

# Contextualizing internationalization decision-making research in SMEs

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# **Contextualizing internationalization decision-making research in SMEs:**

## **Towards an integration of existing studies<sup>1</sup>**

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## **Contextualizing internationalization decision-making research in SMEs: Towards an integration of existing studies**

### **ABSTRACT**

This paper advances research on SME internationalization decision-making through considering the relevance of its context. It systematically reviews empirical studies, together with conceptual papers and other reviews in related disciplines, in order to identify gaps in the literature. This provides the basis for an analytical framework that incorporates four aspects of context (decision, decision-makers, firm and environment), two stages of the decision process (decision-making and implementation), and two sets of outcomes (decision and organizational outcomes). The article argues that greater theoretical integration is possible through examining the links between these factors in the light of insights from several perspectives. It also offers a number of specific contributions within its overall objective of advancing future research on decision-making of internationalizing SMEs through its contextualization.

**Keywords:** Context; SMEs; decision-making; internationalization; literature review

## **1. Introduction**

There is growing interest in decision-making on internationalization by the leaders of small and medium-sized enterprises [SMEs]. Decision-making is conceptualized as a contextually embedded activity leading to a course of action (Jarzabkowski, 2005). The action of present interest is internationalization, which refers to the expansion of SMEs into foreign markets. This subject is theoretically challenging in view of its location at the intersection between different theoretical perspectives. It is also of strategic importance in view of governmental policies to encourage SMEs' internationalization.

Interest in this topic is evident in several fields, particularly international business [IB] (Kalinic et al., 2014), international marketing (Ahi et al., 2017), and international entrepreneurship [IE] (Nummela et al., 2014). It is prompted by a concern about extrapolating theories of decision-making developed for large multinational enterprises [MNEs] to SMEs (Aharoni et al., 2011; Hauser et al., 2019), because SMEs are structurally unlike MNEs and consequently behave differently (Knight & Liesch, 2016). In contrast to MNEs, SMEs are normally led by one or a few individuals, lack slack resources and negotiating power in foreign environments, and are likely to rely significantly on intuition informed by the opinions of network partners and connections (Vershina et al., 2017). The idiosyncratic socio-technical systems in which SMEs are embedded could also strongly influence the method and logic that their leaders employ to go about reaching a decision to internationalize (Child et al., 2017). Thus, the assumption of bounded rationality typically applied to MNEs' decision-making may represent only one of the possible decision-making processes used within SMEs which, for example, have been found to include reactivity to serendipitous events (Crick & Spence, 2005) and effectuation (Nummela et al., 2014). The approach to decision-making adopted by SME leaders has been found to reflect their experience and learning as well as their

business context (Hauser et al., 2019). Moreover, how SME leaders make decisions may vary according to their sensemaking and interpretation of the characteristics of their firm's internal and external contexts. Their external contexts, in particular, are likely to be more constraining for SMEs than for larger firms (Child & Rodrigues, 2011).

'Context' has been approached through the lens of different disciplines and is therefore a complex construct embracing a range of dimensions and levels of analysis (Child, 2009). In international business, context is generally concerned with organizational, individual and home-/host-country environmental contexts (Teagarden et al., 2018), whereas in the strategic management literature, context usually refers to a more refined categorization, such as decision-makers and decision-specific context (Elbanna 2010; Papadakis et al., 2010; Shepherd & Rudd, 2014). This review builds on and extends the dimensions of context addressed in previous international business and strategic management studies. It also considers core elements of the original and revised Uppsala models, such as network relationships, market knowledge and commitment decisions (Johanson & Vahlne, 1977; 2009). More specifically, the review coded contextual variables in each relevant article and consequently four aspects comprising decision, decision-makers, firm, and environment dimensions of the internationalization context were identified and used in constructing our proposed integrative framework (See Section 2).

Despite increasing calls for research to focus more on contextualizing decision-making, it is not clear how different aspects of context might influence internationalization decision-making in SMEs. There is a need to recognize the multi-level and finer nuances of the context in which internationalization decisions are made by smaller firms. For example, the occupants of specific roles such as CEO have their own personal contexts as well as being embedded within the attributes of their firms, which in turn are located within the economic and social environments of home and

foreign countries. Neglecting the complexity of SME contextual embeddedness is likely to lead to fragmented and inconclusive theoretical analyses together with limited explanations for differences in research findings (Elbanna & Child, 2007). This implies that one should avoid an *a priori* conceptualization of context restricted to the focus of any one perspective, such as institutional theory. Rather, a review should be open to the potential relevance for SME internationalization decision-making of different aspects of context, including the cultural, economic, institutional and political. Such a multidimensional perspective of context has been used in reviews of decision context (e.g. Shepherd et al., 2015).

Existing reviews on decision-making fall short of offering a full understanding of SME decision-making on internationalization. While there are a number of reviews on the role of context in decision-making in the strategic management literature (e.g., Elbanna, 2010; Papadakis et al., 2010; Rajagopalan et al., 1997; Shepherd & Rudd, 2014), they have two shortcomings. First, they are general reviews of the decision-making context which do not focus specifically on firm internationalization. Second, they overlook some of the social and spatial dimensions of context which are essential for the understanding of decision-making in internationalizing SMEs, such as links to networks (Child & Hsieh, 2014). Similarly, other reviews in related fields such as entrepreneurship (e.g., Shepherd et al., 2015; Zahra et al., 2014) pay little attention either to the whole range of contexts that shape decision-making, or to the links between the context, decision-making processes, and outcomes. Given the lack of an integrated framework for SME internationalization decision-making, scholars have studied only the contextual variables that interest them, such as decision-specific variables (e.g., Dimitratos et al., 2011), while ignoring the potential influence of others.

In view of these limitations, there is a need for a more systematic and comprehensive approach to mapping extant research on SME internationalization decisions. This requires a review of all studies that consider potentially relevant aspects of the complex and multiple contexts faced by SME leaders when they decide to expand business abroad – such as differences between or among countries, regions, institutions and markets (Perks & Hughes, 2008) and the uncertainties that arise due to such differences. The present paper, therefore, aims to promote integration between the different perspectives that can contribute to an understanding of its focal subject. It specifically focuses on the following question: *‘how does context influence decision processes and outcomes in relation to SME internationalization?’* In doing so, it intends to offer a cross-disciplinary analysis of its chosen topic - SME internationalization decision making and primarily address the community of international business scholars.

Within this overall objective, the paper offers a number of contributions. It first systematically reviews relevant empirical studies by coding and categorizing ‘aspects of context that may provide meaningful predictions’ (Tsui, 2009: 4) of how internationalization decisions are made and their outcomes. The second contribution is then to draw on this review in order to identify less investigated aspects and levels of context as well as the theoretical perspectives that inform their relevance. The third contribution is to offer an integrated framework based on identifying the links between the contextual and other variables identified. Identification of key constructs and the links between them are essential requirements for theory development (Whetten, 2002), and they comprise the theoretical contribution of our framework. Our proposed framework contains a more comprehensive coverage and offers greater integration than do existing contributions (e.g., Elbanna, 2010; Hutzschenreuter & Kleindienst, 2006; Rajagopalan et al., 1997; Shepherd & Rudd, 2014). Moreover, we would argue that it has succeeded in being the first of its kind to incorporate several

aspects of context relevant to understanding decision-making on internationalization by SMEs. The paper concludes with a discussion of how the review and its analysis can inform future research.

