

**US AND THEM:
THE IMPACT OF DIFFERING FOUNDER MINDSETS ON FIRM STRATEGIC
ORIENTATION**

by

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DECLARATION

I hereby declare that I am the sole author of this dissertation. This submission is my own, original work to the best of my knowledge and belief. I understand that my dissertation may be made electronically available to the public.

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ABSTRACT

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Historically, small business founders were assumed to be motivated by profit-maximization. Today, we understand that founders also have non-economic goals for starting a business, including furthering their family legacy. This dissertation contrasts two types of founder mindsets: an entrepreneurial mindset and a small business mind-set. I propose theoretical arguments which predict that founders who identify more with the small business mindset would pursue long-term, trust-based strategies that foster relationships with stakeholders such as suppliers and customers. On the other hand, founders who identify with the entrepreneurial mindset are more likely to pursue strategies that are ambitious, contractual, and profit-enhancing. Using hierarchical regression to analyse data from small business owners in India, I find that entrepreneurial founders rely on both relational governance mechanisms and contractual governance methods. In addition, hard-facts and statistical data negatively influence entrepreneurs across mind-sets, but advice given by network of specialists has a positive effect. Moreover, uncertainty in the business environment negatively affects the relationship between founder mind-set and strategic decisions of the firm. This dissertation contributes to our understanding of founder mind-set and specifically highlights the effect of ‘small business mindset’ on the strategic orientation of ventures.

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CHAPTER 1

STATEMENT OF PURPOSE

This dissertation examines founder mindsets of non-dominant, micro, and small enterprises (MSEs) which are, "independently owned and operated" (U.S. Small Business Administration, 1978, p. 121.1). MSEs occupy a substantial space in today's economy as they are considered an integral part of a country's growth, accounting for 90% of the businesses and contributing to more than 50% of employment all over the world (Mishra, 2019). In the U.S. alone, small businesses contribute about 52% towards employment in the private sector, 51% towards GDP and are primarily responsible for a major chunk of innovation and technological change taking place in the country (Blankson et al., 2006, p. 573). Contributions of MSEs in every country are substantial and it is especially so in a developing and transitional nation like India. In India, MSEs contributed to 28.77% to the national GDP 2015-2016 and would have created about 111 million job by 2018 (Kumar et al., 2019). In MSEs, the founder is the firm due to the small size of the business and the short decision-to-action chain which does not involve too many hierarchical barriers. Thus, the dominant logic of the firm stems from the founder of the firm, leading to the formation of path-dependent and self-reinforcing strategic postures. The goals of the MSE founders become the goals of the MSE. Thus, it becomes necessary to study the factors that influence founders of such MSEs and the context of their decision making.

Past studies in the MSE arena have studied the antecedents that motivate individuals to start their own venture, the ingredients of successful entrepreneurs and factors that predict the entrepreneur's exit from a business and the venture's survival rate (Muske & Fitzgerald, 2006) . But very few have tried to explore the differing mindsets an MSE founder can possess and how it impacts the fate of the business. While all businesses that are created can become small, medium,

and large enterprises, but not all businesses exist with the intent to be entrepreneurial in pursuit of their goals (Carland, J. W., Hoy, F., Boulton, W. R., & Jo Ann C. Carland, 1984).

This dissertation examines the difference between two founder mindsets, namely, an entrepreneurial mindset and a small business mindset. The differentiating factors between entrepreneurial founders and small business founders is the relative importance placed on economic vs non-economic goals. Founders having an entrepreneurial mindset tend to focus more on the attainment of profit through risk-taking and proactive stances whereas founders with a small business mindset have a strong personal identity attached to their business. An entrepreneur is an owner who has started or created a business with the intention to gain independence, power and control through aggressive risk-taking activities that are usually rooted in innovative ideas. A small business owner is an owner that is involved in the day-to-day decision-making of the venture, after having acquired it through family inheritance or created it with the intention of acquiring a legacy to be passed on to his or her future generations. Entrepreneurial mindset in the form of entrepreneurial orientation has been studied extensively while small business mindset has received much less attention (Runyan & Covin, 2019).

In this dissertation I argue that the founders or owners of small businesses can have a variety of different personalities, behaviors, and mindsets. They can be ambitious risk-takers and enter the business with the intention of making profits only. Founders can also start a business to achieve non-economic goals such as helping the community they live in by adopting sustainable products and some may become ‘accidental entrepreneurs’ having taken up the family business, either out of will or lack thereof. I develop specific hypotheses that revolve around studying small business strategies and if they manifest differently out of the mindset the founder running them possess. This mindset differs based on the relative importance founders place on economic

vs non-economic goals, the level of emotional attachment they have with their business, the need for achievement, the level of innovativeness, their underlying values, the necessity push versus the opportunity pull motivation to start the business, the relative importance placed on business success versus community development and the level of risk undertaken. These behaviors are reflected in their choice of strategy, type of services and products offered. Entrepreneurs high in seeking economic goals and pursuing aggressive competitive strategies are said to possess an entrepreneurial mindset whereas those entrepreneurs that seek work-life balance and mostly social standing are said to have a small business mindset.

