving competitive levels of R&D spending, and compensating for the weaknesses and saturation of the domestic market. Financial performance is often the main objective of firms (Zou & Cavusgil, 2002). However, depending on the specific objectives and context of the different firms, the financial objectives can be delayed due to other purposes (Trudgen & Freeman, 2014). Further, as emphasized by McDougall and Oviatt (1996), a strong profitability does not always embody the main performance objective of the firms. In fact, the extant literature emphasizes that, when firms go international, both financial and strategic objectives are in the core of their international activities, because an exclusive focus on the financial ones may overlook the firms' strategic and competitive goals (e.g. Cavusgil & Zou, 1994; Chung & Kuo, 2018; J. Y. Li et al., 2017). As Porter (1996) states, "unlike broadening domestically,

expanding globally is likely to leverage and reinforce a company's unique position and identity" (p. 77). For instance, Ren et al. (2015) attest that internationalization positively affects innovation performance, specifically when R&D or marketing capabilities exhibit high levels. Therefore, major strategic objectives emerge during the firms' internationalization. Taking the above into account and according to other studies in the field (e.g. Pangarkar, 2008), the higher they have their DoI, the better performance they should accomplish. Consequently, we formulate hypothesis one (H1) and two (H2) as the following:

H₁: the higher the firms' DoI, the better is their international financial performance

H_{1a}: firms with high DoI (high levels of international exposure) have better levels of international financial performance than firms with low DoI (low levels of international exposure)

H_{1b}: firms with medium DoI (medium levels of international exposure) have better levels of international financial performance than firms with low DoI (low levels of international exposure)

H_{1c}: firms with high DoI (high levels of international exposure) have better levels of international financial performance than firms with medium DoI (medium levels of international exposure)

H₂: the higher the firms' DoI, the better is their international strategic performance

H_{2a}: firms with high DoI (high levels of international exposure) have better levels of international strategic performance than firms with low DoI (low levels of international exposure)

H_{2b}: firms with medium DoI (medium levels of international exposure) have better levels of international strategic performance than firms with low DoI (low levels of international exposure)

H_{2c}: firms with high DoI (high levels of international exposure) have better levels of international strategic performance than firms with medium DoI (medium levels of international exposure)

2.4.2. International overall performance

Internationalization promotes advantages for the firms, such as the improvement of management processes, international skills and competitiveness, economies of scale and the increase of the overall performance (Lages et al., 2009). Measuring the overall performance is also an important dimension of the international sphere of the firms. In addition, it is also important to consider its measurement in relation to competitors (e.g. Hollender et al., 2017; Martin et al., 2017). Consequently, taking all the above-mentioned implications of internationalization for the firms' performance, we formulate hypothesis three (H3) as the following:

H₃: the higher the firms' DoI, the better is their international overall performance

H_{3a}: firms with high DoI (high levels of international exposure) have better levels of international overall performance than firms with low DoI (low levels of international exposure)

H_{3b}: firms with medium DoI (medium levels of international exposure) have better levels of international overall performance than firms with low DoI (low levels of international exposure)

H_{3c}: firms with high DoI (high levels of international exposure) have better levels of international overall performance than firms with medium DoI (medium levels of international exposure)

3. METHODOLOGY

3.1. Research sampling and procedure

The present research focuses on the international strategy and international performance of the Portuguese international SMEs. The definition of SME is not a consensual one (Hsu et al., 2013). However, firms must be of this type to be part of the present study. We followed the European Union's definition (e.g. Schueffel et al., 2014). The firms that did not meet the SME criteria were removed from our database. Additionally, we used the respondents' position to assess and allow their participation. As it is a widely used method in the context of international business research (e.g. Diamantopoulos et al., 2014; Hagen et al., 2012; Jin & Jung, 2016; L. Li et al., 2012), the most knowledgeable individual concerning the firms' international activities was the target of our survey. Therefore, our sample is composed of founders, owners, chief executive officers (CEOs), managers of international activities, international market managers and commercial managers. The data collection instrument is the survey, which was sent by e-mail directed at the international top manager from 2–30 April 2019. Thus, our study is based on primary data. A pretest was conducted with 10 individuals representing managers working in internationalized firms.

Concerning the structure of the survey, an initial question was made as an admissibility criterion for participation, assessing the job position performed by the respondent. As mentioned, only the most knowledgeable individuals concerning the firms' international activities participated in this study. The next section of the survey was composed of the questions concerning the firms' international scale and scope. The respondents indicated whether the firms had already reached the level of 25% or not in FSTS and the number of countries and which regional blocs they operate in. In the following section, the firm's international performance was requested by the financial and strategic objectives and the overall performance. Here, the respondents indicated which financial and

strategic objectives were considered in their firms' international activities and their corresponding importance and satisfaction. Concerning the overall performance, the respondents indicated their evaluation of the overall performance of the firms' international activities. Finally, the firms' year of founding, the industry sector and the social desirability were requested as control variables.

The level of analysis is grounded on the firm level, as many investigations (e.g. Bianchi et al., 2017; Dutot et al., 2014; Pangarkar, 2008). Due to the small size of SMEs, this appears to be the adequate level, contrary to the larger firms, where some research bias and inconsistencies may emerge due to the business' diversity (Pangarkar, 2008).

The sample of the present study is composed of 307 Portuguese international SMEs. We used a multi-industry sampling approach to increase the observed variance and increase the possibility of generalizing the results (e.g. Navarro-García et al., 2016). The respondents are Portuguese speakers, thus, the international performance scale and the social desirability scale were translated from English to Portuguese following the translation/back-translation procedure of Behling and Law (2000).

Regarding the data source, we controlled for common method bias given that this research is based on a single respondent self-report (Podsakoff et al., 2003). Following Podsakoff et al. (2003), social desirability was controlled to mitigate the effects of corresponding socially desirable responses. In fact, the use of self-report measures is common in business management research, where the presence of the social desirability effect in the response is a reality that must be controlled (Thompson & Phua, 2005). Additionally, the item ambiguity and complexity were also taken into account (Podsakoff et al., 2003). During the translation process and the pretest, some items were adapted and improved in slight details. Other issues relating to the survey structure and content were addressed during the pretest. The confidentiality of the participation and the non-existence of right or wrong answers was assured. We also appealed for honest responses (Podsakoff et al., 2003).

