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The role of Information Alignment and Entrepreneurial traits on SME Internationalization: A Conceptual Framework

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1. Introduction

World over, small- and medium-scale enterprises (SMEs) are regarded as fountainheads of entrepreneurship, innovation, nimble-footed change agents, major employers in terms of absolute numbers and major contributors to the society's economy (Covin and Miller, 2013; Shukla, 2004). In the past few decades, the nature of trade has become increasingly global, which in turn, offers numerous opportunities for firms to globalize (Ruzzier et al., 2006; Yip, 1989). This represents both significant opportunities and challenges for SMEs as many are rooted in their local environment. The internationalization literature is replete with studies focusing on multinational enterprises (MNE) context (Dunning, 1988; Williamson, 1973). However the information available on internationalisation choices is often incomplete or structured in a way that makes it difficult to compare or evaluate options. While most MNEs follow a structured approach for internationalization and have substantial resources available to analyse the incomplete and at times ambiguous information, many SMEs do not possess appropriate skills or resources. For example, skills to interpret and utilize available information and complex market signals, which leads to many failed attempts. Extant research recognizes that a crucial differentiator between MNEs and SMEs is the role of owner/ manager of SMEs as key decision maker in the context of internationalisation (Holt, 2012; Maekelburger et al., 2012; Olejnik, 2012; Ruzzier et al., 2006). Research into entrepreneurial cognitive behaviour recognises the critical role of appropriate information (Baron and Ensley, 2006). Extant research on SMEs indicates that both, the availability of comparative information and internationalisation motivation are key subsets for informed owner/ manager decision-making (e.g. Ellis, 2010; Oviatt and McDougall, 2005; Terjesen et al., 2013). However little is known about the owner/ manager's approach to cognitive processing of the available information and motivation nor its impact on the internationalisation decision.

Extending this line of enquiry we integrate the impact of differently structured information through Structural Alignment Theory (SAT) on one hand, and the role of different motivation goal orientations using Regulatory Focus Theory (RFT) on the other in SME owner/ manager internationalisation decision making. Therefore it is important to researchers, practitioners and policy makers as scholarly advances on SAT have established that the alignability of information structure critically aids the decision making process. Equally, research on RFT has established that decision maker's motivational approach shapes the outcome of any decision itself. The suggested conceptual framework on the SME owner/ manager's decision to internationalise considers the effects of information structure through SAT and the motivational goal orientation through RFT in an integrated theoretical framework.

SAT is concerned with differences in information structure when evaluating options. Attributes of a feature that is present in multiple options are alignable; attributes are non-alignable if the feature is unique to an option (Tversky, 1977). Decisions are based on alignable differences (differences between features present in both options) and our ability and willingness to process unique, non-alignable features (Sun et al., 2012). Independent of the structures of information, decision makers approach life situations differently. RFT describes the motivation and goal orientation of individuals in life situations as Promotion- and Prevention-focused (Higgins, 1997; Kruglanski et al., 2000; Higgins et al., 2001). The former focuses on the presence of positives (and avoids the absence of positives) whereas the latter aims for the absence of negatives (and avoids the presence of negatives). Both SAT and RFT have been researched independently in psychology (Gentner, 1983) and consumer behaviour (Sun et al., 2012; Zhang and Markman, 1998). The objective of this study is to develop a new integrative conceptual framework to understand more fully the cognitive interaction between the decision maker's motivation and the processing of differently structured information. Propositions are presented that contribute to the understanding of both theories, owner/ manager decision-making and internationalisation frameworks.

2. SME Internationalization Decisions

2.1. Internationalization and international entrepreneurship

Internationalisation of a business is seen as undertaking business activities in a country other than the firm's home country (Johanson and Vahlne, 1990; McCole et al., 2010). Further, internationalisation is defined as a bi-directional i.e. inward and outward activity (Freeman, 2013). Early internationalisation theories considered economic factors in the creation of MNEs focusing on cost-benefit analysis of cross-border versus domestic operations such as Internalisation (Caves, 1971) or Transaction-Cost Economics (Gilroy, 1993) The Uppsala and Innovation-Related stage-models consider SME operations and are based on incremental learning and increasing commitment to international markets (Johanson and Vahlne, 2009). Further, stage models recognise that non-economic factors such as psychic distance impact on internationalisation decisions; Mode of Entry and Speed of Internationalisation are described as key outputs (Johanson and Vahlne, 1990, 2009). Further, Johanson and

Mattsson's (1988) Network-Based approach recognises a) the information processing intensity necessary in informed internationalisation decisions as well as b) that said information processing and decision making resides with a single person in large and small businesses. Consolidating earlier theories of internationalisation and drawing upon entrepreneurship literature, Oviatt and McDougall (2005) introduced International Entrepreneurship (IE) as a conceptual framework to explore internationalisation in the context of SMEs rather than MNEs. SME internationalisation literature acknowledges that so called 'born-global' ventures launch to be international from the outset (Freeman, 2013; Kalinic and Forza, 2012; Olejnik, 2012). Although other perspectives such as a Resource-Based View of Internationalisation (Ahokangas et al., 2010) are emerging through the integration of entrepreneurship/ small business literature, IE is the most appropriate theoretical framework for SME Internationalisation. Table 1 provides a summary of key theories on business internationalisation, highlighting the initial focus on MNEs. The formulation of IE draws on these key theories and as such the summary in Table 1 provides an overview and context for this development.