## **2. Review methodology**

We followed the three-stage systematic literature review process suggested by Tranfield et al. (2003) – planning/determining the relevance and content of the review, conducting, and reporting the results of the review. We reviewed journals in the areas of general management, IB, entrepreneurship and small business management, strategic management, and marketing. This approach coincides with that of Reuber and Fischer (2011) who exemplify the use of a broad-based review for enhancing understanding of a relatively new field. The relevant journals had to meet at least two out of the following three criteria: an impact factor of one or more in the Social Sciences Citation Index 2017, a classification of three or higher by the UK Association of Business Schools journal quality guide 2018 and a ranking of A or better by the Australian Business Deans Council journal quality list 2016. Twenty-five journals, listed in Table 1, which publish work related to SME internationalization and decision-making are considered in our review. They satisfy all the quality criteria with the exception of one journal that meets two criteria only. This signifies the high-perceived quality of our list of journals and the strong impact they have on the domain of management studies as a whole.

The number of papers on the internationalization of firms, particularly of SMEs, has increased markedly since 2000. Before that date, there were only 39 papers on SME internationalization, according to a review by Ribau et al. (2018). Additionally, despite a couple of studies, such as Cavusgil and Godiwalla (1982) and Walters (1993), the subject of internationalization decision-making had been largely ignored. Given the fact that most studies in leading journals on SME



internationalization decisions and their context appeared after 2000, the selected time frame of the review was from 2000 to 2016 inclusive.

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Insert Table 1 about here  
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Criterion sampling was used based on keyword searches in the list of selected journals (Shepherd et al., 2015). To develop the list of articles for review, we identified relevant articles by using the EBSCO, ProQuest, JSTOR Business, Emerald, and Science Direct databases and various keywords, including decision-making, decision, strategic decision, entry mode, decision mode, decision context, internationalization, export, licensing, effectuation and improvisation. We screened the title and the abstract of each potential article in order to identify relevant ones for inclusion in the review. Each identified article was read in detail by the first two authors. To ensure the robustness of our sampling procedure, the authors had to agree that each article was relevant to SME internationalization decision-making and that it examined a set of contextual variables. We discussed the few instances where there was an initial doubt about the inclusion of a paper until a consensus was reached. In addition, a trained researcher who is knowledgeable about the subject was tasked with replicating the procedure for identifying relevant articles from eight randomly selected journals (approximately 32% of the total selected journals) in order to verify and cross-check our search results. We also screened the references from the identified articles to detect if there was any relevant study that could not be captured by the above steps. The process described above yielded a total number of 70 studies that were included in this review.

We then analyzed the contextual variables of decision-making featured in each article. Table 2 provides examples of how we coded the 70 articles incorporated in Table 3. In the first stage, the multiple codes for the contextual factors linked to decision-making were identified. These were

further categorized in the second stage into four main aspects of context, namely, *decision*, *decision-maker*, *firm* and *environment*. These aspects are well established facets of decision-making context (Rajagopalan et al., 1997; Shepherd & Rudd, 2014) and capture the multilevel phenomenon inherent in SME internationalization decisions. The four aspects of context were used subsequently in constructing our proposed integrative framework. Finally, the research design and the theoretical perspective(s) applied in each selected article were identified and analyzed.

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Insert Table 3 about here  
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### 3. Review of previous research and an integrated framework

As shown in Table 3, the most commonly examined aspects (in 84% of the studies) were *firm*-specific factors such as resources, capabilities to innovate, internationalization experience, R&D intensity, followed by *decision-maker* characteristics such as expatriate and overseas experience, foreign language proficiency, risk propensity, managerial vision, relationship capital (73% of the studies), and *environment*-specific factors such as network, the institutional, political, economic environments and the market conditions of a host country (63% of the studies).

The least common foci of the selected articles are decision characteristics such as decision type/topic, importance and complexity (10%). Although related research in the strategic management literature shows an increasing interest in empirical evidence of the effects that decision-specific characteristics can have for decision-making processes and outcomes relative to these of other contextual variables (e.g. Elbanna & Child, 2007; Shepherd & Rudd, 2014), decision

characteristics receive little attention from scholars examining the internationalization decision-making of SMEs. Two further features are noteworthy. First, 81% of the studies reviewed did not examine how an internationalization decision was made or the process and logic that SME decision makers follow in reaching a decision to internationalize. Second, the review did not uncover any empirical study that examines whether, in regard to SME internationalization, different decision processes lead to different outcomes. These findings indicate an unbalanced development of the empirical literature on SME internationalization decision-making and its context.

To the best of our knowledge, extant research lacks an integrative framework which depicts how context influences the internationalization decision process and outcomes in SMEs. Basically, the existing literature does not provide much understanding of how and why context matters. While our review is of empirically-based articles, conceptual papers (e.g., Child and Hsieh, 2014; Maitland and Sammartino, 2015) and other reviews in related disciplines (e.g., Jones et al., 2011; Papadakis et al., 2010; Shepherd & Rudd, 2014) were also consulted in order to inform our integrated framework and to offer specific theoretical perspectives for advancing future research on SME internationalization decision-making.

We developed an integrative framework for the internationalization decision-making of SMEs. The building blocks of this integrative framework consist of the four aspects of *context* identified above and shown in Figure 1: decision, decision-makers, firm and environment factors; two stages of the *decision process*: decision-making and decision implementation factors; and two sets of *outcomes*: decision outcomes and organizational outcomes. The key assumption of the framework is that decision-making is context-dependent. In other words, a set of contextual factors will increase the likelihood that a particular internationalization decision-making process is followed, and this process in turn leads to certain outcomes. For example, rationality is one of the possible

decision-making process dimensions. Decision-specific, firm and environmental characteristics have been found to influence the rationality of decision processes (Elbanna and Child, 2007), while decision rationality is said to be positively associated with international performance (Deligianni et al., 2015).

The delineation of constructs and how they are linked are necessary requirements for theory development. Figure 1 identifies key constructs for the analysis of SME decision making on internationalization in its context, and links between them. It therefore provides a foundation for theoretical progress on which we can now build by elaborating the links proposed in Figure 1 and assessing our present knowledge on them.

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### *3.1. Links 1-5 and 5-1-7 (Decision-specific context)*

The way in which decision-makers label and categorize a decision strongly influences their subsequent actions (Elbanna & Child, 2007; Papadakis, et al., 2010). For example, given the limits on decision-makers' time and the fact that not all internationalization decisions are equally important, managers may approach these decisions differently. Foreign market entry modes, such as foreign direct investment, require a high degree of resource commitment and this is likely to encourage greater rationality in the decision process. The importance of this type of investment decision is indicated by the level of resource that its implementation requires and also by its strategic implications. Previous studies (e.g. Francioni et al., 2015; Vershinina et al., 2017) suggest that when the stakes are high, SME entrepreneurs are more likely to follow a rational logic. Most previous research on entry mode decisions tends to view such decision-making as a rational cost/benefit analytical process (e.g. Ji & Dimitratos, 2013). However, in conditions of high

uncertainty, switching from causal/rational to effectual logic allows firms rapidly to increase the level of their commitment in the foreign market and could assist in overcoming liabilities of outsidership (Kalinic et al., 2014).

Our knowledge about the role of decision-specific factors in the SME internationalization decision-making field remains very limited as shown in Table 3. There is a scope for future research to examine several decision characteristics that have been a theme of substantial interest in the general decision-making literature either as antecedents of decision-making process or as moderators of the relationships between decision process and outcomes. These characteristics include decision type (Burgel & Murray, 2000; Schweizer, 2012), magnitude of impact, decision uncertainty (Dayan et al., 2012; Elbanna & Child, 2007), the perception of the decision trigger as a crisis or an opportunity (Acedo & Galán, 2011; Elbanna et al., 2013; Ibeh, 2003), decision complexity (Hickson et al., 2001), and time pressure or decision urgency (Papadakis et al., 2010; Shepherd & Rudd, 2014).