We also controlled for the age of the firms, given that it may influence the firms' internationalization strategy, since it represents the firms' business experience, resources and capabilities (Cerrato et al., 2016; Cerrato & Fernhaber, 2018). The firms' age may also influence their international performance (Y. Lu et al., 2010). The industry where the firms operate should also be controlled in studies regarding the relationship between internationalization and performance (Hennart, 2007). For instance, the type of industry affects the firms' fixed costs (Hennart, 2007), the ability to internationalize and the firms'

performance (Hitt et al., 2006; L. Li et al., 2012). Therefore, we controlled for the firms' industry effects.

3.2. Measurement

3.2.1. Dependent variable: international performance

In the literature, the results are often contradictory about the relationship between internationalization and performance (Martineau & Pastoriza, 2016). It should be noted that there is no consensus on the set of indicators to be used to measure international performance (Ruzo et al., 2011). The complexity of its operationalization is manifest, not only given its multidimensional nature (e.g. Diamantopoulos & Kakkos, 2007; Gerschewski & Xiao, 2015; Katsikeas et al., 2000) and the conceptualization of the construct, but also, given the difficulties in obtaining concrete and rigorous indicators (Dess & Robinson, 1984). In fact, in regard to this last aspect, many managers show themselves, as noted by Musteen et al. (2014) “[...] reluctant to provide objective performance data (given prevailing mistrust)” (p. 759) Therefore, the subjective measures appear to be of utmost importance when performance is at stake. Given the difficulties in operating a holistic measure of performance, it is certain that in addition to the objective measures, often economic, the subjective measures of performance are important and even required by managers, who approve the subjective way of measurement (Madsen, 1998). Thus, performance can be measured by objective and subjective measures simultaneously (e.g. Hagen et al., 2012; Ruzo et al., 2011) or not, the preference for the subjective ones being observable (Hult et al., 2008). Indeed, they make it possible to overcome the difficulties when studying private companies whose objective data are not easily available (Hult et al., 2008). Katsikeas et al. (2000) also report on the problem of the access to objective data, stating the importance and applicability of the subjective measures. These authors also recognize the difficulties of accessing updated secondary data and accessing the data of small firms. Therefore, despite the common use of objective measures, the subjective ones are an important type of assessing performance due, to their advantages in their application and in data collection (Wall et al., 2004). Indeed, the use of subjective performance measures is widely observable in the international business research (e.g. Diamantopoulos et al., 2014; Gerschewski et al., 2015; Hagen et al., 2012; Martin et al., 2017; Prange & Pinho, 2017). Both because of the managers' resistance to provide objective information (cf. Musteen et al., 2014), and the difficult availability of performance information, the subjective measures are widely used (Costa et al., 2015). This

kind of measures also enables making the comparison between very different companies with regard to their objectives (Hult et al., 2008) and makes it possible to overcome the internal non-distinction between the domestic and international activities from the financial point of view (Prange & Pinho, 2017). We follow a multidimensional approach of performance where the consideration of the firms' objectives is at the core of its measurement. Notably, the subjective measures of performance allow us to assess the degree of satisfaction and/or the fulfillment of objectives related to the firms' performance as a whole and also in different dimensions (Christoffersen et al., 2014). Such a measurement becomes feasible despite the possible personal biases in self-reporting (Musteen et al., 2014), due to the fact that subjective performance measures are associated with the objective ones (Dess & Robinson, 1984; Wall et al., 2004). This fact, is observable in previous research (e.g. Hollender et al., 2017). These authors emphasize the advantages of the subjective measures, their usefulness and scientific adjustment in the strategic studies of SMEs. Consequently, “[...] we can have some confidence in findings from studies so far that have been based on subjective company performance” (Wall et al., 2004, p. 115).

Hult et al. (2008) emphasize the need for performance measures to integrate as a multidimensional construct the measurement of financial performance, operational or non-financial performance, and general effectiveness measured by indicators such as the perception of overall performance and performance in relation to competitors. Additionally, in their extensive review of the literature, Katsikeas et al. (2000) highlight the use of financial, non-financial and generic performance measures. To measure performance, and because a firm when attempting its international action has multiple objectives (Diamantopoulos & Kakkos, 2007), not only the economic objectives but also the strategic ones should be taken into account (Cavusgil & Zou, 1994).

Therefore, taking the above into account, for this research, we measured the SMEs international performance by primary data, by a subjective multidimensional measure, at the firm level, assessing the financial, strategic and the overall performance respectively.

3.2.1.1. Dimensions

Based on studies in the international business field, the financial performance indicators par excellence are those related to sales and profits. These indicators are widely used when measuring the international performance (e.g. Hollender et al., 2017; Jin & Jung, 2016; Knight & Cavusgil, 2005; Navarro et al., 2010; Ruzo et al., 2011). Taking into consideration the proposed measurement mechanics, each item reflects a specific objective.

The respondent indicated which of those, or if all of them, were objectives of the firms' international activity and if so, what their corresponding degree of importance and satisfaction was. The adopted objectives for the *financial dimension* are: international sales growth (Gerschewski et al., 2015); profit growth in foreign markets (Zhou et al., 2012); and increase the profitability of the company (Cavusgil & Zou, 1994).

Similarly to the financial dimension, a three-component response scale is used for the *strategic dimension*. First, the respondent is asked to state whether or not each of the strategic objectives was an objective of the firms' international activity. Second, what the degree of importance of each of the considered objectives was, and third, what the corresponding degree of satisfaction was. For the strategic dimension, we took the Cavusgil and Zou (1994) strategic objectives scale: "gain a foothold in the export market; increase the awareness of our product/company; respond to competitive pressure; improve our company's market share position; expand strategically into foreign markets; increase the profitability of the company; just respond to enquiries from abroad" (p. 18). This is a widely used and adapted scale in studies within the field of internationalization when measuring strategic performance (e.g. Chung, 2012; Chung et al., 2015; Chung & Kuo, 2018; Jeong, 2016; J. Y. Li et al., 2017). Given the nature of the item "increase the profitability of the company" (Cavusgil & Zou, 1994, p. 18), it was relocated in the financial dimension. A final item was added, "experience or knowledge gained as a result of entering foreign markets", adopted from Pangarkar (2008, p. 480), given the revealed importance of learning and knowledge during the internationalization. Both the financial and strategic objectives were measured on two 5-point Likert scales response format: (to assess the objectives' level of importance), the scale ranging from 1 = not important to 5 = very important; and (to assess the objectives' level of satisfaction), ranging from 1 = not at all satisfied to 5 = very satisfied.