<insert Table 1 here>

2.2. The role of SME Owner/ Managers in Internationalization Decisions

Internationalisation is recognised as an area of strategic importance for SMEs (Malhotra and Hinings, 2009; Shaver, 2013) as is reflected in IE. Business and management research has explored patterns of internationalisation (Axinn and Matthyssens, 2002) and recognises that information processing/ knowledge development is a vital component in the internationalisation decision process (Johanson and Mattsson, 1988). Further, research has included 'prior knowledge/ experience' as a moderating factor to compensate for uncertainty based on lack of information (Johanson and Vahlne, 2009; Oviatt and McDougall, 2005). In turn, small business and entrepreneurship research has investigated the role of the owner/ manager as a key strategic decision-taker in the internationalisation process (Freeman, 2013; Holt, 2012; Covin and Miller, 2013; Kraus et al., 2011; Lloyd-Reason and Mughan, 2002; Tihula et al., 2009).

Baron and Ensley (2006) established that entrepreneur's cognitive ability plays a critical role in recognising opportunities. Entrepreneurship theory and research has observed different entrepreneurial profiles and their impact on strategic decisions including internationalisation (Covin and Miller, 2013; Ellis, 2010; Johanson and Vahlne, 2009). However the extant research on entrepreneurial traits and profiles does not explain how owner/managers approach the decision to internationalise. Further, entrepreneurship literature recognises the cognitive biases and constraints of decision takers (Casillas and Acedo, 2013; Ellis, 2010) however, limited research has explored a cognitive model of opportunity recognition (Baron and Ensley, 2006). Originating in social psychology, cognitive models of information processing have advanced through application in consumer behaviour research (Nam et al., 2012; Sun et al., 2012). Although social psychology principles have been transferable between contexts (e.g. Gentner and Gunn, 2001; Zhang and Markman, 1998, 2001), cognitive models of information processing remain unexplored in important areas such as SME decision making.

Studies have acknowledged that available or missing information has an impact on the internationalisation process in that when evaluating options, missing or difficult to process information can create uncertainty and thus impact on the internationalisation decision and process (McCole et al., 2010; Oviatt and McDougall, 2005). Research on opportunity recognition amongst entrepreneurs acknowledges the importance of appropriate information and its impact on strategic decisions (Baron and Ensley, 2006; Charoensukmongkol, 2015; Harms et al., 2007; Kraus et al., 2011). In particular, with focus on speed of internationalisation (Prashantham and Young, 2011) and mode of entry choice (Cassiman and Golovko, 2010; Maekelburger et al., 2012) research has explored the role of prior knowledge/ experience as a moderating factor to overcome information-based uncertainty. Despite the acknowledgement of information as a moderating factor, the impact of differently structured information itself on internationalisation remains to be investigated.

2.3. Gap for a Conceptual Model of SME Internationalization Decisions

Despite acknowledging that different types of SMEs (traditional versus born-global) (Kalinic and Forza, 2012) and different industries (Fernhaber, 2007) have an impact on the speed of internationalisation, control for these factors is not reflected in the IE model (Oviatt and McDougall, 2005). Further considerations such as 'readiness to internationalise' or awareness and other cognitive elements including the entrepreneurial motivation and information processing would need to feed into models relating to internationalization decisions (Casillas and Acedo, 2013; Lloyd-Reason and Mughan, 2002; Ruzzier et al., 2006). Thus, the above gap necessitates frameworks and models that explore and capture cognitive elements of the internationalisation decision associated with the 'recognition of opportunities' instead of the overall internationalisation process. Our framework takes steps towards incorporating cognitive elements of decision making into international entrepreneurship literature. The suggested framework considers 'Information on Internationalisation Options' and 'Entrepreneurial Decision Approach' feeding into 'Decision Process' and 'Internationalisation Option Choice'.

To summarise, both the structure of information and the motivational approach of the owner/ manager to process options is acknowledged in the internationalisation and entrepreneurship literature yet is studied in isolation. Integration between the two strains of research is limited. Hence it has been suggested that in order to further contribute to knowledge, theories relating to internationalisation, entrepreneurship and small business management need to be studied in tandem (Axinn and Matthyssens, 2002; Child and Hsieh, 2014; Holt, 2012; Laufs and Schwens, 2014; Terjesen et al., 2013). Underpinned by SAT and RFT, our conceptual framework addresses both, the structure of information and the motivational goal orientation in the context of internationalisation and thus provides an integrative framework. Specifically, the integrated theoretical framework explores the interaction between the processing of available information (information structure) and the individual decision-taker's motivational approach (motivational goal orientation) on the internationalisation decision.