### *3.2. Links 2-5 and 5-2-7 (decision-makers context)*

A focus on the role of managers' attributes reveals that the personal idiosyncrasies of managers affect their internationalization decisions (Arregle et al., 2012; Bell et al., 2004). The behavioural decision theory literature indicates that complex decisions are primarily the outcome of behavioural and human factors that can alter decision processes (Elbanna et al, 2014) leading to a violation of the assumptions of the rational model (Hambrick & Mason, 1984). Personal characteristics of decision-makers can be divided into demographic and psychological ones and both play important roles in decision-making processes and outcomes (Shepherd & Rudd, 2014).

*Demographic characteristics.* Demography refers to the composition of the individual or group decision makers under study, in terms of key attributes, such as gender, age, and educational

background. To understand the influence of decision-makers on the internationalization decision process, it is important to distinguish between demographic characteristics and to take account of their diversity. Demographic diversity refers to how far decision-makers are demographically heterogeneous. Previous studies have mostly focused on the variables of age, experience, and education (e.g., Arregle et al., 2012; Bell et al., 2004; Cannone & Ughetto, 2014; Crick & Spence, 2005; Debrulle & Maes, 2015; Fernandez-Ortiz & Lombardo, 2009; Ibeh, 2003; Pinho, 2007). No single characteristic of decision makers has been examined sufficiently to fully understand its role in decision-making (Shepherd & Rudd, 2014). This is especially true for decision-making on internationalization (Maitland and Sammartino, 2015). Other antecedents which may be important in the internationalization context are language skills (Mitchell et al., 2011; Sui et al., 2015; Williams & Chaston, 2004), the number and type of people who get involved in decision-making (Kalinic & Forza, 2012; Nummela et al., 2014), their cognitive style/diversity (Acedo & Galán, 2011) and position within the family or business (Calabrò et al., 2016). These factors could potentially influence the way in which decision makers think, shape the attention of decision makers, and therefore have consequences on decision-making and outcomes.

*Psychological characteristics.* In addition to demographic characteristics, some studies have investigated the effects of managers' psychological characteristics on decision processes. For example, social-psychological research on decision-making groups demonstrates that group cohesion increases if team members have similar perceptions about attitudes, beliefs and values. In turn, cohesiveness is likely to be linked to high conformity and commitment to earlier courses of action, a tendency to maintain the status quo, and limitations on decision-makers' ability to fully use and consider different sources of information (Shepherd & Rudd, 2014). Previous research has examined different psychological characteristics such as locus of control (Cheng et al., 2010), need

for achievement (Hodgkinson & Sparrow, 2002), risk taking propensity (Dimitratos et al., 2010; Pinho, 2007), proactiveness (Acedo & Galán, 2011) and global mindset (Goxe & Belhoste, 2018). Characteristics such as these have been less frequently examined in the realm of internationalization decision-making processes.

### *3.3. Links 3-5 and 5-3-7 (firm context)*

The decision process may be affected by certain organizational factors. Terjesen and Elam (2009), for example, propose that entrepreneurs depend on different sets of resources to navigate multiple cultural and institutional contexts when making strategic decisions about internationalization. Child and Hsieh (2014) draw attention to the knowledge domain of SMEs – ‘the base of knowledge from which their products or services are developed’ (p. 605) – with different sectors being associated with different types of knowledge domain. They articulate how knowledge domain is relevant to the rationality of the internationalization decision process. In this regard, the resource-based view and knowledge-based view help to explain how rational processes provide SMEs’ decision-makers with, or access to, relevant knowledge that positively influences decision performance (c.f. Nakos et al., 2019). Additionally, Rajagopalan *et al.* (1997) claim that alternative power distributions and structures may differently influence decision processes in diverse environments. Such factors may also moderate the effects of a decision process on its outcomes (Elbanna & Child, 2007).

The potential influence of internationalization-specific factors (e.g. the year and the stage/level of internationalization and internationalization performance) on a firm's decision-making needs to be taken into account. The behavioural theory of the firm (Cyert & March, 1963) and performance feedback theory (Wennberg & Holmquist, 2008), for example, assume that past performance is an important context for future decision-making. If decision-makers perceive past internationalization

performance as unsatisfactory, they may respond with 'problemistic search' (Posen et al., 2018). Moreover, the decision process may be affected by learning from SME international experience and knowledge (Debrulle & Maes, 2015). A higher percentage of SME foreign business is likely to predict great rationality in the decision process because this encourages the development of decision rules requiring systematic deliberation in the course of internationalization. Some recent literature suggests that, in the early phase of internationalization, SMEs tend to follow an effectual logic because it reduces the amount of information required for decision-making (Kalinic et al., 2014). In their subsequent internationalization, they become more causation-based and adopt a more planned, proactive and comprehensive rational approach to the development of their international business (e.g. Gabrielsson & Gabrielsson, 2013; Sarasvathy et al., 2014; Schweizer, 2012). Similarly, Cavusgil and Godiwalla (1982) found that the decision-making approach used during the early stages tends to be disjointed and incremental, whereas during the later stages, as firms acquire more knowledge and experience, they tend to follow a more systematic, sophisticated and formalised decision process. A study by Nummela et al (2014), however, has called for caution in accepting this as a generalization, pointing out the need to examine the context or nature of each internationalization decision.

A further distinction – between international opportunity exploitation and international opportunity exploration – is also potentially useful for understanding entrepreneurial decisions to internationalize (Mainela et al., 2014). This distinction has not received sufficient attention in existing research. It is important because it implies that firms face different levels of uncertainty in the course of foreign expansion. Exploitation focuses on efficiency and application of existing knowledge, whereas exploration refers to developing new knowledge and innovative forms of competitive advantage, occasioning greater uncertainty as to outcomes (March, 1991). SMEs often



lack the experience and resources required to pursue both strategies together, and this may encourage them to adopt a more intuition-based or effectual-based logic.

Other organizational variables, which are candidates for incorporation in future research, include firm resources (Schweizer, 2012), ownership structure/type (Arregle et al. 2012; Gashi et al., 2014) and strategic postures (Hagen et al., 2017). Firm age and size are often considered but usually only as control variables (e.g. Elbanna, 2012; Fabian et al., 2009).

### *3.4. Links 4-5 and 5-4-7 (environment context)*

Different sets of environmental variables need to be taken into account when making internationalization strategic decisions. According to contingency theory, the role of decision-makers, and the decision process and its outcomes, is influenced by environmental features such as uncertainty, dynamism and turbulence (Mitchell et al., 2011; Schweizer, 2012), hostility-munificence (Ibeh, 2003), favourability (Bell et al., 2004), complexity (Schweizer, 2012), and foreign market or political risk (Zhao & Hsu, 2007). For example, a study of decision-making on internationalization in six entrepreneurial firms concluded that under unpredictable environmental conditions, applying decision-making heuristics ('simple rules') learned from experience may be more appropriate than analytically complex and information-intensive 'rational' approaches (Bingham & Eisenhardt, 2011). Similarly, Andersen and Buvik (2002) argued that firms are more likely to rely on a relationship development approach rather than traditional (rational or disjointed incrementalism) approaches to making internationalization decisions if managers perceive high environmental uncertainty in target foreign countries. Moreover, Mainela and Puhakka (2009) found that managers prefer effectual decision-making in markets with high uncertainty.

Other environmental variables which may play a significant role in internationalization decision-making are regulatory differences across countries (Zhao & Hsu, 2007), institutional

pressures (Cheng & Yu, 2008; Li & Yao, 2010), level of democracy (Efrat & Shoham, 2013), religion (Richardson, 2014), competition intensity (Cannone & Ughetto, 2014), domestic or global crises, the industry in which the firm is competing and national culture (Dimitratos et al., 2011). Studies in this area can be divided into two broad categories. The first comprises those investigating the link between environmental characteristics and dimensions of the decision process (e.g. Elbanna & Child, 2007). The second comprises studies that investigate how environment moderates the relationship between dimensions of the decision process and organizational outcomes (e.g. Arregle et al., 2012).