This dissertation assesses the link between founder mindsets and firm level strategies such as types of inter-firm governance mechanisms used and the type of market orientation embedded in the dominant logic of the founder and in turn, the firm they run. This link between mindset and strategy is derived from the field of psychology that study theories of decision-making (Fuller & Warren, 2006; Haynie et al., 2010; Miocevic & Crnjak-Karanovic, 2011). Psychology has looked at decision-making behaviors through various perspectives. The first perspective is to look at decision-making as a descriptive model where types of decisions taken by individuals are studied. Second is a prescriptive model that studies the determinants, reasoning, and antecedents surrounding such decisions i.e. what ought to be. Third is the normative model that studies the consequences of alternative decisions (De Winnaar & Scholtz, 2019). In this dissertation I study decision-making by founders of MSEs through the prescriptive lens by studying founder cognitions. Founder's cognitions and emotions drive decisions and their cognitive biases can impact decision-making. Cognition refers to knowledge structures used by individuals in making decisions or judgements. Cognition can impact framing of situations by individuals, mental processing capabilities and also impacts behaviors of such individuals. A

firm's dominant logic, also called the general management logic of a firm, flows from the cognition and decision-making of the founder in an MSE. I argue that this logic becomes the ingrained culture of running the business that is then manifested throughout the firm's value-chain activities. Using identity theory, this dissertation contrasts the entrepreneurial mindset and small business mindset among Indian small business owners to draw a picture of if and how, the small business owner's personality and mindset influence the strategy outcomes of the firm. India stands out in the field of MSEs due to the recent influx of entrepreneurial reforms being made by the government and the increasing transparency of entrepreneurship initiatives that allow for greater connectivity and access to founders. The following research questions guide this dissertation.

Research Question 1: Does a small business mindset exist in founders of MSEs in a transitional economy?

Research Question 2: Do different founder mindsets have differing impacts on the importance placed on stakeholder-centric governance strategies?

Research Question 3: Is the concept of entrepreneurial mindset different from the concept of small business mindset?

Research Question 4: Are small business ventures in emerging markets interested in internationalization? What founder mindsets determine this interest?

This dissertation is structured in six chapters. The first chapter provides an overview of the study along with the research gaps addressed. The second chapter consists of a literature review on identity theory and the constructs of entrepreneurial mindset and small business mindset. In chapter three, I explore the implications of different founder mindsets on different firm orientations. Chapter four entails the empirical context of the dissertation and sample

method description. Chapter five lays out the results of multiple hierarchical regression analysis along with results from a supplemental analysis using structural equation modelling (SEM). This chapter also includes a detailed analysis of boundary conditions of both an entrepreneurial mindset and small business mindset. Finally, chapter six discusses the findings, practical and theoretical implications, and limitations along with avenues for future research.