3. Information Structure

Tversky (1977) explored how we recognise similarities in a range of settings (i.e. single option, multiple options) and the impact of context (i.e. picking pairs). This reflection on similarity spawned a variety of decision frameworks in psychology and consumer decision-making such as middle option (Novemsky et al., 2007; Simonson et al., 1993), comparison effect (Dhar et al., 1999; Novemsky et al., 2007) as well as attribute alignability. The concept of attribute alignability focuses on the structure of information. To make sense of any phenomena, humans need a structure to analyse available information. The information structure thus offers a grounding principal to evaluate the attributes relating to a phenomenon and recognise similarities as well as dissimilarities between options. If a feature is present in all options then the attribute is alignable (e.g. preferred language of communication in a country); further, if the two alignable attributes are of different value then a alignable difference is present (e.g. VAT rate in two different countries). Correspondingly, if the feature is unique to one option then the attribute is non-alignable (e.g. local government hostility to foreign businesses).

Over recent decades, the concept of attribute alignability has been further refined into SAT (Gentner and Gunn, 2001; Gentner, 1983; Markman and Gentner, 1993; Zhang and Markman, 1998). Advancements of SAT are found in particular in its application to consumer decision making (Herrmann et al., 2009; Zhang and Markman, 1998). Historically, findings suggest that alignable attributes are more memorable than non-alignable attributes and that consumers have a preference for alignable attributes as long as these provide an alignable difference (Zhang and Markman, 1998). Due to the need for higher involvement to process non-alignable attributes, participants in the original experiments on recognition of similarities showed a preference for alignable attributes (Tversky, 1977).

Recent research however, describes contradictory evidence pointing towards a preference of non-alignable attributes under certain conditions. Money and Crofts (2003) found that cultures associated with lower uncertainty avoidance are more willing to process non-alignable attributes and are less likely to rely only on alignable information. Further, Sun et al. (2012) describe that when evaluating a choice of service options, consumer preference switches to non-alignable attributes when levels of uncertainty is high. SAT has been successfully applied to a range of different subject areas to evaluate information structure of options (see for example Herrmann et al., 2009; Money and Crofts, 2003). Within internationalisation theory, information structure has been identified as a factor contributing to uncertainty in the decision to internationalise (Johanson and Vahlne, 1990; Lloyd-Reason and Mughan, 2002; Olejnik, 2012). Internationalization decisions involve high levels of uncertainty and, with limited resource availability, they could become decision bottlenecks for SME owner/ manager as information structure would lack necessary alignment. While alignability between various internationalization decision attributes is difficult to achieve due to non-comparability and, at times non-availability of information, a critical question for researchers, policy makers and practitioners with regards to SME internationalization relates to the attribute alignability preference among the SME owner/ managers. Identifying processing preference among this group of key decision-makers could contribute significantly towards developing a better communication approach from policy perspective and informed internationalization decision making for the SME owner/ managers.

4. Motivational Goal Orientation

Human behaviour is self-regulated (Kruglanski et al., 2000). This particularly applies when pursuing goals aiming for different outcomes through evaluation of choice options by employing distinct strategies (Higgins, 1997). Bruner, Goodnow and Austin (1956:56 in Higgins, 1997:1285) suggest a strategy "refers to a pattern of decisions in the acquisition, retention and utilisation of information that serves to meet certain objectives". Higgins (1997) refers to the match between goal and outcome as 'Regulatory Fit' and the underlying approach to attaining a match 'Regulatory Focus'.

Individuals have a preferred means of pursuing their goals and in employing these preferred means one experiences Regulatory Fit (Aaker and Lee, 2006). For example, an SME owner/ manager who in private enjoys personal service in pursuit of office machinery, experiences a good regulatory fit if advised by a dedicated account manager and, in turn, a bad fit if dealing with a self-service online portal. The result of Regulatory Fit is that “(i) the actor feels right about what she is doing in the goal-pursuit activity and; (ii) there is increased strength of engagement in the goal-pursuit activity” (Cesario et al., 2008:445). The increased involvement does not lead to a heightened assessment of the situation.

Based on Regulatory Fit, research in the Higgins Lab shows that Promotion and Prevention foci are two distinct profiles of behaviour in achieving regulatory fit (Higgins, 1997). For example, an owner/ manager may decide to internationalise in order to grow and increase profits however another may do so with a motive to avoid loss in local market share. In this example, both owner/ managers internationalise however one for presence of positives (i.e. increased profits - rewards) and, the other, for the absence of negatives (i.e. lost market share - punishment). The former is referred to as Promotion Focus and the latter as Prevention Focus. These promotion or prevention profiles, and the strategies of how to approach a decision associated with them, form RFT (Cesario et al., 2008; Higgins, 1997; Higgins et al., 2001; Kruglanski et al., 2000). Based on the assumption that individuals are aiming to achieve Regulatory Fit, a Prevention-focused owner/ manager will ‘plays things safe’ to achieve at least some return on investment (ROI) in order to avoid financial difficulties. Higgins described this as “a concern with protection, safety, and responsibility”; further “a prevention focus involves a sensitivity to negative outcomes (their absence and presence)” (Higgins, 1997:1282). On the other hand, a Promotion-focused individual aims for the presence of positives (and avoids the absence of positives). For example, an owner/ manager who invests in a range of projects to achieve the highest possible ROI and financial reward. This focus has been described by Higgins (1997:1282) as “a concern with advancement, growth, and accomplishment”.