As emphasized, the *overall performance* of the international activity is also taken into consideration. We adapted the overall performance scale developed by Jaworski and Kohli (1993, p. 68), used in several studies (e.g. Hollender et al., 2017). This scale assesses the satisfaction with the firms' overall performance in the last year, and the overall performance in relation to the main competitors also in the last year. The adapted items are the following: how do you evaluate the overall performance of your firm's international activity in the last year; how do you evaluate the overall performance of your firm's international activity in relation to your competitors in the last year. A final item was added: how do you evaluate the performance of your firm's international activity in the last 3 years. This last item is a complementary item of performance related to the historical perspective

of the firm performance (Katsikeas et al., 2000). This historical perspective is important and acknowledged in the international business literature (e.g. Bianchi et al., 2017; Cavusgil & Zou, 1994). We considered the time period of three years as other studies have (e.g. Hagen et al., 2012; Prange & Pinho, 2017). It is a commonly used temporal space (Katsikeas et al., 2000). This scale was submitted to a 5-point Likert scale response format ranging from 1 = very bad to 5 = very good.

Therefore, in order to assess the international financial, strategic, and overall performance of the firm, we performed the following procedure. First, the respondent had to indicate which of the financial objectives was or were considered for the firm's international activity. After the selection of the objectives, those are the ones for which the respondent had to provide the level of importance. Further, for each selected objective, together with the level of importance, the respondent had to indicate the level of satisfaction. Second, the respondent had to proceed with the same structure of response to the international strategic objectives. These measurement mechanics makes it possible to avoid the problems of considering by the same token, for instance, a high satisfaction level with some objectives with high and low importance. Finally, to assess the international overall performance, the respondent provided the evaluation of the international activity regarding the last year of international activity, the last three years of international activity and in relation to the competitors in the last year. Subsequently, we provide the way to calculate the corresponding different considered dimensions of international performance.

3.2.1.2. Mode of assessment

The firms' objectives can be realistically different between the firms. Madsen (1998) notes that "it only needs to be pointed out that, in some instances, it may be more important for a firm to gain experiential knowledge about exporting processes than it is to reap immediate sales and profits" (p. 90). Consequently, the objectives that each firm establishes and intends to achieve with its international action can be quite varied.

In order to adopt a more appropriate measure of international performance and avoid narrow measures, we took into account different firms' objectives, and their corresponding importance and satisfaction. In fact, to effectively measure the firms' international performance, it is crucial to assess the different firms' objectives, their importance and satisfaction (Diamantopoulos & Kakkos, 2007). Gerschewski et al. (2015) follow this performance measurement philosophy, multiplying the levels of importance and satisfaction for each item. According to the practice in the literature, we proceeded with the

calculation of the corresponding composite measures for the three dimensions (Gerschewski & Xiao, 2015; Katsikeas et al., 2000).

Therefore, following this approach, and to improve the measurement of performance, Diamantopoulos and Kakkos (2007, p. 12) edited a composite measure of export performance: [$\sum_{j=1}^{\infty} I_j \times S_j$, where I_j is the importance of each objective, and S_j is the achievement satisfaction of each objective]. As central features in the measurement of performance, the degree of importance and the degree of satisfaction of each objective are taken into consideration. If not, some assessment errors may occur, for instance: an objective that exhibits high levels of satisfaction may not be important and does not, therefore, imply a successful scenario; and, on the other hand, an objective that exhibits low levels of satisfaction may not be important and, therefore, does not imply a scenario of failure (Diamantopoulos & Kakkos, 2007).

Therefore, following this measurement mechanics, we developed the composite measure for the financial dimension (varying between 0 and 1), calculated by the following financial performance index (FPI_i):

$$\frac{\sum_{j=1}^n IF_j \times SF_j}{\sum_{j=1}^n IF_j \times 5}, \quad (2)$$

FPI_i is the financial performance index for company i ;

IF_j is the importance of the financial objective j ;

SF_j is the satisfaction of the financial objective j ;

and five is the maximum possible satisfaction for each objective.

Similarly, we developed a composite measure for the strategic dimension (varying between 0 and 1) calculated as the following strategic performance index (SPI_i):

$$\frac{\sum_{j=1}^n IE_j \times SE_j}{\sum_{j=1}^n IE_j \times 5}, \quad (3)$$

SPI_i is the strategic performance index for company i ;

IE_j is the importance of the strategic objective j ;

SE_j is the satisfaction of the strategic objective j ;

and five is the maximum possible satisfaction for each objective.

Finally, the overall performance assessment was developed with the following overall performance index (OPI_i) (varying between 0 and 1):

$$\frac{\sum_{j=1}^3 D_j}{5 \times 3}, \quad (4)$$

OPI_i is the overall performance index for company i ;

D_j is the performance level of the item j;
five is the maximum possible satisfaction value for each item;
and three the total number of overall performance items.

3.2.2. Independent variable: DoI (international exposure)

Taking the DoI as a multidimensional indicator, we measured it by the combination between the internationalization scale and scope of the SMEs. International SMEs are mainly exporting firms due to the low initial required investment of this international entry mode (Hosseini et al., 2018). Therefore, exporting is their major entry mode in the international markets (Morais & Ferreira, 2020). As Navarro-García et al. (2016) stated, “export is firms’ traditional route of access to foreign markets” (p. 1880). In this context, to accurately measure the scale of the internationalization, the international sales is a better indicator than only the value of exports, as it reflects not only exports, but also the sales of the foreign subsidiaries (Contractor et al., 2007; Denicolai et al., 2014; Ferraris et al., 2016). Thus, while an important indicator of the DoI, we took the FSTS to measure the scale of internationalization (Cerrato & Fernhaber, 2018; Kuivalainen, Saarenketo, et al., 2012; Sullivan, 1994). To classify the strategic positioning of the firms to the FSTS, we took the widely used threshold of 25% (e.g. Gerschewski et al., 2015; Knight & Cavusgil, 2004). Hence, we took the FSTS of 25% or more as indicative of a significant, intense and not sporadic internationalization (Kuivalainen, Saarenketo, et al., 2012).

In relation to the geographical scope of internationalization, we considered the number of countries and the number of regions in which the firms generated international sales. The number of countries in which the firm operates was compared with the number of neighboring countries of the home country (Kuivalainen, Saarenketo, et al., 2012). In this line, a firm with a high scope should generate international sales in at least one more country than the number of neighboring ones. However, in applying this criterion we must be aware that Portugal is a single-border country with Spain. Therefore, the consideration of the value one as the threshold to differentiate between a high or low international scope does not appear to be a fair criterion for the international SMEs’ strategic positioning. In the present research, taking into consideration that Portugal is part of the European Union, we took four countries as the distinctive criterion, since the average land borders of all the European Union members is four. Thus, the criterion for a high scope is that firms should generate international sales in five or more countries. As mentioned, jointly with the number of countries, we also took the regional criterion, using six regional blocs: “[...] (1) European

Union countries; (2) other European countries (including Russia and Turkey); (3) North America; (4) Central and South America; (5) Asia; (6) Africa and Australia” (Cerrato et al., 2016, pp. 289–290). To classify the different DoI, we took two regions or more as indicative of a wider scope. Therefore, concerning the scope of internationalization, firms exhibit a diversification strategy with a wide geographical scope, if they generate their international sales in five or more countries within two or more regional blocs.