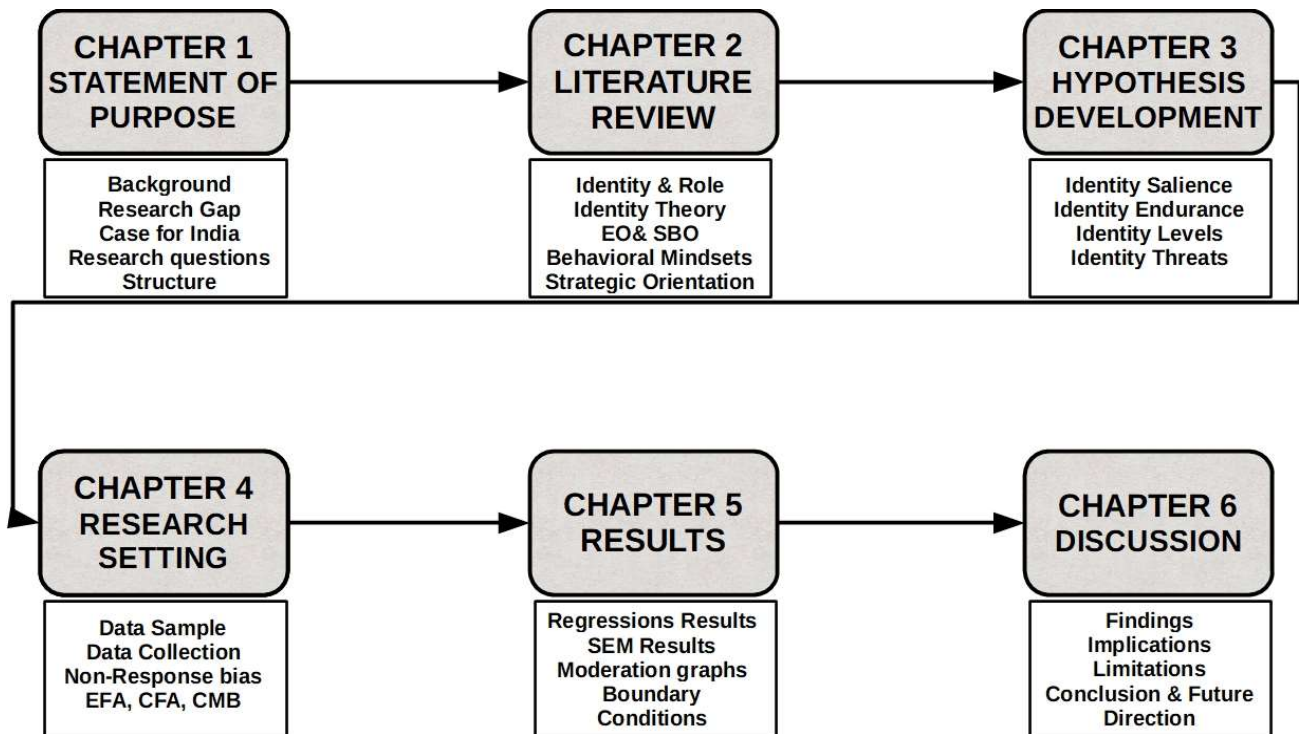


Figure 1: Dissertation Structure

CHAPTER 2

LITERATURE REVIEW

2.1 Identity Theory

To understand the differing founder mindsets that influence decision making in a firm, there is a need to allow enough opportunity for both mindsets to exist and be gauged. It is expected that there will be a slight overlap in both founder mindsets i.e. entrepreneurial and small business mindsets. A certain amount of risk and emotional attachment is present in all founders. When a founder takes a risk and starts being associated with a firm, the entrepreneurial aspect has already been touched upon. On the other hand, psychological ties to the business are created by imprinting effects when founders begin to nurture and grow their business. But with time, a specific mindset starts to solidify and take shape eventually where a certain identity becomes more salient relative to others. Literature states that the permanency of either mindset is dependent on the age and growth of the firm where business founders in the nascent stage are still “stewards” but as the business grows into a large, complex organization, founders develop an entrepreneurial mindset favoring risky projects (Deb & Wiklund, 2017). Thus, it is important to gauge the level of identification with one or the other mindset in the beginning when small business owners are still small businesses. This is where identity theory becomes relevant. MSE founders can identify with an entrepreneurial mindset or a small business mindset or both. The extent to which founders can switch between the two mindsets depends on the flexibility and permeability of their level of identification referring to capability and willingness, respectively. Flexibility is when the founder is *adaptable* to different identities. Permeability refers to the degree to which founders *allow* the overlap of different role identities (Sundaramurthy & Kreiner, 2008). Identity mindsets create boundary spanning behaviors resulting from

internalizing certain identities more strongly than others (Korschun, 2015). Identity forms an individual's perspective and serves as a source of self-definition, self-esteem, self-value and guides individual behaviors. Identity theory answers the question "Who am I?". Taking the social environment perspective and internal dynamics perspective, identity theory states that individuals indulge in identity-consistent behaviors where these identities are created and sustained through internal and external forces. Founders who highly identify with being entrepreneurial would exhibit different behaviors than those founders who identify strongly with the small business mindset. Once an individual has defined himself or herself and has set boundaries conforming to those definitions, such self-definitions become the criteria against which one evaluates fit with certain roles, groups, and communities. When there is a high congruence with the values with which individuals define themselves and their roles for example, there is said to be a high level of identification present. When there is less congruence between one's definition of individuality and with the values of certain roles, there is said to be low identification. An individual can identify with being a philanthropist, an ambitious career person and an introvert. The relative level of congruence and hierarchy of preferences that match the most with one's values would define the level of identification the individual feels with either of these role identities. When there is an incongruence between identity perception and behavior, meaning when one is in a situation to simulate identities that do not fit with their self-identity, it leads to an identity strain (Kraimer et al., 2012). For example, an introvert may have to socialize to grow his or her career. How the introvert seeks to place the relative importance on being introverted versus being ambitious would determine his or her actions i.e. to not socialize or to socialize, respectively. Thus, identity salience is where one specific identity takes precedence but that does not mean other identities go away or are eliminated.

Identity is multifaceted, meaning that it can be formed through many different sources specifically three different loci. The source of identity or frame of reference can be at an individual, relational, or collective level. Each identity orientation has its own repository of motivations and self-knowledge. People can draw comparisons to other individuals, relationship partners or compare their group with another group. Identity is a way to represent oneself by drawing on a frame of reference. Identity differentials are caused due to both personality traits as well as contextual forces. At an individual level, the identity is called personal or self-identity where individuals seek to differentiate themselves and stand out. At the relational level, individuals tend to define themselves with respect to their close relationships and are likely to be highly empathetic in their behavior. Individuals at the relational level perceive others as separate, wholesome entities instead of trying to categorize them to make sense of their identity. At the collective level, individuals define themselves by comparing themselves to the prototypical identity and expected standards of behaviors of the group they are a member of. Such individuals may draw mental barriers against groups they find dissimilarity with (Vos & van der Zee, 2011).

I argue that identity theory can be used to understand strategy pursued by founders by defining the mindset that they identify with the most. Creation of a new ventures based on what founders' value, know and whom they network with can be considered significant sources of identity formation. Meaning that new venture creation by a founder can be based on the amount of knowledge and identity structures he or she already has in place or can be based on the founder's preferences, values and goals (Alsos et al., 2016).

Identity is constantly evolving and changing. An individual's self-concept is a consolidation of relevant identities arising from possible selves. There is a primary or salient identity that is triggered through internal or external forces whereas other sub-identities or micro-

identities remain dormant until called upon. The field of identity is the successful accomplishment of balancing the need to belong and the need to be different. Identities need to be constantly claimed for them to endure. They are constantly constructed and reconstructed through historical recollections, future goals, and present situations. Some research streams have studied identity as a unitary construct whereas research in psychology and organizational streams accept that an individual has multiple identities. These multiple identities are locked in through roles individuals play and the contexts in which they exert their identity repeatedly. Multiple identities reflect diverse roles as well as varying levels of status (Ashforth et al., 2007). Thus, a founder can identify with the small business mindset and with an entrepreneurial mindset but comparing the relative strength of each at a given point in time becomes important. Therefore, this dissertation studies both identities together to ensure that the decisions derived from such mindsets, either permanent or changeable in the future, capture the essence of the impact of such mindsets on the firm.