Previous studies recognize that the internationalization process occurs in a social environment within which SME entrepreneurs and owner-managers can reduce uncertainty by making extensive use of network links or ties to access international markets (Lu & Beamish, 2001; Evers & O’Gorman, 2011). Network links may trigger a decision process to explore international markets, and the process is influenced by the types and forms of network relationship that SME decision-makers have and the value they attach to them (Aharoni et al., 2011). Social ties enable access to and exchange of more ‘fine-grained’ information whereas business ties, which are arms-length links characterized by their commercial and non-social nature, can provide information that is less redundant and of wider scope (Ellis, 2000). Decision-making that is more rational requires information of greater explicitness and scope and a wide range of network links. Thus, it can be expected that business rather than social ties in the home or host country facilitate a more rational approach to decision-making.

Our review indicates that little attention has been given to how different types of network link, and the information they can provide, may be associated with different decision processes and outcomes. This requires further investigation because network context shapes managerial

perception of risk, and as well as the planning and enactment of internationalization decisions (Child & Hsieh, 2014). Similarly, researchers need to pay more attention to mechanisms of international partner management such as rights to make decisions and performance monitoring schemes (e.g., Dimitratos et al., 2009). They need also to explore the role of ‘external control’, namely the degree of influence exerted on the firm by external actors who may play a critical role in important decisions (Shepherd & Rudd, 2014). For example, an SME’s dependency on external parties such as venture capitalists and government agencies may mean that they can influence its decisions. The founders of high-tech start-ups are said to exhibit strong orientations toward goal-setting and planning, reflecting causal decision logics, when their investors demand high level of accountability (Frese et al., 2019). Another important question is the impact on the decision process of prior internationalization decisions made by reference firms from the same economy (cf., Li & Yao, 2010).

### *3.5. Links 5-7, 6-7 and 5-6-7 (decision process)*

These links concern the process of decision-making and implementation in addition to the contextual factors which influence both of them (Elbanna et al., 2013; Rajagopalan et al., 1997). It should be borne in mind that decision-making and implementation are not alternatives but complements, and that decision-making can considerably affect decision implementation, with both of them jointly influencing decision outcomes.

For several decades, scholars have tried to model the decision-making process and identify its major stages and types (e.g. Hickson et al., 2001). Others have been interested in examining specific dimensions of the decision process, such as rationality or causation, intuition or effectuation, improvisation, reflexivity, centralized or situational modes, behavioural integration and lateral communication (e.g. Crick & Spence, 2005; Dimitratos et al., 2009; Ibeh, 2003;

Nemkova et al., 2015; Schweizer, 2012), as well as the impact of these dimensions on decision or organizational outcomes (e.g. Dean & Sharfman, 1996; George et al., 2005). There has also been an interest in the types of information collected, its sources and how such information, for example, influences export decision-making (e.g. Williams & Chaston, 2004).

However, with relatively few exceptions (e.g. Dimitratos et al., 2011; Evers & O’Gorman, 2011; Nummela et al., 2014; Reuber & Fischer, 2002) research on process in the realm of internationalization decision-making is rare. To complete an understanding of the internationalization decision process, we also need to consider how well decisions are implemented. Researchers, for example, could examine dimensions of the implementation process, such as speed and comprehensiveness, key success factors and challenges, as well as outcomes such as quality and success (e.g. Elbanna et al., 2014).

#### **4. Discussion: Avenues for progress**

Informed by our review of the current state of knowledge, Figure 1 proposes a synthesized framework which outlines the potential impact of contextual variables on the SME internationalization decision process and outcomes. The framework identifies key constructs and links between them, thus clearing the ground for theoretical and methodological progress in this field. In particular, the Figure serves to identify two avenues for the further development of the subject. The first avenue concerns how we might achieve the ambitious goal of integrating the main components of the framework shown in the Figure, constructively reconcile the underlying perspectives that inform them, and improve the key concepts and research designs that are employed. The second avenue comprises specific methodological issues associated with these components that need to be considered by future research. These two avenues are discussed in turn.

#### *4.1. Integrating the components of the framework*

A fuller understanding of the complexity of internationalization decision-making in the global context will best be gained through greater integration of the various theoretical perspectives contained in the literature we have reviewed. Several paths toward this goal could be pursued.

##### *4.1.1. Integrating different perspectives*

While there is no reason to assume that our proposed framework is inclusive of all potentially relevant contextual perspectives or variables associated with those perspectives, it draws upon a range of them. The challenge is to identify their complementary contributions and to achieve greater synthesis between them. Future research studies should consider including both new and current perspectives on context in order to advance research on the internationalization decision-making of SMEs. For example, there is a scope for a greater synthesis between IB, IE and political perspectives as a platform for bringing together the various aspects of context identified in Figure 1.

The IB perspective draws particular attention to firm and environmental characteristics as antecedents to decision-making, whereas the IE perspective complements the former by drawing attention to antecedents based on the personal characteristics of the decision-makers as well as the personal network attachments on which they may rely for support. The links to external networks available to SME entrepreneurs, and the institutional conditions under which they operate, are among the contextual factors most deserving of further research because they are likely to impact on their understanding and evaluation of decision possibilities through the information, potential assistance, and other implications they carry for the firm. Moreover, the incorporation of a political action perspective would inform the possibilities open to entrepreneurs to mobilize external network support for purposes such as widening their available decision options by reducing

institutional constraints or opening new market opportunities. Generally speaking, SMEs have very limited power to do this unless, like some born globals, they develop a highly-valued unique asset such as a technological breakthrough (Child & Rodrigues, 2011). This example points to the possibilities of advancing our theoretical understanding by integrating the insights of IB, IE and political perspectives.

One basis for reconciling IB and IE perspectives could be the notion of rationality (reasoning) applied to internationalization decisions, which continues to be under-researched. In this vein, Jones and Casulli (2014) argue that in addition to individual experience, which is already well appreciated as an influence on SME internationalization, more attention needs to be given to the reasoning associated with internationalization decisions. Giving attention to decision-makers' reasoning within a synthesis of the IB and IE perspectives would encourage further exploration of how contextual factors contribute to shaping SME decision-makers' cognitions. Greater attention to the interpretations and reasoning of decision-makers would also help to account for the evident variation in decisions on SME internationalization that are made under ostensibly similar contextual conditions. It would serve to test assumptions of contextual determinism. In view of the individualized nature of much SME decision-making on strategic issues such as internationalization, there is a strong case for continuing to develop the subjective cognitive emphasis emanating primarily from the IE perspective. Thus, as is now recognized in regard to 'distance' between domestic and foreign markets, it is the interpretation of that distance and of its implications by decision-makers that is consequential for the actions they decide to take rather than any objective measure of the distance *per se* (Child et al., 2009).