In summary, RFT is concerned with two distinct motivation goal orientation profiles (Prevention and Promotion) of how individuals approach decisions to achieve a regulatory fit. The regulatory focus profiles describe powerful motivational principles. While cognitive elements such as motivational goal orientation of owner/ manager may play a critical role in internationalization decisions, extant research is silent on this aspect. As detailed above, the lacuna in our understanding of how an owner/ manager uses information structure and what role is played by their motivation goal orientation underpins our conceptual framework. Thus, RFT forms part of the conceptual model of this study along with SAT.

5. Propositions

SME internationalization is a strategic decision and our conceptual framework offers a novel exploration through the lens of cognitive processing. Extant literature on internationalization offers significant insights on whether or not to internationalise (Johanson and Vahlne, 2009; Jonsson and Foss, 2011), the mode of entry (Laufs and Schwens, 2014; Maekelburger et al., 2012), the speed of internationalisation (Casillas and Acedo, 2013; Prashantham and Young, 2011), business maturity (Jiang et al., 2011; Laufs and Schwens, 2014), and features relevant for country choice (Dawson, 2001). Extending the earlier debate, the focus of the propositions is to offer a cognitive model on internationalization decision-making by exploring the role of information structure and motivation goal orientation of SME owner/ managers.

The internationalisation decision is a comparison of features either between the firm’s home and potential country or between two (or more) potential countries. As such the evaluation of option features in internationalisation decisions is a comparative decision. Research on SAT establishes that unique features are more difficult to process and require more cognitive resources; therefore decision-makers generally show a preference for alignable rather than non-alignable features (Markman and Gentner, 1993; Tversky, 1977). However, levels of uncertainty (Sun et al., 2012) and even balance of positive and negative non-alignable features (Dhar et al., 1999) may change the decision-maker’s consideration of non-alignable features.

Moreover, the IE literature places the SME owner/ manager at the centre of the decision making process (Oviatt and McDougall, 2005) and their cognitive motivation goal orientation may act as a critical factor in internationalization process. Whether the desired outcome is driven by a focus on the presence of positives or the absence of negatives shapes the decision-maker’s motivational goal orientation and willingness to expend cognitive resources. Considering the comparative nature of the internationalisation country choice decision-making process, the willingness to expend cognitive resources is key to the decision-making process. Research on motivational goal orientation suggests that the decision-taker’s regulatory focus influences the individual’s willingness to expend cognitive resources to consider information that is more difficult to process.

In comparison, the way information sets is structured influences the decision outcome. The reason being is that non-alignable features are less likely to be considered as they are more difficult to process and require more cognitive resources than alignable features. Moreover, the decision-taker’s regulatory focus influences the

willingness to consider and process such alignable and non-alignable features. The interaction of the cognitive resource requirements of the decision-taker to process available information in a particular information structure with the individual's motivational approach to the decision-making itself, has not been explored in literature. Yet this interaction sits at the centre of the IE model. Therefore, an integrated theoretical model underpinned by cognitive processing through SAT and RFT is the logical consequence to address this gap. Such a module would serve to explore the interaction of differently structured decision information sets in scenarios of varying uncertainty with the individual's motivational approach (see Figure 1).

<insert Figure 1 here>

5.1. Uncertainty and Information Structure

Uncertainty is often associated with complexity and asymmetric information (Amit and Zott, 2001). Contrary to information uncertainty, perceived or interpretive uncertainty is a subjective judgement of the available information (Jauch and Kraft, 1986; Tintner, 1941; Weber and Mayer, 2014). Uncertainty is particularly intense in the context of internationalization decisions (Autio et al., 2011). The perceived uncertainty in information sets can be a result of the inability to comprehend the features due to lack of prior experience/ knowledge of internationalisation (Autio et al., 2011) or even with prior experience/ knowledge a greater geographic and/ or psychic distance resulting in greater uncertainty (Johanson and Vahlne, 2009).

Although there is a vast body of literature on the role of uncertainty in decision-making in general (e.g. Chung et al., 2013; Driscoll et al., 1966), insights on comparative decisions and evaluation of information sets is lacking. Previous research on SAT indicates that there is a preference for alignable attributes but that this preference may shift towards non-alignable attributes under certain conditions, in particular, when facing uncertainty; other information structures such as missing information remain to be investigated (Sun et al., 2012). It is to be expected that decision makers will have a relative focus on alignable features if uncertainty is perceived as low. However focus may shift to non-alignable features if uncertainty is perceived to be high. This high uncertainty could be the result of risk, lack of reference frame for choice set or perceived relevance of information among other aspects.