In the present research, as mentioned by Cerrato and Fernhaber (2018), we took a theory-driven approach taking into consideration the defined thresholds of scale and scope. We measured the DoI as a categorical variable with three different DoI. A firm with a high DoI must exhibit 25% or more in FSTS, must be in five or more countries and in two or more regional blocs. A low DoI reflects the firms that do not exhibit 25% in FSTS, and a medium DoI the firms that exhibit 25% in FSTS although with mixed levels concerning the geographical scope.

3.2.3. Control variables: Firms' age, industry and social desirability

3.2.3.1. Firms' age

We controlled for the firms' age with the number of years of activity since their creation (e.g. Cerrato et al., 2016). It was measure by the difference between the year of data collection and the year of firm foundation (Hollender et al., 2017).

3.2.3.2. Industry

Industry effects were assessed by dummy variables, concerning the three industry sectors that, following Gerschewski and Xiao (2015), are: other, e.g., agriculture, fishing and forestry (Sector I); manufacturing (Sector II); services (Sector III). In order to represent these sectors we used two binary variables with the following codification: binary variable 1 (BV1) with the codification (1 and 0) for sector I; binary variable 2 (BV2) with the codification (0 and 1) for sector II. Sector III took the codification (0 and 0).

3.2.3.3. Social desirability

To control for social desirability we used the scale of Reynolds (1982) Form C. This scale was translated from English to Portuguese and was measured on a 5-point Likert scale response format ranging from 1 = strongly disagree to 5 = strongly agree.

4. EMPIRICAL RESULTS

As a results' preamble to the hypotheses testing, we should report on the Harman's single factor test. Following Podsakoff et al. (2003), we performed this test and the result suggests that common method bias is not a major concern, because no single factor emerged and the first one did not account for the majority of the variance. An exploratory factor analysis was performed for social desirability and no unidimensional structure emerged. However, both the true and false dimensions may be expected. Therefore, after the structure purification due to some issues, two factors in a total of eight items emerged. A total scale mean score was calculated for this variable.

In relation to the sample, concerning the industrial sectors, we observed the following: sector I (other, e.g., agriculture = 4.23%); sector II (manufacturing = 53.42%); sector III (services = 42.35%). Table 1 reports on the firms' strategic groups, firms' age and the respondents' job position.

Table 1. Firms' strategic groups, firms' age and the respondents' job position

Strategic Positioning	N	Percent of Cases	Firms' age ^a	Respondents' Job Position ^b					Total of Respondents
				FO	CEOs	CM	MIA	IMM	
Firms with low DoI	82	27%	27.32	35	18	14	11	4	82
Firms with medium DoI	113	37%	18.20	64	26	9	12	2	113
Firms with high DoI	112	36%	20.74	45	23	19	17	8	112
Total	307	100%	21.56	144	67	42	40	14	307

Source: Authors' analysis of the data

Note: ^a The firms' age is represented in years (average). ^b The table reflects the number of the different respondents' job position in each DoI of the firms. Founders and owners (FO); chief executive officers (CEOs); commercial managers (CM); managers of international activities (MIA); international market managers (IMM).

In relation to the total sample, in regard to the occupied position in the firm, 46.9% were founders and owners; 21.8% were CEOs; 13.7% commercial managers; 13% managers of international activities; and 4.6% international market managers. Regarding the social desirability, the respondents exhibited a total mean of 3.585.

4.1. Hypotheses testing

To execute the hypotheses testing, we performed several hierarchical linear regression analyses with a confidence interval of 95% in IBM SPSS Statistics version 25 controlling for industry, firms' age and social desirability. We performed the hypotheses

testing following Field (2009). Therefore, no influential cases were detected with an undue influence on all the following models. Regarding the correlations, the VIF and the T tolerance values, no multicollinearity concerns exist within the models. The independence of errors was verified in all regression models with the Durbin-Watson statistic (d) = 2.026; d = 2.004; d = 2.097 in hypothesis one, two and three, respectively. The linearity, homoscedasticity and the normality of the residuals were also observed.

4.1.1. Hypothesis 1

The statistic F test shows that the final regression model is significant at $p < 0.001$. Hypothesis one stated that the firms with high and medium DoI will financially perform better than firms with low DoI and firms with high DoI will financially perform better than firms with medium DoI.

According to the results (Table 2; final model one), both international SME classes, firms with high DoI and firms with medium DoI respectively, significantly differed from the firms with low DoI. We corroborated the expected positive relationship between the DoI and the international financial performance. Therefore, Hypothesis H_{1a} and Hypothesis H_{1b} were supported. To test Hypothesis H_{1c} we ran another regression analysis with the medium DoI firms as the reference category (Table 2; final model two). Accordingly, the classes (firms with high DoI and firms with medium DoI) did not significantly differ. Therefore, Hypothesis H_{1c} was not supported.

Table 2. Regression analysis (international financial performance)

Variables Entered	International Financial Performance				International Financial Performance			
	B	β	t	Sig.	B	β	t	Sig.
constant	0.452	-	5.415	0.000	0.452	-	5.415	0.000
Block 1: control variables								
Binary variable 1	0.054	0.054	0.894	0.372	0.054	0.054	0.894	0.372
Binary variable 2	0.022	0.055	0.873	0.383	0.022	0.055	0.873	0.383
Firms' age	0.000	0.029	0.470	0.639	0.000	0.029	0.470	0.639
Social desirability	0.022	0.059	0.988	0.324	0.022	0.059	0.988	0.324
Block 2: key variables								
High DoI firms	0.164	0.392	5.110	0.000	-0.006	-0.015	-0.232	0.817
Medium DoI firms	0.171	0.412	5.400	0.000	-	-	-	-
Low DoI firms	-	-	-	-	-0.171	-0.357	-5.400	0.000
R ²			0.135				0.135	
Adjusted R ²			0.114				0.114	
ΔR^2			0.118				0.118	
F			6.495				6.495	
Sig.			0.000				0.000	
ΔF			17.033				17.033	
Sig.			0.000				0.000	

All B are unstandardized coefficients

All β are standardized coefficients

Source: Authors' analysis of the data

4.1.2. Hypothesis 2

The following regression results (Table 3) reports the hypothesis two testing. Hypothesis two stated that the firms with high and medium DoI will strategically perform better than firms with low DoI and firms with high DoI will strategically perform better than firms with medium DoI.