#### 4.1.2. *Integrate theoretical perspectives across levels*

An array of theoretical perspectives has been used to explain the influence of the four aspects of context on SME internationalization decisions. Across the 70 articles reviewed, the most commonly applied perspectives have been *theory of the international new venture* (Baum et al., 2013; Kalinic & Forza, 2012; Terjesen et al., 2008), *institutional theory* (Cheng & Yu, 2008; Gallego & Casillas, 2014; Fabian et al., 2009), *the resource-based view* (Fernández-Olmos & Díez-Vial, 2013; Julien & Ramangalahy, 2003), *transaction cost theory* (Shrader, 2001) and *network theory* (Chetty & Agndal, 2007; Kontinen & Ojala, 2012; Ojala, 2009). Other less frequently applied theories are, for example, *cultural relativity theory* (Dimitratos et al. 2011), *stage theory* (Cheng & Yu, 2008; Burgel & Murray, 2000), *contingency theory* (Ibeh, 2003; Sousa & Novello, 2014), *organizational learning theory* (Cannone & Ughetto, 2014; Dasi et al. 2015), *internalization theory* (Madsen et al. 2012), *agency theory* (George et al., 2005) and *the knowledge-based view* (Dimitratos et al., 2009). The range of theoretical perspectives applied in previous work indicates that the analysis of SME internationalization decisions spans the levels of environment, organization and individual.

It is worth noting that much IE research integrates the resource-based view and network theory to explain firm internationalization (see the review by Jones et al., 2011). According to this stream of research (e.g. Coviello & Cox, 2006), ‘insidership’ in relevant networks influences opportunity recognition and the ability to mobilize resources within the networks to realize the opportunity. Although these theoretical perspectives can help shed light on the effect of managerial cognition on internationalization decisions, they are generally silent about how SME leaders' attention to information, and their choice of decision logic, may be influenced by the context in which the internationalization decisions are made. The *theory of planned behaviour* in psychology could

complement these perspectives by explaining how an individual's 'attitudes', 'subjective norms' and the degree of 'perceived behavioral control' may determine his/her intention to 'perform the behavior under consideration' (Ajzen, 1991).

However, among the articles we reviewed, only one applied the *theory of planned behaviour*. In this study, Acedo and Galán (2011) found that SME managers' decision-making on internationalization is influenced by their perceived ease or difficulty of engaging in IB development (perceived behavioural control), which in turn depends on the extent to which that they have access to relevant information as well as the required resources and competence to deal with given situations in foreign markets. Another potentially complementary perspective is the *attention-based view* which assumes that firm behaviour is determined by the particular context, or situation individuals or decision-makers find themselves in and the issues or activities to which they pay attention (Ocasio, 1997). Our review indicates that this approach has so far been neglected.

Finally, as decision-making can be influenced by variables at multiple levels (e.g., environment, firm, individual, and decision), it is important to take a multilevel approach in theorizing and examining internationalization decisions and the impact of different aspects and levels of context in which SMEs and their leaders are embedded. Theories that can be applied to articulate the role of context in decision-making have been rarely considered. We suggest three main theories that potentially inform research on the context of internationalization decision-making. The first is contingency theory which argues that boundary conditions specify when to use a given type of decision process. These boundary conditions are associated with two types of contingencies, namely content (decision type) (Hickson et al., 2001) and context (decision, decision-makers,



organization and environment) (Rajagopalan et al., 1997). Unexpectedly, little research has been done to examine this contention.

The second is action theory which considers the effects of situational factors and provides ‘an if-then approach’ to taking action. This theory calls for a shift from the ‘is emphasis’ to that of ‘ought’, which is context dependent and allows prescription and description to be combined (Nutt & Wilson, 2010). An ‘is’ approach captures what was done and disregards other possibilities; while an ‘ought’ approach pinpoints what can be used to enhance the results of action taking and suggest tests of what works and what benefits can be expected.

The third is institutional theory which offers an additional powerful analytical lens for exploring the impact of inter-organizational political influence on decision making by addressing the issue of institutional regulation versus self-regulation (Scott, 2001). In this respect it is complementary to the political action perspective previously mentioned. Other relevant theories to be considered in future research when examining certain perspectives are, for example, cultural relativity theory in respect of national culture (Dimitratos et al., 2011), and upper echelon theory and information processing theory in respect of decision makers demography and group processes (Olson et al., 2007).

#### *4.1.3. Incorporate multiple facets of decision outcomes*

A limitation of most previous studies on decision-making is that they apply a single indicator of success (Elbanna et al., 2013), whereas decision outcomes are multifaceted in nature as shown in Figure 1. Thus, a decision may be successful at one level but not at another. To achieve an inclusive picture of internationalization decision-making, there is a need to examine the outcomes of decisions at two levels, namely, decisional (e.g. decision effectiveness and propitiousness) and organizational (e.g. growth in sales or profit and learning) and study the role of context in

influencing these outcomes. Contextual variables are likely to influence the outcomes of SME internationalization decisions in at least two ways. First, organizational factors can affect how effectively decisions are implemented. For instance on the negative side, inadequate competencies and even resistance to change among staff could limit or distort the implementation of decisions. Second, wider environmental conditions such as foreign market demand or government policies could change after a decision is taken, and nullify the assumptions informing the decision. In this latter example, high political risk may mediate between decisions and their outcomes.

### *4.1.4. Decision-making context and decision rationality*

One way of theoretically organizing the indications of contextual influence that arise from available studies is to focus on decision rationality. Underlying many discussions of the decision process has been the extent to which it approximates to the rational model of decision-making in terms of the degree of prior goal-setting, planning, and the systematic assessment of alternatives. Reference to these criteria has enabled rationality to be contrasted with a reliance on intuition, precedence (incrementalism), or learning by doing (Child & Hsieh, 2014). While our review shows the results of empirical research on the SME decision-making process to be fragmented and not entirely consistent, there is nevertheless sufficient evidence to encourage predictions about the influence on decision rationality of the contextual factors identified in Figure 1. Table 4 summarizes predictions of which contextual antecedent factors increase the likelihood that a rational decision-making process will be followed. These factors are categorized according to links 1-5 to 4-5 of our review. The same approach can be applied to predicting other dimensions of internationalization decision-making such as reflexivity and effectuation/intuition.

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Insert Table 4 about here  
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#### *4.2. Methodological implications*

Our review of related research points to four methodological implications for future research.

These concern research design, sampling, clearer conceptualization and the role of ‘third factors’.

##### *4.2.1. Research design*

The review identifies three shortcomings in research design which require the attention of future researchers. First, most of the existing research in this area is cross-sectional – only seven of the 70 reviewed articles reported longitudinal studies. Given the limitations of cross-sectional designs, the adoption of longitudinal research designs is needed to establish valid causal relationships between contextual variables and decision processes or outcomes and to understand how these relationships develop over time. This is not, however, to deny the contribution that cross-sectional studies designed to be *comparative* across different country and sector contexts could make to clarifying the relevance of these different contexts for SME decision-making. As noted below, such studies have also been rare.

Second, insights into how and why study variables interact holistically to shape a particular decision-making process requires case studies that are content and context-rich. While these studies have played an important role in developing the insights summarized in this review, the benefit of this approach would be enhanced if case-based investigations were designed to offer more direct comparisons with one another, through applying common dimensions within a common overall framework such as that set out in Figure 1. Moreover, most existing case-based studies employ small samples (e.g. Schweizer, 2012; Kalinic et al., 2014; Nummela et al., 2014).

Third, most studies we reviewed adopted an organizational/firm level of analysis. Very few focused on individual decisions (e.g. Katsikea & Morgan, 2003; Shrader et al., 2000). The assumption that organizations have consistent decision-making processes is also problematic since the context of each decision usually varies from one decision to another even in the same organization (Elbanna & Child, 2007; Hickson et al., 2001).

Another related issue regarding the unit of analysis is equally important. The application of Sarasvathy's effectuation perspective, which focuses on specific decisions and individual decision-making as the units of analysis, to the study of team/group or corporate decision-making behaviour, may not be appropriate (e.g. Nummela et al., 2014). The question is whether an individual decision-maker offers a good representation for a team or firm's decision-making practice (McKelvie et al., 2019). When there are multiple actors involved in the decision-making process, it would be inappropriate to apply individual decision-making theorizing to other levels of analysis and it therefore requires a shift in perspective. For example, upper echelons theory or political behaviour might fit better with the team level of analysis. Future research should therefore ensure a good fit between the unit/level of analysis and the theoretical perspective applied.