For example, for a UK based SME to internationalise to either Germany or the USA would be a low-uncertainty scenario in comparison to a high-uncertainty choice between Russia and India. Language (same or different), measurement units (same or different) or currency use (same or different, stable or instable) could be alignable attributes; information about the presence of import barriers/ import tariffs, legal framework or foreign ownership restriction might be features unique to one option and thus non-alignable. In low uncertainty settings (Germany vs. USA) the focus would be expected to rest on alignable features (e.g. language, measurement unit, currency) whereas in high uncertainty scenarios (Russia vs. India) non-alignable features (e.g. import tariffs, legal framework, foreign ownership restrictions) would be in the focus of the SME owner/ manager's decision.

Thus, we propose the following:

Proposition 1a: In a choice-pair with balanced alignable and non-alignable features decision-makers perceiving the choice as low-uncertainty will base their decision on alignable differences.

Proposition 1b: In a choice-pair with balanced alignable and non-alignable features decision-makers perceiving the choice as high-uncertainty will base their decision on non-alignable features.

5.2. Negative and Positive Non-Alignable Features

Perception of uncertainty is the result of the decision-maker's ability to interpret and process the available information; informational uncertainty originates within the available information. Although the magnitude of informational uncertainty may increase/ decrease based on the individual's perception, the polarity of the uncertainty does not change. The greater the alignable difference of options (greater dissimilarity), the clearer the ranking of the given options. Thus resulting in a relatively smaller informational uncertainty. Conversely, relative greater informational uncertainty exists when the alignable difference of options is smaller (greater similarity) and identification of a superior option is more difficult. Uncertainty resulting from information structure leads to longer processing time (Novemsky et al., 2007) and reduced satisfaction with the choice made (Houston et al., 1991).

A number of studies have identified that the direction of comparison, namely reference option versus comparison option, moderates the informational uncertainty in information processing (Houston et al., 1989, 1991). This can be manipulated through anchoring or priming, whereby a reference point is provided or induced into the decision scenario (Markman and Loewenstein, 2010). In particular, anchoring significantly manipulates the decision

outcome among novice decision-makers (Bettman and Sujan, 1987); further empirical studies reinforced that expert and veteran decision-makers are also affected by anchoring, albeit less severely (Furnham and Boo, 2011).

Research on unique-good vs. unique-bad comparisons suggests that individuals focus on positive features as reference points for preference choices irrespective whether these are alignable or non-alignable features (Houston et al., 1989, 1991; Markman and Loewenstein, 2010). When decision-makers perceive a greater similarity between choices, uncertainty increases and a shift towards non-alignable features is expected. However research indicates that when these non-alignable features are negative, the relative focus will remain on positive i.e. alignable features (Dhar et al., 1999; Novemsky et al., 2007). Conversely, in scenarios with greater dissimilarity, perceived uncertainty is lower and thus the focus should remain on non-alignable features, yet in unique-good scenarios relative focus shifts to unique positive features as anchors for the decisions making.

For example, comparing language, measurement unit and currency of China and Ireland would yield a greater alignable difference (dissimilarity) and further differentiation is not necessary. However, unique positive features such as China's growth rate or Ireland's low corporation tax may positively impact the SME decision maker's preference and thus will be considered. On the other hand, if the alignable difference based on language, measurement unit and currency is lower (e.g. Norway vs. Sweden) and further distinction between the choice options is desirable, negative features such as Norway's position outside the EU (e.g. import tariffs) or Sweden's lack of domestic manufacturing are less likely to be considered. The reason for this being that choice preference is built through positive features as reference points.

Therefore we put the following propositions forward:

Proposition 2a: In choice-pairs with positive non-alignable features and relative greater alignable difference (dissimilarity) the decision-maker's focus shifts to positive non-alignable features.

Proposition 2b: In choice-pairs with negative non-alignable features and relative lower alignable difference (similarity) the decision-maker's focus shifts to positive alignable features.

5.3. Regulatory Focus Theory

Research on RFT has shown that depending on the one's Regulatory Focus – Prevention or Promotion, individuals will approach information differently and may indeed come to a different conclusion. Higgins (1997) suggests that promotion focused individuals tend to insure certain forms of outcome while prevention focused aim to insure against certain others. Thus both may employ different cognitive processing despite being offered the same information structure. The tendency of a promotion-focused individual is geared towards spotting opportunities with the greater focus on positive outcomes. On the other hand, a prevention-focused individual will focus more on the same opportunity with a view to reduce the chance of negative outcomes (Cesario et al., 2008; Higgins, 1997).