Roles are external and identity is internal (Järventie-Thesleff & Tienari, 2016). These roles become internalized “through lengthy educational and socialization processes” (Reay et al., 2017, p. 1045). Individuals play multiple roles in a society and these roles collectively help form the individual’s identity. An individual’s identity is not fixed, and it is possible to create new identities or modify existing ones as new roles are entered in. Role identities imply actionable behavior through the process of self-categorization. Depending on the strength and salience of their identity, cognitive processes of individuals create role-based or role-related behaviors as individual’s begin identifying themselves with a role. Therefore, how people behave in each situation is dependent on the “relative strength of their identification” either with certain values or their roles (Hillman, Nicholson, & Shropshire, 2008, p. 443).

When a founder has a relatively strong connection or identification with a certain identity, say a small business mindset, the decisions taken for the firm would be different as compared to the same founder, who for instance, is more entrepreneurial. A comparative study of both founder mindsets in the MSE context is thus the core and urgent need in the present time, and this need is answered by this dissertation where relative weights placed on different founder mindsets are captured at once through the study design. Founders exhibit those behaviors that are a natural extension of their self-concept. A founder can perceive the identity of an entrepreneur central to the self or may consider the identity of a small business owner as a central manifestation of self (Brinkerink & Bammens, 2018, p. 4).

Over the course of a venture's life cycle, the identity construction of a founder can undergo changes when they acquire/lose knowledge, training, and resources. Founders have already been conditioned to have certain viewpoints and they bring said viewpoints into the venture they start and the strategies they implement within those ventures. Such strategies act as reinforcing mechanisms that help cement the founder's self-identity and belief about "who I am.". For example, an entrepreneurial business owner may undertake an aggressive stance towards competitors and routinely innovate to grow the business and its profit margins. When such risky activities pay-off, it may reinforce the founder's level of identification with the entrepreneurial mindset which in turn incites risky strategies. Thus, the self-reinforcing loop goes on. Engaging in activities or strategies that do not validate the identity of a founder and go against the individual's psychological nature would lead to a misfit between self-identity and professional identity, producing cognitive dissonance. For example, if a small business owner undertook risky strategies and took an aggressive stance towards the company's competitors, the founder may eventually give up on that strategy because it does not 'fit well' with the mindset of

‘being content’ with one’s business especially if the strategy does not pay-off. But if the level of identification with the small business mindset for the founder is weak and the risky strategy pays off, then it is highly possible that the founder switches to being entrepreneurial. A founder’s identity acts like a stimulus, prompting them to behave in a manner consistent with their identity. Such behaviors are reflected in the type of decisions founders take (Mahto & McDowell, 2018). Thus, in the digital and platform age, where all resources and opportunities are created equal, levels of identification with one or the other mindset can help draw concrete and conclusive evidence if small business owners are small business minded or just entrepreneurial like all other business owners.

2.2 Entrepreneurial Mindset and Small Business Mindset

There are many reasons why individuals engage in entrepreneurial activity. Starting a business requires investment of time and resources as venture creation activities are intentional. But the reasons that motivate such activities are varied and diverse. Many studies focusing on new venture creation have listed out several reasons based off of multiple surveys of entrepreneurial intentions that guide the start of new ventures. Research carried out by the Society of Associated Researchers of International Entrepreneurship (SAIRE), which are a series of studies conducted by Sari Scheinberg and colleagues, had listed six broad reasons for new venture creation after surveying 1400 independent business owners. The reasons being need for approval, personal development, independence, escape, the notion of wealth and communitarianism. These results varied in magnitude across 11 countries (Carter, Gartner, Shaver, & Gatewood, 2003). Another one of the surveys states that recognition, independence, learning and roles are the four reasons whereas another survey yielded reasons of wealth, tax reduction, and following role models for a founder’s decision to be self-employed (Carter et al.,

2003). These studies involved a retrospective approach where business owners were asked their reasons for starting a venture years after they had already started it (Carter et al., 2003). Nascent behavior follows intentions, thus, factors that encourage intentionality must also by conclusion impact nascent entrepreneurial behavior (McGee, Peterson, Mueller, & Sequeira, 2009). Goals for starting and running a business differ in importance for founders who have a salient entrepreneurial mindset compared to those having a salient small business mindset.

Entrepreneurial mindset and small business mindset have their origins in the literature on entrepreneurial decision making, strategic choice and management styles. These mindsets form mental models that help founders process information and enable them to make decisions related to the functioning of their business (Fassin et al., 2011). Both are strategy-making processes which relate to the outlook founders have towards competitiveness, innovation and risk-taking and the level of emotional attachment an they feel with their venture (Runyan & Covin, 2019; Miller, 1983, p. 771).