### *4.2.2. More representative regions sampled*

Our review shows that the regions sampled are biased toward Europe (62.7%). Fewer studies have been conducted in other regions such as Asia (17.3%), North America (14.6%) and the rest of the world (5.4%). Only 17.3% of the studies have data from two or more countries. Moreover, very few studies used worldwide samples (e.g. Cannone & Ughetto, 2014) or specific categories covering a large number of countries such as transition countries (e.g. Gashi et al., 2014). This is a significant sampling limitation. Since results derived from one country are suggestive rather than definitive and cannot be generalized, the different national contexts of these results need to be

considered in order to assess their applicability to different societies/nations. Moreover, scholars need to give more attention to some prominent or emerging economies, such as Brazil, Russia, India, Japan, Turkey, China and the Arab Middle East, which have only rarely been examined in the sampled journals (e.g., Li & Yao, 2010). A comparable call can be made for studies that systematically compare SMEs located in different industries given that these are indicative of different technological, social and regulatory contingencies (cf. Child et al., 2017).

### *4.2.3. Clearer conceptualization*

Our review suggests that much current theorizing about SME decision-making on internationalization may be unduly constrained by conceptual limitations and over-simplification. For example, core concepts such as ‘international orientation’ and ‘network’ have often been applied with insufficient clarity and consistency. Does a decision-maker’s international orientation refer to a favourable disposition towards engaging in foreign markets or to an informed awareness of IB conditions? Regarding networks, it is widely acknowledged that ties to external networks can support the internationalization of SMEs through providing access to resources such as information, human capital and finance. However, there is considerable variation between qualitatively different forms of network tie, the people and organizations that comprise the relevant network, the specific functions they perform for an SME, and the extent to which they enter directly or indirectly into its decision processes. These variations and their implications for SME internationalization decision-making have rarely been studied.

The many nuances in decision-making and decision implementation suggested by Figure 1 indicate that simple dichotomies such as that between causation and effectuation (Sarasvathy, 2001), or incommensurable ideal types such as the four classic decision modes identified by Child and Hsieh (2014), are inadequate. Such nuances could be better captured if the concepts employed

in decision analysis are deconstructed into their constituent dimensions. This would open up the possibility of comparing variations between cases along each dimension, and constructing configurational profiles, rather than being stuck with apparently non-comparable monolithic constructs. Dimensionalizing decision-making concepts opens up the possibility of moving beyond analyses based on rigid distinctions (such as causation versus effectuation) towards a more differentiated view founded on constituent dimensions.

An instructive precedent of how this approach can enable a progression to systematic empirically-based comparisons was how the Aston studies deconstructed existing organizational models such as bureaucracy into consistent dimensions and in this way made possible two important developments. These were (1) a more precise assessment of contextual (antecedent) effects on specific organizational variables, and (2) the empirical identification of a larger range of organizational configurations (Pugh & Hickson, 1976). Likewise, only by developing a comparative methodology that takes account of constituent decision-making dimensions can more specific comparisons be made between different decision processes. This in turn would facilitate more precise studies into the influence that contextual factors have on decision process characteristics, and the consequences that such characteristics have for decision outcomes.

### *4.2.4. The role of 'third factors'*

Figure 1 identifies a highly complex set of potential relationships in and around the process of SME decision-making on internationalization. The framework can direct attention toward the role of '*third factors*', such as moderating (e.g. Links 5-4-7 and 5-3-7) and mediating (Link 5-6-7) effects on the relationship between internationalization decision process and outcomes. For example, do environmental variables, such as uncertainty and hostility, moderate the relationship between internationalization decision process and outcomes? What is the role of potential

moderating variables that are involved in interactions across levels of analysis (Andersson et al., 2014)? Do decision-maker characteristics moderate the influence of other aspects of the decision context on the decision process? Such questions require the attention of researchers since our understanding of the role of contextual effects on the relationship between decision processes and outcomes is very limited in the case of SMEs.

### ***Conclusion***

This article is the first one to provide a critical review of empirical studies on the relevance of context to SME internationalization decision-making. It concludes that greater theoretical integration around the concept of context is desirable and possible, and that this needs to be informed by insights from different perspectives such as political action, strategic management, IB and IE. It also argues that progress will require greater conceptual precision and the deconstruction of certain key concepts in order to facilitate more exact comparative research. This review will be of considerable relevance to international marketing, IB and IE scholars because they share an interest in how decision-makers decide on internationalization under different contextual conditions. It offers a framework for analyzing how decision-makers make decisions on international market entry, the decision process involved, and their implications for decision and organizational outcomes, which all remain relatively unexplored in the SME internationalization literature (Ahi et al., 2017; Ji & Dimitratos, 2013). It will also appeal to strategic management scholars who examine internationalization as a strategic decision.

On a practical note, this review of the literature is relevant for managers and owners of SMEs to encourage their awareness of the role of context in internationalization decisions and the implications it has for choosing between alternative approaches to making such decisions. An

important implication for SME practitioners of our integrative framework is that they should monitor the different contextual or contingent factors related to internationalization. This should assist them to identify those situations in which, for instance, investment in a more rational decision-making process would be justified. The following are examples of the specific questions arising from the links identified in the Figure 1 framework that we suggest decision makers should ask themselves:

- *Links 1-5*: Is the decision of sufficient importance and/or complexity that additional procedures and rules should be applied to the process of making it?
- *Links 2-5*: Do the decision-makers have previous experience relevant to a decision facing them, and confidence in their ability to handle it, or should they seek external advice?
- *Links 3-5*: Is a proposed decision to enter a new market consistent with the firm's business model? Does the firm have an adequate portfolio of external network links to inform and support its decision-making on international expansion?
- *Links 4-5*: Are the firm's existing decision-making procedures suited to a growing rate of change and general uncertainty in its international environment, or should it rely more on the intuition and experience of its staff?
- *Links 5-7 & 6-7*: Does the firm have processes and organizational support adequate for the effective implementation of its decisions?

Overall, it is important for SME decision-makers to diagnose their internal competencies and capabilities, to understand the implications of external environmental conditions for decision-making, and how far they can rely on existing available network ties and resources, as well as their internationalization knowledge and experience, for exploiting opportunities in foreign markets.



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More subtly, but nonetheless relevant, they need to consider which approach they find comfortable in view of their own personality and culture.