Research indicates that processing non-alignable features requires more cognitive resources (Aaker and Lee, 2006; Nam et al., 2012; Sun et al., 2012). When information frame aligns with the motivation goal orientation, individuals are more willing to expend the cognitive resources to process more difficult information (Aaker and Lee, 2006). Therefore, we posit that Prevention-focused individuals are more motivated to process information if there is a greater threat of a presence of negatives to the outcome. Conversely Promotion-focused individuals are more motivated to process information if there is an opportunity for achieving more positive outcomes. Specifically prevention-focused individuals are more motivated to expend cognitive resources when the threat of failure is greater and thus process non-alignable information that requires more cognitive resources. Conversely, promotion-focused individuals will be more motivated and thus willing to expend cognitive resources when the success of opportunities is more probable and therefore are more likely to process information that requires more cognitive resources.

For example, taking the scenario from proposition 1 with the high uncertainty choice pair (Russia vs. India) and the low uncertainty choice pair (Germany vs. USA), it is expected that with greater uncertainty there is a greater willingness to process non-alignable features. Taking RFT into account, in high-uncertainty choice-pairs (e.g. Russia vs. India), when the threat of negative outcomes is higher, the motivation of prevention-focused individuals will be greater to consider non-alignable information (e.g. import tariffs, legal framework, foreign ownership restrictions) in order to minimise the threat of negative outcomes. Equally in low-uncertainty scenarios (Germany vs. USA), when both options are likely to be successful, the motivation of promotion-focused individuals will be greater to consider non-alignable features (e.g. import tariffs, legal framework, foreign ownership restrictions) in order to increase the positive outcomes.

We therefore propose:

3a) In high-uncertainty scenarios (when the threat of failure is greater) Prevention-focused individuals are more likely to consider non-alignable features than Promotion-focused individuals.

3b) In low-uncertainty scenarios (when the opportunity for positive outcomes is greater) Promotion-focused individuals are more likely to consider non-alignable features than Prevention-focused individuals.

5.4. Interaction between SAT and RFT

Proposition 4 presents the interaction of information structure and motivation through SAT and RFT. As suggested in proposition 1, an increase in perceived uncertainty in the decision-making situation leads to the consideration of non-alignable features. Additionally, positively formed information serves as an anchor for information processing and, therefore, non-alignable features may not be considered if negative, even in scenarios with higher uncertainty (see proposition 2). In summary, propositions 1 and 2 suggest that a greater commitment of cognitive resources for the consideration of non-alignable features in scenarios with lower alignable difference (higher uncertainty) is only true if the available unique information is positive. However, proposition 3 offers motivational reasons for the consideration of negative non-alignable features.

Motivated by the presence of positive outcomes, it is logical to assume that a promotion-focused individual will expend more cognitive resources to increase the possibility of positive outcomes and thus process unique positive features. This behaviour is in line with research on uncertainty and positively formed information presented in propositions 1 and 2. However when the motivational goal orientation is to prevent the presence of negatives and reduce the threat of failure, individuals are more willing to expend more cognitive resources to consider alternatives. Unique negative features increase the threat of negative outcomes and therefore integrating SAT (propositions 1 and 2) with RFT (propositions 3). It is suggested that prevention-focused individuals are more likely to consider unique features in scenarios with negative non-alignable information than promotion-focused decision-makers. In the same way that promotion-focused individuals' are more likely to consider positive information in high and low similarity scenarios, it is suggested that prevention-focused decision-makers are more likely to expend more cognitive resources to process negative unique information in both high and low similarity scenarios. This interaction of SAT and RFT is important as IE literature identifies the owner/manager as decision-maker and mediator in the internationalisation decision process and therefore its motivational goal orientation influences the consideration of unique features in the evaluation of alternatives.

For example, considering the different levels of motivations of prevention vs. promotion-focused individuals in light of the threat of negative outcomes vs. the opportunity for positive outcomes explored in proposition 3, RFT will have a similar impact on processing positive or negative non-alignable features in choice pairs with greater or lower alignable difference (see proposition 2). Thus may overcome the bias towards positive features in preference choices. In the lower alignable difference setting (Norway vs. Sweden), a prevention-focused individual will be more motivated to process negative non-alignable features (Norway: Outside the EU/ import tariffs; Sweden: Lack of domestic manufacturing/ supply) in order to reduce the threat of negative outcomes. However, in the same instance, a promotion-focused individual will focus more on positive non-alignable attributes (Norway: High international e-commerce expenditure; Sweden: Central location in Scandinavia) to increase the potential for positive outcomes. Equally, in choice pairs with greater alignable difference (China vs. Ireland) that contain sufficient distinction, prevention focused individuals will be more motivated to process negative non-alignable features (e.g. China: Intellectual property infringements; Ireland: Euro-crisis) in order to reduce the threat of negative outcomes. Further, promotion-focused individuals will be more motivated to process positive non-alignable features (e.g. China: Growth rate; Ireland: Low corporation tax) in order to increase the potential of positive outcomes.

We therefore propose:

4a) When the alignable difference between two options is greater (dissimilarity) and the non-alignable features offer negative information Prevention focused individuals are more likely to consider non-alignable features than Promotion-focused individuals.

4b) When the alignable difference between two options is greater (dissimilarity) and the non-alignable features offer positive information Promotion focused individuals are more likely to consider non-alignable features than Prevention-focused individuals.