Table 3. Regression analysis (international strategic performance)

Variables Entered	International Strategic Performance Final Model 1				International Strategic Performance Final Model 2			
	B	β	t	Sig.	B	β	t	Sig.
constant	0.491	-	6.563	0.000	0.634	-	8.571	0.000
Block 1: control variables								
Binary variable 1	0.011	0.012	0.205	0.837	0.011	0.012	0.205	0.837
Binary variable 2	0.046	0.119	2.014	0.045	0.046	0.119	2.014	0.045
Firms' age	-0.001	-0.139	-2.375	0.018	-0.001	-0.139	-2.375	0.018
Social desirability	0.024	0.068	1.211	0.227	0.024	0.068	1.211	0.227
Block 2: key variables								
High DoI firms	0.156	0.397	5.805	0.000	0.014	0.035	0.535	0.593
Medium DoI firms	0.143	0.346	5.028	0.000	-	-	-	-
Low DoI firms	-	-	-	-	-0.143	-0.334	-5.028	0.000
R^2			0.181				0.181	
Adjusted R^2			0.162				0.162	
ΔR^2			0.119				0.119	
F			9.688				9.688	
Sig.			0.000				0.000	
ΔF			19.053				19.053	
Sig.			0.000				0.000	

All B are unstandardized coefficients

All β are standardized coefficients

Source: Authors' analysis of the data

According to the results (Table 3; final model one), both the firms with high DoI and with medium DoI significantly differed from the firms with low DoI. The expected positive relationship between the DoI and the international strategic performance was supported. Therefore, according to the final model one (Table 3) Hypothesis H_{2a} and Hypothesis H_{2b} were supported. To test the hypothesis H_{2c} another regression analysis was performed with the medium DoI firms as the reference category (Table 3; final model two). Accordingly, the classes (firms with high DoI and firms with medium DoI) did not significantly differ. Therefore, Hypothesis H_{1c} was not supported.

4.1.3. Hypothesis 3

Hypothesis three stated that the higher the firms' international exposure, the better is their international overall performance. The following Table 4 reports the results of the hypothesis testing.

Table 4. Regression analysis (international overall performance)

Variables Entered	International Overall Performance				International Overall Performance			
	Final Model 1				Final Model 2			
	B	β	t	Sig.	B	β	t	Sig.
constant	0.484	-	7.877	0.000	0.648	-	10.749	0.000
Block 1: control variables								
Binary variable 1	-0.036	-0.042	-0.809	0.419	-0.036	-0.042	-0.809	0.419
Binary variable 2	-0.016	-0.047	-0.872	0.384	-0.016	-0.047	-0.872	0.384
Firms' age	0.000	-0.029	-0.534	0.594	0.000	-0.029	-0.534	0.594
Social desirability	0.030	0.097	1.884	0.061	0.030	0.097	1.884	0.061
Block 2: key variables								
High DoI firms	0.186	0.519	8.172	0.000	0.023	0.063	1.092	0.276
Medium DoI firms	0.164	0.457	7.157	0.000	-	-	-	-
Low DoI firms	-	-	-	-	-0.164	-0.419	-7.157	0.000
<i>R</i> ²	0.221				0.221			
Adjusted <i>R</i> ²	0.205				0.205			
Δ <i>R</i> ²	0.195				0.195			
F	14.151				14.151			
Sig.	0.000				0.000			
Δ F	37.566				37.566			
Sig.	0.000				0.000			

All B are unstandardized coefficients

All β are standardized coefficients

Source: Authors' analysis of the data

The results (Table 4; final model one) show that both the firms with high DoI and with medium DoI significantly differed from the firms with low DoI. According to the results, we corroborated the expected positive relationship between the DoI and the international overall performance. Therefore, according to the final model one (Table 4) the hypothesis H_{3a} and the hypothesis H_{3b} were supported. Hypothesis H_{3c} was tested by the regression in the final model two (Table 4) with the medium DoI firms as the reference category. Accordingly, firms with high DoI and firms with medium DoI did not significantly differ. Hypothesis H_{3c} was not supported.

The following Table 5 summarizes the above hypotheses testing results.

Table 5. Hypotheses summary report

Hypotheses	Description	Status
H1	the higher the firms' DoI, the better is their IFP	Partially supported
H _{1a}	firms high DoI have better levels of IFP than firms with low DoI	Supported
H _{1b}	firms with medium DoI have better levels of IFP than firms with low DoI	Supported
H _{1c}	firms with high DoI have better levels of IFP than firms with medium DoI	Not supported
H2	the higher the firms' DoI, the better is their ISP	Partially supported
H _{2a}	firms with high DoI have better levels of ISP than firms with low DoI	Supported
H _{2b}	firms with medium DoI have better levels of ISP than firms with low DoI	Supported
H _{2c}	firms with high DoI have better levels of ISP than firms with medium DoI	Not supported
H3	the higher the firms' DoI, the better is their IOP	Partially supported
H _{3a}	firms with high DoI have better levels of IOP than firms with low DoI	Supported
H _{3b}	firms with medium DoI have better levels of IOP than firms with low DoI	Supported
H _{3c}	firms with high DoI have better levels of IOP than firms with medium DoI	Not supported

Source: Authors' own elaboration

Note: international financial performance (IFP); international strategic performance (ISP); international overall performance (IOP)

5. DISCUSSION

The relationship between SMEs international decisions and international performance is of paramount importance within the international business and strategic management fields. In this research the focus concerned the relationship between the differentiated international strategies and international performance of SMEs. In fact, we took this topic as one of the major ones in the international business research agenda. Our empirical analysis defines three different strategic groups with three correspondingly different international strategic positionings, regarding the scale and scope of internationalization. We also assessed their implications on the firms' international performance. Therefore, this research took the differentiated SMEs' strategic positioning as determining the distinguished international financial, strategic and overall performances.