**Table 1**  
**Journals included in the review and indicators of their quality**

| Journals  | Number of articles reviewed | Impact factor 2017 | ABS 2018 | ABDC 2016 |
|---|-----------------------------|--------------------|----------|-----------|
| Academy of Management Journal                         | 2                           | 6.70               | 4*       | A*        |
| Asia-Pacific Journal of Management                    | 2                           | 2.47               | 3        | A         |
| British Journal of Management                         | 1                           | 3.06               | 4        | A         |
| Entrepreneurship and Regional Development             | 4                           | 2.79               | 3        | A         |
| Entrepreneurship Theory and Practice                  | 5                           | 5.32               | 4        | A*        |
| European Management Review                            | 1                           | 1.25               | 3        | C         |
| International Business Review                         | 12                          | 2.75               | 3        | A         |
| International Marketing Review                        | 5                           | 2.60               | 3        | A         |
| International Small Business Journal                  | 8                           | 3.90               | 3        | A         |
| Journal of Business Research                          | 3                           | 2.51               | 3        | A         |
| Journal of Business Venturing                         | 0                           | 6.00               | 4        | A*        |
| Journal of International Business Studies             | 2                           | 6.20               | 4*       | A*        |
| Journal of International Management                   | 1                           | 2.30               | 3        | A         |
| Journal of International Marketing                    | 3                           | 3.30               | 3        | A         |
| Journal of Small Business Management                  | 4                           | 3.25               | 3        | A         |
| Journal of World Business                             | 5                           | 3.993              | 4        | A         |
| Long Range Planning                                   | 0                           | 3.22               | 3        | A         |
| Management International Review                       | 4                           | 2.28               | 3        | A         |
| Small Business Economics: An Entrepreneurship Journal | 3                           | 2.85               | 3        | A         |
| Strategic Entrepreneurship Journal                    | 0                           | 3.49               | 4        | A         |
| Strategic Management Journal                          | 1                           | 5.48               | 4*       | A*        |
| Harvard Business Review                               | 0                           | 4.37               | 3        | A         |
| Industrial Marketing Management                       | 2                           | 3.68               | 3        | A*        |
| Journal of Management                                 | 1                           | 8.08               | 4*       | A*        |
| Journal of Management Studies                         | 1                           | 5.33               | 4        | A*        |
| <b>Total</b>  | <b>70</b>                   |                    |          |           |

**Table 2**  
**Examples of coding of relevant studies**

| <b>Examples</b>        | <b>Contextual factors linked to decision-making</b>   | <b>Aspects of context</b>   |
|------------------------|---|---|
| Pinho (2007)           | <ul style="list-style-type: none"> <li>- Degree of similarity in business practices, perceived risk, sales and market growth potential, market infrastructures</li> <li>- Firm size/economies of scale, firm ability to innovate, ownership structure, firm international experience</li> <li>- Managerial orientation for risk, managerial market-specific knowledge, main decision maker age and education</li> </ul> | <ul style="list-style-type: none"> <li>- Environment</li> <li>- Firm</li> <li>- Decision maker</li> </ul> |
| Schwens et al. (2011)  | <ul style="list-style-type: none"> <li>- Importance of an international activity decision</li> <li>- Firm size, proprietary know-how, family business, motives, resource endowment, firm international experience</li> <li>- Industry, informal institutional distance, formal institutional risk</li> </ul>  | <ul style="list-style-type: none"> <li>- Decision</li> <li>- Firm</li> <li>- Environment</li> </ul>       |
| Ripollés et al. (2012) | <ul style="list-style-type: none"> <li>- International experience of managers, entrepreneurial orientation,</li> <li>- Turnover and the number of employees, international market orientation, early international entry, firm international experience, extent of internationalization, the number of countries entered</li> </ul>   | <ul style="list-style-type: none"> <li>- Decision maker</li> <li>- Firm</li> </ul>                        |

**Table 3****Aspects of internationalization decision-making context considered by articles reviewed**

| Study                                   | Aspects of context |                |      |             |
|---|--------------------|----------------|------|-------------|
|   | Decision           | Decision-maker | Firm | Environment |
| 1. Burgel and Murray (2000)             | ✓                  | ✓              | ✓    | ✓           |
| 2. Shrader et al. (2000)                |                    | ✓              | ✓    | ✓           |
| 3. Lu and Beamish, (2001)               |                    | ✓              | ✓    |             |
| 4. Shrader (2001)                       |                    |                | ✓    | ✓           |
| 5. Westhead et al. (2001)               |                    |                | ✓    | ✓           |
| 6. Reuber and Fischer (2002)            |                    | ✓              | ✓    |             |
| 7. Julien and Ramangalahy (2003)        |                    |                | ✓    | ✓           |
| 8. Katsikea and Morgan (2003)           |                    | ✓              | ✓    | ✓           |
| 9. Ibeh (2003)                          |                    | ✓              | ✓    | ✓           |
| 10. Bell et al. (2004)                  |                    | ✓              | ✓    |             |
| 11. Williams and Chaston (2004)         |                    | ✓              | ✓    |             |
| 12. Collinson and Houlden (2005)        |                    | ✓              |      | ✓           |
| 13. Crick and Spence (2005)             |                    | ✓              |      | ✓           |
| 14. Rasheed (2005)                      |                    |                | ✓    | ✓           |
| 15. George et al. (2005)                |                    |                | ✓    |             |
| 16. Spence and Crick (2006)             |                    |                | ✓    | ✓           |
| 17. Chetty and Agndal (2007)            |                    |                | ✓    | ✓           |
| 18. Holmlund et al. (2007)              |                    | ✓              | ✓    | ✓           |
| 19. Pinho (2007)                        |                    | ✓              | ✓    | ✓           |
| 20. Loane et al. (2007)                 |                    | ✓              | ✓    |             |
| 21. Zhao and Hsu (2007)                 |                    |                | ✓    | ✓           |
| 22. Cheng and Yu (2008)                 |                    | ✓              | ✓    |             |
| 23. Coeurderoy and Murray (2008)        |                    | ✓              | ✓    | ✓           |
| 24. Terjesen et al. (2008)              |                    | ✓              | ✓    | ✓           |
| 25. Dimitratos et al. (2009)            |                    |                | ✓    | ✓           |
| 26. Fernández-Ortiz and Lombardo (2009) |                    | ✓              |      |             |
| 27. Fabian et al., (2009)               |                    |                | ✓    | ✓           |
| 28. Ojala (2009)                        |                    |                | ✓    | ✓           |
| 29. Terjesen and Elam (2009)            |                    | ✓              | ✓    | ✓           |
| 30. Dimitratos et al. (2010)            |                    | ✓              | ✓    |             |
| 31. Hessels and Terjesen (2010)         |                    | ✓              | ✓    | ✓           |
| 32. Acedo and Galán (2011)              |                    | ✓              |      | ✓           |
| 33. Dimitratos et al. (2011a)           |                    |                | ✓    | ✓           |
| 34. Evers and O’Gorman (2011)           |                    | ✓              |      | ✓           |
| 35. Higón and Driffeld (2011)           |                    | ✓              | ✓    | ✓           |
| 36. Ibeh and Kasem (2011)               |                    | ✓              | ✓    | ✓           |
| 37. Schwens et al. (2011)               | ✓                  |                | ✓    | ✓           |
| 38. Shih and Wickramasekera (2011)      | ✓                  | ✓              | ✓    | ✓           |
| 39. Arregle et al. (2012)               | ✓                  | ✓              | ✓    | ✓           |
| 40. Bangara et al. (2012)               |                    |                | ✓    | ✓           |
| 41. Kalinic and Forza (2012)            |                    | ✓              | ✓    | ✓           |
| 42. Kontinen and Ojala (2012)           |                    |                | ✓    | ✓           |
| 43. Madsen et al. (2012)                |                    |                | ✓    |             |
| 44. Maekelburger et al. (2012)          |                    |                | ✓    | ✓           |
| 45. Ripollés et al. (2012)              |                    | ✓              | ✓    |             |
| 46. Schweizer (2012)                    | ✓                  | ✓              | ✓    | ✓           |