4c) When the alignable difference between two options is lower (similarity) and the non-alignable features offer negative information Prevention focused individuals are more likely to consider non-alignable features than Promotion-focused individuals.

4d) When the alignable difference between two options is lower (similarity) and the non-alignable features offer positive information Promotion focused individuals are more likely to consider non-alignable features than Prevention-focused individuals.

6. Discussion and Conclusion

The contribution of SMEs to economies is acknowledged by academia as well as policy makers. Equally, research has established differences in resource availability, management structures and other areas that distinguish SMEs from MNEs. The body of knowledge on International Business is focused on MNEs and a research agenda has been developing to address most notably IE, which attempts to integrate entrepreneurship research insights with the international business literature. ‘Opportunity Recognition’ is an emerging key principle of IE research (Oviatt and McDougall, 2005). Information as a factor in the internationalisation process is well recognised in the International Business literature; most commonly coping mechanisms for the absence of appropriate information such as ‘prior knowledge/ experience’ are considered as moderating factors. Internationalisation opportunities are not seen in absent information or in prior experience but in information presented to the decision maker. However, research is silent on cognitive processes employed by SME owner/ manager in internationalization decision. By combining two separate strands of cognitive theories in the context of SME internationalization decision making our framework poses several important questions.

In social psychology and consumer behaviour, the structure of information has an impact on the outcome depending on how comparable options (alignability) are. Particular information structures – e.g. containing more non-alignable features - require more cognitive resources to process. Using SAT, we propose scenarios in which differently structured information may lead to different outcomes. Further, the entrepreneurial/ small business decision taker’s approach to processing information contributes to ‘Opportunity Recognition’.

Employing RFT we pose, to what extent is the preference for alignable attributes the same for a Prevention and Promotion-focused individual? Do both profiles approach alignable and non-alignable in the same way? Is a prevention focused individual more comfortable to process non-alignable attributes to ensure the absence of negatives? Alternatively, is a promotion focused individual more likely to process non-alignable attributes to ensure the presence of positives? For example, facing the decision to internationalise, with a range of alignable attributes as well as country specific non-alignable attributes, would a prevention focused manager come to the same conclusion as a promotion focused manager based on how they approach the decision as well as their attribute preference based on the information structure (alignable versus non-alignable attributes)? This particular example would yield insights into management styles, internationalisation research as well as the two main theories themselves and their application to other contexts. By merging the Structural Alignment Theory and Regulatory Focus Theory, we provide insights into decision-making profiles based on the individual’s motivation to process the information as well as the structure of the information itself (see Figure 1).

The conceptual framework offers a range of contributions to the body of knowledge but also policy makers and industry. The exploration of the attribute alignability preference considering internationalisation and owner/ manager rather than a consumer context will extend the understanding and application of SAT. Equally RFT would be applied and tested in a different context. Integrated into a single theoretical construct these two theories will provide significant insights into how individuals with differing motivational goal orientation may come to different conclusions based on the same information structure. Further, applying the integrated theoretical construct to the decision of owner/ managers to internationalise will provide the much needed cross-over between entrepreneurship theory and internationalisation research and inform the body of knowledge with regards to the impact of information structure as well as motivational goal orientation of the owner/ manager of SMEs on the decision to internationalise. The importance of this framework based on the influence of contextual variables such as type of SME, industry and location remains to be seen and thus offers an interesting avenue for future research. In particular cultural distance, timeline and individual level traits in conjunction with the proposed framework present opportunities for future empirical studies. Considering the increasingly globalised environment findings will have implications for the support provided for SMEs in the internationalisation decision process.