Hosseini et al. (2018) stressed that, among the literature, different types of relationships between internationalization and performance are observable, namely, positive, negative, linear, non-linear, U-shaped, inverted U-shaped, sigmoid, and inverted sigmoid relationships. Therefore, contrary to other studies, but in line with others (e.g. Pangarkar, 2008), we found a positive linear relationship between internationalization and the firms' performance. The meta-analysis of Schwens et al. (2018) also illustrates our results insofar as the firms' international scale and scope may positively contribute to the firms' performance. According to our results, the firms with an intense internationalization, i.e., FSTS above 25%, exhibited a better financial performance than the firms with a lower scale of internationalization (H_{1a} and H_{1b}). In fact, the higher the foreign sales, the better the possibilities to achieve economies of scale and cost reduction (Zahra, 2020). However, the benefits from internationalization may outweigh the costs or not (Schwens et al., 2018). Therefore, our results show that the firms with a high scale of internationalization and with mixed and high geographical scopes may perform significantly better financially than the international firms with a low international scale. Accordingly, other studies emphasize the positive role of firms' internationalization in the financial performance (e.g. Hitt et al., 2006; Zahra et al., 2000). However, the expected result concerning the financial performance of the firms with a high and medium DoI did not emerge (H_{1c}). This suggests that firms with a higher geographical scope in regard to different regional blocs may face psychic distance issues that do not allow them to overcome the challenges of those operations (Pangarkar, 2008). In fact, Pangarkar (2008) pointed to the possibility of the negative effects of psychic

distance on performance despite the argued positive ones. The firms may face some issues concerning costs and economies of scale as they increase their internationalization. However, it should be highlighted that the difference between the high and medium international exposure firms' financial performance mean is not a relevant and accentuated one (Table 6: firms with high DoI exhibited 0.719 and the firms with medium DoI 0.721).

Table 6. Strategic groups' means of the international performance dimensions

Strategic Groups	IFP		ISP		IOP	
	N	Mean	N	Mean	N	Mean
Firms with low DoI	60	0.551	77	0.561	82	0.576
Firms with medium DoI	101	0.721	87	0.721	113	0.740
Firms with high DoI	95	0.719	106	0.733	112	0.764
Total	256	0.680	270	0.680	307	0.705

Source: Authors' analysis of the data

Note: international financial performance (IFP); international strategic performance (ISP); international overall performance (IOP)

Following the results of this research, the firms with a high and medium international exposure achieve better international strategic performances (H_{2a} and H_{2b}) than those with low DoI. According to Pangarkar (2008) high levels of internationalization may improve the firm competitiveness and performance. The decision to internationalize is an important strategic decision. In this context, the decision to internationalize intensely and to multiple countries and regions is even more important, bringing challenges and complexity, but also benefits. Therefore, by embracing an intense and geographical diverse international strategy, firms incur greater strategic efforts for the fulfillment of their strategic objectives. As observed, and despite the H_{2c} being not supported, the firms with high DoI were those that exhibited the biggest international strategic performance. According to the measure used for international strategic performance, the results suggest that as the scale and scope grow, so do the possibility to enter in the international markets and to expand strategically, as well as the awareness of the firm or product and the response to competitive pressure. These firms are also able to improve their market share position, gain experience and knowledge and improve their capability to respond to requests from the international markets. In this sense, Zahra (2020) even emphasized the ability to innovate. Therefore, strategically speaking, this result suggests the potential positive role of the intensity of the international operation as well as the importance of a high geographical diversity concerning the number of countries and the number of regional blocs. Accordingly, the different international markets may provide new opportunities (Hitt et al., 1997; Zahra et al., 2000), may help to reduce risks

(Lobo et al., 2020) and may promote potentially lower levels of competitive intensity (L. Li et al., 2012).

Finally, concerning the overall performance, the firms with a high and a medium international exposure exhibited a better international overall performance than the firms with a low DoI. In this vein, the top managers reported that the overall performance of the international activity (in the last year; in the last three years; and in the last year in relation to the competitors) is better for firms that exhibited an intense internationalization (H_{3a} and H_{3b}). In relation to the firms with high DoI, despite the H_{3c} being not supported, these firms exhibited the highest level of international overall performance (Table 6: IOP = 0.764). This result suggests that the firms that diversify geographically to more distant countries achieve a better overall realization of their objectives with the international activities, even in relation to their competitors.

Therefore, taking into account the strategic and overall international performances, the more diverse and distant the international scope is, the better the strategic and overall international performances are. This is an important insight into the international business field.

6. CONCLUSIONS

The SMEs' international strategy and performance is, as widely emphasized in the present research, an important side of the firms' strategic management. We addressed some important issues concerning this relationship. The consideration of a multidimensional nature of the degree of internationalization and of the international performance both are two major questions within the firms' internationalization spectrum.

This research makes major contributions in this field. It considered two key dimensions of the international strategy to define the SMEs' degree of internationalization, the international scale and geographical scope. In relation to the international performance, its multidimensional nature was taken into account and three major dimensions were considered, the financial performance, the strategic performance, and the overall performance. Another important aspect is the consideration of the firms' different objectives, their importance and satisfaction when dealing with the international markets. Therefore,

this research helps to extend the body of knowledge concerning the internationalization and performance relationship, not only methodologically but also empirically.

Major results emerged from this investigation of the Portuguese international SMEs. The firms' internationalization, as it evolves, may lead to improvements in the financial, strategic, and overall performance. Although, as noted above concerning the financial performance, as the intense internationalization increases its geographical scope, the financial performance is higher at the medium level of international exposure.

In relation to major implications of the present research for managers, this study emphasized the effects of the firms' international exposure. This allows managers to observe different outcomes, not only the financial ones, of the different levels of the firms' international exposure. SMEs appear to have many advantages in internationalizing their activity. Therefore, managers must be aware of these advantages and should empower their firms to internationalize rapidly, putting this strategy as an important one in the strategic mental framework of the firms.

Concerning policy makers, this research highlights the important role of internationalization for the SMEs. These are major actors of the world economy that must be followed by governments. The important outcomes of SMEs' internationalization must be taken into account when the public policies to support internationalization are at stake (Bell et al., 2003). In this context, public policies face many challenges, namely, in providing firms with valuable information about the different markets, in supporting innovation and R&D, in promoting conditions for the emergence of more venture capital and in providing more mechanisms for the improvement of the firms' international networks (Bell et al., 2003). In this context, export promotion agencies should take into account the reality of international SMEs and those that intend to internationalize, in order to ideally provide access to a larger, better and more sophisticated set of resources, namely, human, financial and knowledge (Bell et al., 2003). For SMEs, growing internationally appears to be a positive attitude. In this context, our results provide important knowledge to governments, policy makers, public policies and internationalization promotion programs.