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| Study                           | Aspects of context |                 |                |                |
|---------------------------------|--------------------|-----------------|----------------|----------------|
|                                 | Decision           | Decision-maker  | Firm           | Environment    |
| 47. Baum et al. (2013)          |                    | ✓               | ✓              | ✓              |
| 48. Efrat and Shoham (2013)     |                    |                 | ✓              | ✓              |
| 49. Gashi et al. (2014)         |                    |                 | ✓              | ✓              |
| 50. Richardson (2014)           |                    |                 |                | ✓              |
| 51. Cannone and Ughetto (2014)  |                    | ✓               | ✓              | ✓              |
| 52. Gallego and Casillas (2014) |                    |                 | ✓              | ✓              |
| 53. Huett et al. (2014)         |                    |                 | ✓              |                |
| 54. Kalinic et al. (2014)       | ✓                  | ✓               | ✓              | ✓              |
| 55. Nummela et al. (2014)       |                    | ✓               | ✓              | ✓              |
| 56. Sarasvathy et al. (2014)    |                    | ✓               |                | ✓              |
| 57. Sousa and Novello (2014)    |                    |                 | ✓              | ✓              |
| 58. Chandra et al. (2015)       |                    | ✓               |                | ✓              |
| 59. Chen et al. (2015)          |                    | ✓               |                | ✓              |
| 60. Dasí et al. (2015)          |                    |                 | ✓              |                |
| 61. Debrulle and Maes (2015)    |                    | ✓               |                |                |
| 62. Deligianni et al. (2015)    |                    | ✓               | ✓              | ✓              |
| 63. Nemkova et al. (2015)       | ✓                  |                 | ✓              |                |
| 64. Sui et al. (2015)           |                    | ✓               | ✓              |                |
| 65. Barron et al. (2016)        |                    |                 | ✓              | ✓              |
| 66. Calabrò et al. (2016)       |                    | ✓               | ✓              |                |
| 67. Laufs et al. (2016)         |                    | ✓               | ✓              | ✓              |
| 68. Musteen (2016)              |                    | ✓               |                |                |
| 69. Onkelinx et al. (2016)      |                    | ✓               | ✓              |                |
| 70. Thanos et al. (2016)        |                    | ✓               | ✓              | ✓              |
| <b>Total</b>                    | <b>7 (10%)</b>     | <b>44 (63%)</b> | <b>59(84%)</b> | <b>51(73%)</b> |

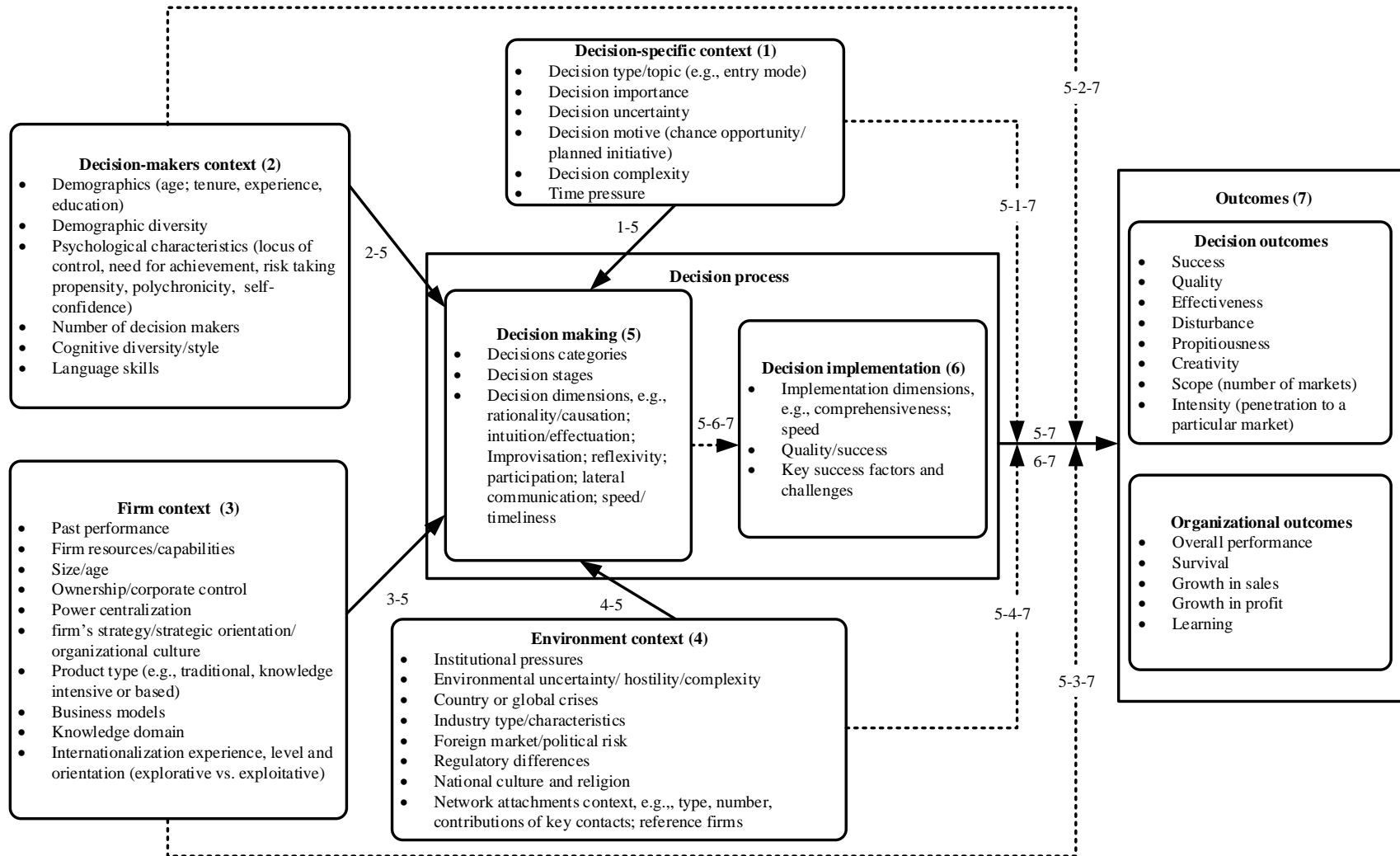
**Table 4**

**Antecedent factors predicted to encourage greater rationality in SME decision-making on internationalization**

|   |  |
|---|--|
| <p><b>Link 1-5: Decision-based antecedents</b></p> <ul style="list-style-type: none"> <li>• Decision type (e.g. higher resource commitment, entry mode)</li> <li>• Greater importance</li> <li>• Greater uncertainty (especially when importance is high)</li> <li>• Planned initiative (trigger is an opportunity rather than a crisis)</li> <li>• Complex issue</li> <li>• Low time pressure/low urgency</li> </ul>   | <p><b>Link 2-5: Decision-makers-based antecedents</b></p> <ul style="list-style-type: none"> <li>• Younger age</li> <li>• Shorter tenure</li> <li>• Less experience</li> <li>• Higher educational level</li> <li>• Larger number of decision makers</li> <li>• High demographic diversity</li> <li>• Lower risk-taking propensity</li> <li>• Lower locus of control</li> <li>• Lower self confidence</li> <li>• Analytical cognitive style</li> </ul>  |
| <p><b>Link 3-5: Firm-based antecedents</b></p> <ul style="list-style-type: none"> <li>• Lower internationalization performance</li> <li>• Higher % international sales</li> <li>• Stronger exploitative orientation</li> <li>• High slack/greater resources</li> <li>• Larger size</li> <li>• Managerial rather than owner control</li> <li>• Lower concentration of intra-firm power</li> <li>• Greater internationalization experience/age of firm</li> <li>• Higher knowledge base</li> <li>• Greater strategic clarity</li> </ul> | <p><b>Link 4-5: Environment-based antecedents</b></p> <ul style="list-style-type: none"> <li>• Lower volatility</li> <li>• Greater hostility/lower munificence</li> <li>• Greater complexity</li> <li>• Greater competitive intensity</li> <li>• Threat of regional or global crises</li> <li>• Higher knowledge base of the industry</li> <li>• Business rather than social network attachments</li> <li>• Larger number of key contacts</li> <li>• Higher external control/review by external parties</li> </ul> |

## Contextualizing internationalization decision-making in SMEs

Figure 1: An integrated framework for future research on contextualizing internationalization decision-making research in SMEs



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