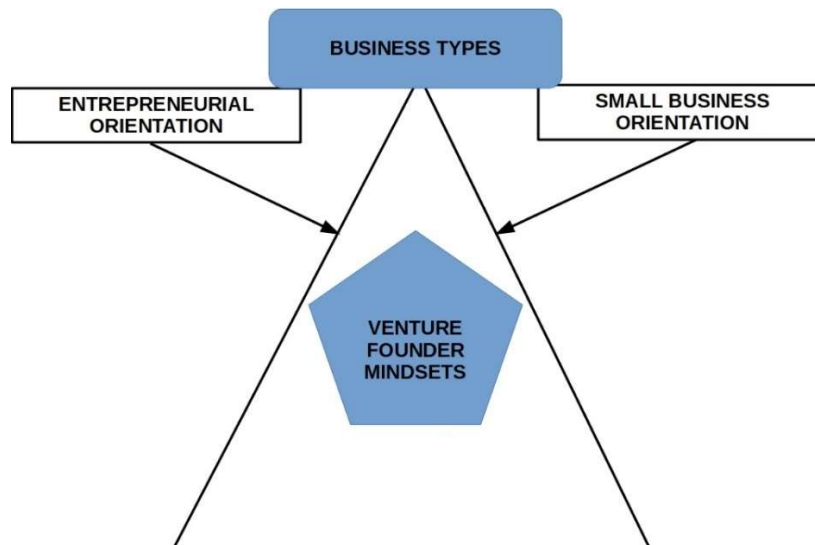


Figure 2: Founder Mindset Origins

Past research on small business mindset and entrepreneurial mindset has differentiated between the two mindsets and the outcomes for the firms to a limited extent (Runyan, Droge, &

Swinney, 2008; Ryu, Swinney, Muske, & Zachary, 2012; Runyan & Covin, 2019). Previous research states that an entrepreneurial mindset in founders leads them to focus on growth and profit related goals and behaviors. Whereas small business mindset “facilitates behavior aimed towards the business owner’s personal goals and attachment to the business.” (Madison et al., 2014, p. 241). Entrepreneurs and top management players have been shown to influence the strategic orientations of firms and impact its strategic posture (Boling et al., 2016).

Table 1: Founder Mindset Conceptualizations & Behavior Profiles in Research

Dimension	Small Business Mindset	Entrepreneurial Mindset
Behavior	Non-innovative	Innovative
Attitudes	Furthering Personal Goals	Profitability and Growth of the business
Purpose	Generating Family Income through Business	Generating Venture Growth
Motivation	Lesser level of achievement motivation and value independence more	Higher level of achievement motivation
Risk-Propensity	Less due to owner’s goal of preserving family and personal needs	Higher risk-propensity levels
Categorizations	Also known as Craftsmen	Also known as opportunists
Demographics	Are expected to be less educated & lack experience	Have higher levels of education and more experience
Environmental Responsiveness	Low Responsiveness	High Responsiveness
Value Seeking	Self-Transcendence and Conservation	Self-enhancement and Openness to Change

Specific identities take salience in the MSE founder’s sensemaking process leading to formation of certain types of cognitive structures and behavioral outcomes. These cognitive structures help them interpret their situation which leads them to take actions stemming out of such interpretations. Entrepreneurial mindset is decision-making style that is a mix of managerial attitudes of risk-taking and behavioral components of innovativeness and proactiveness of the entrepreneur (Anderson et al., 2015). Founders would be said to have an entrepreneurial mindset

if they participated in the introduction of new products or service lines, changed rules of competition and reorganized routines (Kantur, 2016), indulged in activities that encouraged creativity, experimented technological innovation, (Engelen et al., 2015), undertook high-risk projects, took bold steps to achieve firm objectives (Cao et al., 2015). Entrepreneurial mindset comprises of three components namely, innovation, proactiveness and risk-taking. The components represent the entrepreneur's propensity to come up with novel ideas, to foresee changes and take action and to be willing to challenge uncertain avenues (Ryu et al., 2012). On the other hand, founders with a small business mindset seek to foster long term commitments with the community members in which they function. A small business mindset is not an exclusive presence nor is it a placeholder nor a substitute for an entrepreneurial mindset but both mindsets are complementary in nature (R. C. Runyan & Covin, 2019, p. 530). The literature has distinguished between entrepreneurial and non-entrepreneurial or conservative firms where the prior favors innovation and undertakes risky strategies and the latter prefers risk-averse and passive strategies (Boling et al., 2016). Small business owners aim for long-term commitment and stable relationships with their stakeholders whereas owners displaying entrepreneurial behavior create relationships that further their venture's value creating mechanisms. Both mindsets have relative advantages which will be delved in detail further along. The focus on long-term commitments instead of focusing on one-shot transactions with stakeholders can help MSEs overcome institutional voids in the capital, knowledge, and supply markets. Such a scenario is highly plausible in the Indian context, which is characterized by a collectivist culture, emphasizing the relative importance of the informal economy as compared to the formal economy. Thus, building of social capital that fosters trust and loyalty also reduces risks causes to the venture (Miller et al., 2009).

2.3 Firm Strategic Orientation

A firm's strategic orientation is the series of decisions taken by the business to ensure its survivability and profitability. In the identity context, a firm's strategic orientation are the series of decisions taken along the value-chain of a business to ensure 'fit' with the founder's values and attitudes that according to the founder make-sense and will ensure the survivability of the firm. Different outlook towards different strategies are the reason for differing profitability among firms (Slater et al., 2006). Strategic decision-making literature is drawn from the behavioral theory of the firm which states that top managers play a crucial role in setting the path for their firm (Cyert and March 1963). Strategy has been conceptualized in different ways. In this study, strategic orientation is defined as pattern of emergent strategic decisions that are taken by the founder that become the dominant logic of the firm through repetition (Mintzberg, 1978, p. 935, Slevin & Covin, 1997). Emergent strategies are formulated under the context of bounded rationality where cognitive limitations influence such strategic decisions and these decisions may or may not be optimal for the firm. Three phenomena define the process through which decisions become strategic orientation of the firms, namely, path-dependent lock-ins, structural inertia and commitment (Schreyögg & Kliesch-Eberl, 2007).