7. LIMITATIONS AND FUTURE RESEARCH AVENUES

The present research also has its own limitations. First, we highlight its cross-sectional nature. This aspect makes it difficult to claim causality in the context of the present

research. A fact that draws attention to the longitudinal studies. Second, it is based on a single country sample of SMEs, in this case Portugal, a fact that hinders the generalization of results. Third, the study relies on self-reporting measures that can lead to bias. Nevertheless, social desirability was controlled in the hypotheses testing and causes of concern did not emerge. Fourth, we did not consider the firms' contextual features, an element of utmost importance for the internationalization and performance relationship (Hosseini et al., 2018). A final limitation concerns to the fact that we did not consider any objective performance measure. It is an important type of performance measure due to its complementary value to the subjective ones (e.g. Ruzo et al., 2011).

Concerning the future research avenues, we highlight the following. Due to the inconsistency of results across the literature concerning the relationship between internationalization and performance, this should be studied on a more detailed level, namely, at the country-industry level and at the firms' contextual level, for instance in a single industry and in a specific type of firms (Hosseini et al., 2018). Emphasizing the role of context in the degree of internationalization and performance relationship is an aspect of paramount importance within this area of studies (Morais & Ferreira, 2020). Another important aspect concerns the wide use of FSTS as the only measure of the firms' internationalization. The geographical diversity should also be considered as an important feature of the international strategy (Hosseini et al., 2018) and with important implications for performance (Pangarkar, 2008). The present research makes such a contribution. An additional line for future studies concerns the integrative consideration of the antecedents from different perspectives of the international strategy and the outcomes, apart from the financial ones (Martineau & Pastoriza, 2016). In this line of research, it is also an important aspect to consider and define which type of performance is being assessed. In fact, there are many studies that do not consider this differentiation. Therefore, to improve the body of knowledge surrounding this relationship, it is pertinent to distinguish between international performance, national performance or total performance (Martineau & Pastoriza, 2016). Additionally, addressing the firms' survival within the internationalization context is another important line of research that deserves further attention and longitudinal studies (Hollender et al., 2017). Another relevant concern is the fact that firms may have different objectives when they go international. This is acknowledged in the context of this research and it is highly recommended to incorporate further investigations. Considering this important aspect in the international performance measurement, context is important. In this sense, we highly recommend the use of our mode of measurement mechanics. Finally, despite the difficulties

concerning the data collection in the longitudinal studies concerning SMEs' internationalization (Kuivalainen, Saarenketo, et al., 2012), these are greatly needed to improve the body of knowledge concerning the internationalization and performance relationship (Hitt et al., 2006; Hosseini et al., 2018; Kuivalainen, Sundqvist, et al., 2012).

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CONCLUSION

GLOBAL CONCLUSION

According to the literature review and the presented conceptual approach, cultural intelligence (CQ) and emotional intelligence (EI) are two influential capabilities for firms' international decision-makers in their networking behaviors, in the firms' international strategy and international performance. The SMEs' internationalization is also taken as a main source of firms' performance. The present research stresses the importance of those psychological capabilities and of international strategy and international performance from both theoretical and empirical points of view.

One of the major purposes of the present thesis was to assess the relationship between the two intelligences, which has led to a relevant contribution in the field of intelligences. According to the results, top managers' emotional intelligence and cultural intelligence are two different intelligences that emerged highly positively correlated. Their importance was stressed and acknowledged within the international top managers' cross-cultural contexts. Therefore, in the SMEs' international management context, EI and CQ emerged as two interrelated and complementary intelligences that the top managers hold to the accomplishment of their international responsibilities in diverse intercultural contexts. The empirical investigation suggests that top managers who better appraise their own emotions and those of others, that make better use of and regulate emotions, also define more appropriately cognitive strategies, have cultural knowledge, are more prone to direct attention and energy in intercultural contacts, and tend to show adequate verbal and nonverbal capabilities in cross-cultural situations. The EI dimensions also significantly predicted overall CQ, that is, the "[...] capability to adapt effectively to new cultural contexts" (Earley & Ang, 2003, p. 59). Thus, the capability "[...] to reason about emotions, and of emotions to enhance thinking" (Mayer et al., 2004, p. 197) contribute to the international top managers' capability to adapt to new cultural contexts. In relation to the EI and CQ dimensions, the results supported several relevant and significant relationships between them and another set of interesting and significant relationships that deserve further investigation.

The relationships by networks can be seen as an engine to the SMEs internationalization (Masiello & Izzo, 2019). According to the conceptual model of this thesis, the following purpose was to assess the influence of the international top managers' CQ and EI over their external networking behaviors (ENB). A good performance within

networks, and of networking behaviors respectively, within the international business context, is an essential condition for the success of international top managers' activities. This research attested the important role of CQ and EI to boost the international top managers' ENB. Accordingly, the individuals' capability "[...] to reason about emotions, and of emotions to enhance thinking" (Mayer et al., 2004, p. 197) as well as the "[...] capability to adapt effectively to new cultural contexts" (Earley & Ang, 2003, p. 59) contribute to better ENB performance. Furthermore, according to the results, EI and CQ emerged as significant sets of psychological characteristics to international top managers' behaviors in building and maintaining external contacts, in using external contacts in a win-win perspective and in the commitment in creating external contacts. These results follow the new factorial structure of ENB that, after interpretation, emerged in the present study. Concluding, the results attest a significant role of those intelligences in the international business context of top managers' external relationships. It should also be noted that CQ emerged as a more significant capability than EI to the international top managers' ENB. In this vein, this research attests that cultural and emotional intelligences assist top managers to behave appropriately in cross-cultural contexts to perform better in their ENB.

Another objective of this thesis concerned the relationship between top managers' CQ and EI with firms' international strategy. When firms go international, a set of both opportunities and difficulties emerge, leading to the need for the main decision-makers to hold a set of capabilities that help them to deal with the emotional and cultural challenges of different international business contexts that they encounter. In this line, international top managers' CQ and EI were taken as fundamental characteristics of those who take SMEs international strategic decisions. One fundamental aspect must be noted at this point. To pursue with the study of the firms' international strategy, the present thesis took it as a multidimensional construct, measured by the firms' international scale and geographical scope. These dimensions comprised the degree of internationalization that was used to classify the different international strategic positioning and the different international strategic groups, respectively.

According to the results, cultural intelligence emerged as distinctive capability of the international top managers in firms that follow an intense and geographically diverse international strategy, that is, firms with a high degree of internationalization. Thus, the results indicate that the more culturally intelligent the international top managers are, the more likely it is for the firm to exhibit a high DoI, i.e. more than 25% of FSTS in more than five countries and in two or more different regions. Therefore, CQ emerged as a distinctive

capability to the international managers' strategic decisions, specifically, the international scale and scope of the Portuguese international SMEs.