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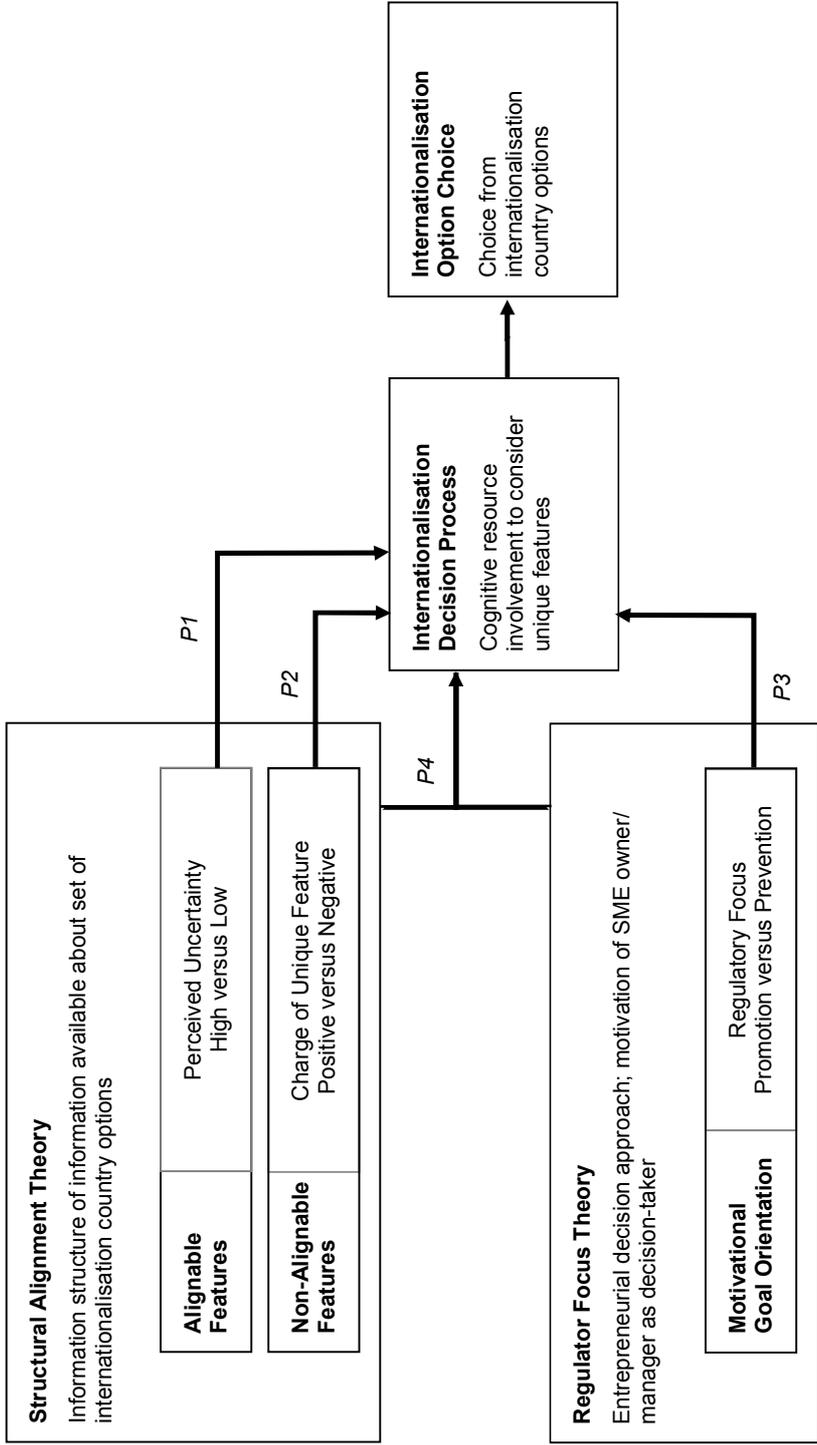


Figure 1

Theory	Description	Key publications
Industrial Organisation Theory	Based on the assumption that MNEs need to achieve advantages to counterbalance the costs of doing business overseas.	(Caves, 1971; Hymer, 1976)
Internalisation Theory	Once opportunities in existing markets are exploited new opportunities are explored through internalising them e.g. through vertical integration resulting in MNEs. Information evaluation by the management is an antecedent.	(Buckley & Casson, 1998)
Transaction Cost Economics	Evaluating the cost of doing business (transactions). Internationalisation occurs when the transaction costs of international opportunities for MNEs is cheaper than internal ones.	(Gilroy, 1993; Williamson, 1973)
Eclectic Paradigm	Internationalisation is based on three advantages: 1) Ownership (eg. Innovation) 2) Internalisation (e.g. control of value chain) 3) Location (combination of home product with irremovable factors in destination location); Investment and trade are both seen as components of internationalisation of MNEs.	(Dunning, 1988)
Monopolistic Advantage Theory	Once a firm has achieved superiority in their home market through an irreplicable advantage they may deliver this advantage/ superiority to other markets with (virtually) no additional costs.	(Caves, 1971; Hymer, 1976)
Uppsala Model	Stage development of internationalisation. Scope of internationalisation influenced by psychic distance. With increasing experience psychic distance and commitment to markets increase. Updated discussions recognise born-globals and that these ventures do not follow this pattern.	(Johanson & Vahlne, 1990, 2009)
Innovation Related Model	Incremental internationalisation through stages. Number of stages varies but follows the same development.	(Andersen, 1993; Rogers, 1962)
Network-based	Based on company's cooperation and thus internationalising if their network crosses borders. Certain industries are more likely than others. Learning through network (minimise knowledge development; minimise need for adjustment; exploit established network); knowledge is often concentrated in a single person in a firm (small and large) - key holder and key influencer on internationalisation process.	(Johanson & Mattsson, 1988)
RBV	Emerging view based on strategy literature on developing internal competences. It focuses on developing unique and difficult to imitate features both within the firm and within the firm's network.	(Ahokangas et al., 2010)
International Entrepreneurship	Combining International Business and Entrepreneurship research. Identifies 4 areas of moderating, enabling, motivating and mediating factors. Entrepreneurs as mediators have individual specific resources (as strategists for making decisions) and 'recognise' opportunities.	(Oviatt & McDougall, 1994, 2004, 2005)

Table 1