It is important to study patterns of decisions by founders as these decisions become path dependent and locked-in over time. Path dependency implies that a company's future and current decisions are imprinted in its past decisions due to positive feedback loops resulting from such decisions. Successful combination of decisions become self-reinforcing strategic paths that become specific mindsets of the firm and become locked in (Schreyögg & Kliesch-Eberl, 2007).

In addition to path-dependent lock-ins, there also exists the phenomenon of structural inertia. Structural inertia results in repeated use of capacity or reliance on existence firm

attributes such as a specific culture or process to produce expected and successful outcomes (Schreyögg & Kliesch-Eberl, 2007). Relying on such inertia may sometimes lead to blind spots for founders leading to adoption of outdated decisions in the face of changing demands. Excellence in one process leads to an increase of opportunity cost for experimenting with alternate processes thus inhibiting capability development.

Finally, long-term commitments also help to process individual decisions into strategic orientations. Long-term commitments to certain strategic thrusts is economies of scale on the positive side and inflexibility on the negative due to sunk cost fallacy (Schreyögg & Kliesch-Eberl, 2007).

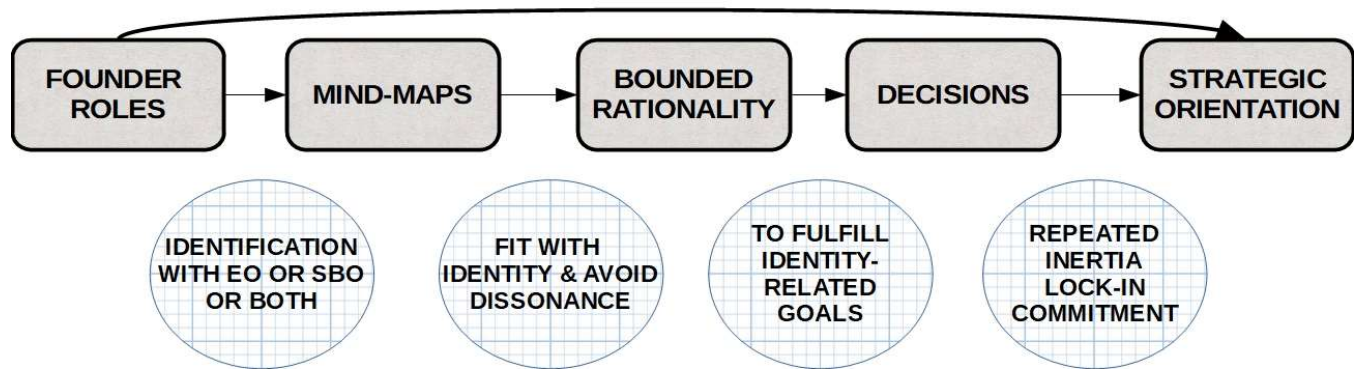


Figure 3: Proposed Model

CHAPTER 3

HYPOTHESIS DEVELOPMENT

Strategic behaviors guide strategic orientation of a firm. Studies have tried to introduce typologies of various type of strategic orientation such as a prospector, a defender or a firm that differentiates its products v provides low costs products (Slater et al., 2006). Not many studies have tried to establish a link between founder cognition and the type of strategic orientation that permeates the small business run by such founders. Very few studies have empirically tested the antecedents of the adoption of various types of interfirm governance mechanisms especially in the MSE sector in an emerging country. Some studies, such as Transaction Cost Economics (TCE), have touched upon concepts of bounded rationality and opportunism and how they guide the adoption of contracting mechanisms. This dissertation seeks to bring into purview the founder mindsets as one potential antecedent in the adoption of such strategic decisions. Strategic decisions in this dissertation that I have incorporated for are the inter-firm governance mechanism used, the market orientation of firms and the intention to go international.

The inter-firm governance mechanisms involve the choice between trust-based or contractual governance mechanisms or both. In a collectivist country like India, relational trust is usually the driving force of interfirm relations which function in an informal business environment. It is important to study if this assumption still holds true in today's times (Carson et al., 2006a; Dyer & Singh, 1998; Faems et al., 2008; Geyskens et al., 2006; Saporito et al., 2004). While some research states that under uncertainty, relational governance mechanisms may fail and contractual governance would be a better safeguard whereas some research states that under uncertainty, relational governance mechanisms may be more effective (Zahra et al., 2006). Similarly, market orientation has been studied in the context of large firms. Market

orientation comprising of the firm's attitude and strategic outlook towards customers and competitors, also exists in MSEs but has not been extensively studied in that context. Founders with differing mindsets can decide to focus on fulfilling customer needs and sacrificing their innovative tendencies in exchange or decide to drive their firm's path by focusing on competitors and rapidly responding to the changing market. Lastly, small business literature has not encouraged studies about international orientation of founders due to the pre-conceived notion that small businesses lack the will and resources to do so. I study all three orientations leading to five strategic orientation choice among MSEs.