In relation to emotional intelligence, it should be highlighted that international SMEs' top managers exhibited high levels in this intelligence in all the three strategic groups. As a relevant result, this suggests that top managers, to perform in the international business contexts, need high levels of EI, and that this intelligence will assist them in the performance of their international activities when emotional information is at stake.

Regarding the importance of networks to business internationalization, an outcome should be pointed out. Top managers' ENB emerged significantly related with the firms' low DoI. Accordingly, top managers with better performances on their ENB appear to have an important role to the firms' international exposure, insofar as firms with low DoI looking for increasing it, will need and use the managerial capabilities to build, maintain and make use of external contacts.

The final objective of this thesis involved the study of the relationship between differentiated SMEs' international strategies and international performance. This is a paramount link within the international business and strategic management fields. In addition, an important theme within firms' internationalization field, it should be emphasized that both the concepts of degree of internationalization and international performance, were taken as multidimensional. The three defined international strategic groups were assessed by the combination between the firms' international scale and scope. These two determinant strategic dimensions were used and combined to define the SMEs' high DoI, medium DoI and low DoI. To the firms' international performance three major dimensions were considered: the financial, strategic and overall performance.

In this research, a positive linear relationship was found between firms' degree of internationalization and their international performance. SMEs with a high and medium DoI exhibited better performances concerning the international financial, strategic and overall performance than the ones with low DoI. No significant difference was found between the firms with high and medium DoI. However, in relation to the international strategic performance and the international overall performance, the firms with high DoI were those that performed better. These results suggest that the more geographically diverse and distant the internationalization is, the better the firms' strategic and overall performances. Therefore, the international strategy is determinant to firms' international performance.

Finally, concerning the performance measurement, it should be emphasized the mixed model of international performance. In order to assess in a more accurate way the

international performance of SMEs, a set of different objectives were considered with their importance and satisfaction respectively.

Taking all the above into account, major results emerged within the present Portuguese international SMEs sample. Accordingly, in the cross-cultural management context, the international top managers' emotional intelligence and cultural intelligence are two highly related intelligences. These intelligences are important predictors of the top managers' external networking behavior within the international business context and the cultural intelligence is a major and distinctive top managers' psychological characteristic in the SMEs with a high degree of internationalization. Concerning the firms' internationalization, as it develops in scale and scope, the financial, strategic and overall performance improve. Although, as noted in part V, in relation to the financial performance it is higher at the medium level of international exposure.

It should be emphasized the multidimensional nature of the main constructs, namely, the emotional intelligence, cultural intelligence, degree of internationalization and international performance. Additionally, given the complexity of the cross-cultural contexts and in a human resources point of view, the EI and CQ must be taken into account within the international field recruitments given the fact that the two intelligences act jointly in a significantly way.

LIMITATIONS AND FUTURE RESEARCH AVENUES

Besides its strong points, the present research has its limitations. First, it should be noted the self-report nature of the used measures. This issue may lead to biases. However, the use of self-report measures is widely accepted in psychology regarding EI and CQ (e.g. Ang et al., 2007; Carvalho et al., 2016; Imai & Gelfand, 2010; Y. Lin et al., 2012; Rockstuhl et al., 2011), in the study of the external networking behavior (e.g. Naudé et al., 2014; Wolff & Kim, 2012) and in the international business field regarding the degree of internationalization (e.g. Kuivalainen, Saarenketo, et al., 2012; Navarro-García, 2016; Pangarkar, 2008) and international performance (e.g. Azar & Ciabuschi, 2017; Charoensukmongkol, 2015; Hollender et al., 2017; Musteen et al., 2014). As another difficulty, it should also be noted the conceptual and measurement difficulties across the key variables of the present thesis. An additional limitation concerns to the cross-sectional data of this study, a fact that disturbs the assessment of causality between constructs (Charoensukmongkol, 2015). In this research the focus on the factors that may affect the

firms' internationalization is on the managerial level. This generates another limitation of the study because it does not consider the organizational and environmental levels respectively. Finally, this thesis is based on a single country, i.e. Portugal, a fact that hinders the generalization of results.

In relation to future research avenues, the following should be highlighted. Considering the improvement of the four CQ dimensions measurement by Van Dyne et al. (2012), to assess CQ future investigations may use that expanded scale of CQ. Yet concerning CQ, the recently developed business cultural intelligence quotient model of CQ (Alon et al., 2016) may be used in future investigations concerning business and international business contexts. To go deeper in the analysis of the relationship between EI and CQ, personality should be considered an important antecedent of these intelligences (Moon, 2010). Further research must consider the dynamic character of the networking relationships when studying the role of EI and CQ (Leonidou et al., 2019). Therefore, longitudinal investigations allow to study the consideration of the relationships evolution (Leonidou et al., 2019). This type of studies also allows for the assessment of the evolution of the levels of intelligence respectively. Due to the dynamic nature of networking, a richer approach comprises the use of quantitative and qualitative studies (Torres-Coronas & Vidal-Blasco, 2017). Another line of further research with longitudinal studies should address the firms' survival within the internationalization context (Hollender et al., 2017). It should be noted that the difficulties in data collection concerning longitudinal studies are real. Although within SMEs internationalization and performance further investigations of this type are needed (Hosseini et al., 2018; Kuivalainen, Sundqvist, et al., 2012). As an important line of research, the longitudinal studies permits research on firms' international paths, both in terms of the antecedents and outcomes, and the study of causality.

Concerning the inconsistencies surrounding the relationship between internationalization and performance, further research may consider more detailed levels of analyses, namely, the country-industry level and the firms' contextual level, for instance in a single industry and in a specific type of firms (Hosseini et al., 2018). Another important avenue for further research consists on the consideration of the international geographical scope in addition to the scale of internationalization as an important aspect of firms' internationalization (Hosseini et al., 2018). The consideration of different antecedents and outcomes of internationalization beyond the financial ones is another important line for further research (Martineau & Pastoriza, 2016). The definition of which performance type is being assessed is a determinant aspect for future investigations, namely, between

international performance, national performance or total performance (Martineau & Pastoriza, 2016). Within the context of firms' performance, it should be emphasized that when firms internationalize their business, they may have a different set of objectives. Therefore, this embodies an important aspect that must be taken into account in the measurement of international performance. In this context, a final recommendation for further research is to apply the used mode of measurement mechanics in the present thesis. The level of importance and satisfaction of the different considered objectives of the international activity must be considered to an accurate performance measurement. Finally, the multidimensionality of the degree of internationalization and international performance is acknowledged and suggested to further investigations.

To improve the body of knowledge of all the studied concepts and relationships, a final suggestion is to investigate those in other samples and in other countries, with different cultural and business environments.

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