

# From the deliberate managerial strategy towards international business performance: A psychic distance vs. global mindset approach

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## Funding information

Ministry of Research and Innovation, Grant/Award Number: PN-III-P1-1.1-TE-2016-0232

## Abstract

The current paper aims to address, within a comprehensive framework, two different facets of the internationalization strategies of small and medium-sized enterprises, that is, the roles of psychic distance and global mindset within managerial dyadic collaborations. By considering cross-border ventures as outcomes of deliberate managerial strategies in the quest for achieving international business performance, the study lays emphasis on several dimensions apposite to each of the two constructs, namely, geographic distance and intercultural compatibility for the psychic distance and trust-based relationships and network-based connectivity for the global mindset. A questionnaire-based survey with top managers from 112 European industrial small and medium-sized enterprises was conducted, the data being processed by means of a structural equation modelling technique. The findings showed that the structural model accounts for 63.9% of the variance in international business performance, whereas the dimensions of psychic distance exert significant positive influences on the endogenous variable.

## KEYWORDS

deliberate strategy, global mindset, psychic distance, small and medium-sized enterprises (SMEs)

## 1 | INTRODUCTION

Today's modern organizations face dramatic changes and need to adjust to waves of innovation that influence and may even determine the ways in which the business environment evolves (Liu & Brody, 2016; Vătămănescu & Alexandru, 2018). Both external forces and internal shifts shape organizations that work towards creating and preserving a competitive advantage via border-spanning endeavours, which often engender business internationalization. In this context, a substantive harmonization with the pace of the global rhythm and its driving forces has become a vital condition for international business

performance (Păduraru et al., 2016; Vătămănescu, Andrei, Nicolescu, Pinzaru, & Zbucea, 2017). This is indicative of recent developments in the framework of social systems (Lee, 2000; Luhmann, 2017; Valentinov, 2014), which acknowledge that modern society emerges as a global system composed of various social subsystems linked via communication and interactions, which allow an efficient operation and evolution.

Although the environment changes at a fast pace, the managerial strategies embraced in order to achieve fair levels of international business performance are being substantively altered (Vătămănescu, Alexandru, & Andrei, 2015; Vătămănescu, Alexandru, & Gorgos, 2014).