3.1 Interfirm Governance Mechanisms

Research has shown that founder mindset can be used to predict the type of governance adopted in a business and its impact. Research in family business has shown that agency guided governance curbs opportunistic behavior and stewardship guided governance aims to empower individuals with other serving behavior (Madison et al., 2017). The policy and governance strategy towards interorganizational relationships and partnerships is a crucial predictor for the success of MSEs (Carson et al., 2006a; Dyer & Singh, 1998; Geyskens et al., 2006). Broadly speaking there are two governing mechanisms that firms can adopt in dealing with other businesses in their value chain, namely, contractual, and relational governance. The first is the structural or formal contracting perspective which is based on transaction cost theory. The structural perspective predicts that business partners and other parties to the business act opportunistically and there is a need to curb such behavior by increasing monitoring and control. Under contractual governing mechanisms the exchanges are formal, based on contracts and are law-dependent motivators for carrying out partner arrangements in proper coordination. The second mechanism is the relational mechanism which is based on trust, cooperativeness, and

reciprocity among partners. Relational mechanisms rely on behavioral routines and are often derived from social interactions (Faems et al., 2008).

Countries are characterized by formal and informal institutional gaps that enhance or diminish the effectiveness of contracting mechanisms. In transitioning economies, which are fundamentally characterized by changing rules and governance measures, contracts can provide an effective way of reducing uncertainties, enhance cooperation, reduce opportunistic behaviors and enable a proper alignment of intellect and capabilities among businesses (Chi et al., 2020). In MSEs, especially in the developing country context, the focus is on trying to create mechanisms that help founders overcome the shortcomings of the formal economy through informal mechanisms. Governance of interfirm relationships is dependent on two mechanisms, one that is external to the firm such as the institutional (government and legal) framework that evolves on its own and second that is internal (to the firm) such as the administrative mechanism that is developed endogenously by the firm during the course of multiple exchanges with other businesses (Abdi & Aulakh, 2012). The institutional framework that is external to the firm provides support to the firm by laying down social and legal rules that form the basis of governance contracts. The internal exchange parameters are created based on mutual understanding of present and future goals along with the level of trustworthiness of business partners (Abdi & Aulakh, 2012). Founders have control over the way they cultivate the type of governance mechanisms that will be followed in the foreseeable future by their business partners. Sociological approaches, as compared to neoclassical approaches, favor relational contracting over formal contracting for handling uncertainty. Relational contracting is supported based on reputation, continuity, history of exchange relations among parties and trust. Relational contracting can often offer benefits in the form of non-legal sanctions that legal or formal

contracting cannot provide, especially in situations of uncertainty and ambiguous environments (Carson et al., 2006).

Table 2: Comparison between Contractual and Relational Governance Mechanisms

Characteristic	Contractual Governance	Relational Governance
Theoretical Basis	Transaction Cost Theory	Social Exchange Theory
Goal	Enhance coordination, minimize opportunism	Build longstanding relations based on trust and recurring transactions
Underlying Assumption	Parties are self-interested	Parties are trustworthy
Mechanism	Detailed, safeguarding contracts	Minimal contracts and word-of-mouth
Nature	Placing limits on freedom of actions	Enhancing freedom & incentive to repeat transactions
Degree of Separation	Independent of specific people involved	Tightly bound to specific individuals & their relationships
Stipulation of Outcomes	Measurable and explicitly specified	Behavior based & cannot be stipulated
Unit of Operation	Depersonalized exchanges with reliance on measurable parameters mostly financial	People and social based
Means	Service level agreements, measurable indices, and plans	Direct contact through trips and social meetings, teamwork, and committee memberships
Other Names	Agency / Structural / Formal Governance	Stewardship Governance
Costs	Negotiating, enforcing, designing, implementing, reviewing information & contracts	Time & resource constraints to facilitate frequent meetings
References	Madison et al., 2017, Abdi & Aulakh, 2012, 2017, Mellewigt et al., 2018, Faems et al., 2008, Argyres & Mayer, 2007, Pittino & Mazzurana, 2013, Hoetker & Mellewigt, 2009	

Formal or contractual governance signals distrust and opportunism. Whereas relational governance mechanisms render the costly modes of contractual governance insignificant (Abdi & Aulakh, 2017). Relational governance in isolation may be ineffective but when combined with contractual governance forms a powerful governance mechanism (Mellewigt et al., 2018).

The choice between contractual and relational governance mechanisms is also determined by the level of inter-dependencies businesses face and the complexity of transactions along with the level of uncertainty in the environment (Argyres & Mayer, 2007).

Contractual governance or formal contracts undermine relational arrangements, but they do coexist. Apart from external factors such as uncertainty and environmental turbulence, the next big factor that drives such decisions is the cognition and psychology of the founder (Abdi & Aulakh, 2017). As the primary motive for founders with an entrepreneurial mindset is to focus on risk-taking for their business and reducing risk from everywhere else, they would lean more towards formal contracts to manage interorganizational relations. Founders with the small business mindset are stakeholder-centric in their outlook and would likely rely more on frequent social interactions and socio-cognitive connections with their business suppliers and competitors.

3.1.1 Contractual Governance

Contracts specify the rules, promises, obligations, roles, and responsibilities of the parties, expected outcomes, penalties for non-compliance and procedures that will be used to govern activities (Abdi & Aulakh, 2012). Contractual governance or formal contracting helps cover the gaps in institutional frameworks of a country by substituting the lack of legal frameworks. Contractual governance mechanisms are usually used to overcome opportunistic behavior between partners to a contract. Such opportunistic behavior is based on relationship specific conditioning of the parties to the contract, the business's favorable or unfavorable assessment of each other and the level of commitment demonstrated through behavior of the parties to each other in the past. Contractual governance mechanisms increase the level of control and monitoring (Ghoshal & Moran, 1996). Contractual governance mechanisms are most likely used when there have been past collaborative failures as it helps curb opportunistic

behaviors of entities in the future (Duplat et al., 2018). Contracts standardize business dealings and provides a benchmark for measuring inter-firm business partner effectiveness. They also provide a safeguarding mechanism where founders cannot solely rely on trust-based mechanisms. Contractual governance mechanisms are however inflexible, costly and can make MSEs vulnerable to opportunistic behaviors of other companies (Son et al., 2019).

In transitional economies, lack of rules that are specifically meant to enforce contracts may render formal governance mechanisms ineffective. Founders with entrepreneurial mindsets are not focused on creating and sustaining long-term relations with their business contracts and hence are relatively more likely to rely on legal mechanisms to safeguard their risk and innovations. Whereas, founders identifying with the small business mindset are more interested in long-term stakeholder building relations, they are more likely to rely on trust-based mechanisms to build long standing relations with their business partners like suppliers that stem from placing unwavering faith in such inter-firm relations. There would be a stronger link between founders identifying with entrepreneurial mindset and orientation towards using contract-based governance mechanisms as compared to founders identifying with a small business mindset who would not want to pursue contractual governance as it would signal lack of trust in their business partner. Thus, comparatively, entrepreneurial founders would rely more heavily on contracts than would small business founders.

H1: Founders identifying with the small business mindset are likely to display a weaker preference for contract-based governance mechanisms to manage interorganizational relationships than those identifying with the entrepreneurial mindset.

H1a: Entrepreneurial mindset will be positively related to contractual governance.

H1b: Small Business mindset will be negatively related to contractual governance.

3.1.2 Relational Governance

Relational governance relies on informal governance mechanisms that are based on trust, informal rules, flexible relations, mutual understanding and fairness among business and extended and frequent communication and joint problem solving (Abdi & Aulakh, 2012, p. 485). Trust has been defined as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Zahra et al., 2006, p. 542). Relational governance mechanisms accrue relational rents and are derived by mutual investment and commitment among businesses. The relational rents improve performance of businesses over time (Bird & Soundararajan, 2018). Relational trust acts as an important “social lubricant”, expediting knowledge sharing and the time taken to bring about change.

Relational trust acts as a replacement for formal monitoring mechanisms and control, in turn leads to a decline in implementation costs. However, excessive reliance on trust can have negative effects that create barriers of exclusivity among business partners and prohibiting creative knowledge sharing. It can also lead to errors of judgement where businesses turn a blind eye to evidence that violates the trustworthiness of business partners. Excessive dependence on relational governance also increases dependency on certain businesses due to habit and history while eliminating new sources of alliances that can aid in the business growth. Excessive reliance on a limited number of “trust-worthy businesses” can the expose the parties to the relational contract to exploitative tendencies of either (Zahra et al., 2006, p. 547).

Relational or informal governance relies on the frequency of social interaction among members and is based on trust and goal alignment (Rosenkranz & Wulf, 2019; Hoskisson et al., 2018, p. 299). MSEs are embedded in the communities they function in and have close economic and social ties to local businesses. These ties are built on trust and informal business

connections. Since small business-oriented founders prefer building a bond with their stakeholders, they are more likely to rely on relational governance mechanisms than would entrepreneurially oriented founders. Founders who identify with a small business mindset are theorized to emit a high civic-mindedness due to self-transcendence values that underlie their mindset. Thus, the focus of such civic-minded small business owners would be to enhance the relationships and build long-term, predictable network dynamics with the business's stakeholders that support business integrity (R. C. Runyan & Covin, 2019). On the other hand, as entrepreneurial founders are profit-driven and goal focused rather than stakeholder focused, they are less likely to rely on relational and informal trust mechanisms to guide their interfirm relations.

H2: Founders identifying with the small business mindset are likely to display a stronger preference for relational governance mechanisms to manage interorganizational relationships than those identifying with the entrepreneurial mindset.

H2a: Entrepreneurial mindset will be negatively related to relational governance.

H2b: Small Business mindset will be positively related to relational governance.

3.2 Market Orientation

Market orientation is a prerequisite of a firm growth. Studies researching market orientation of MSEs in transitioning economies is small which is surprising because market orientation is not limited to firm size or economy types (Blankson et al., 2006). A firm that successfully and efficiently adopts its policies aimed towards the satisfaction of the needs and wants of its target customers as compared to its competitors puts that firm in a better place to achieve its profitability targets as well (Blankson & Ming-Sung Cheng, 2005). A firm's market orientation, different from a firm's marketing orientation, is a firm-wide philosophy that defines its purpose which guides the identification of the needs and wants of the target market which in

turn allows it to perform better than its competitors. The cultural perspective to market orientation comprises of three components namely, customer orientation, competitor orientation, and inter-functional coordination along with two decision criteria namely, long-term focus and profitability (Reijonen et al., 2012). In this dissertation I focus on studying customer and competitor orientation of small businesses. Firms that are customer-oriented and competitor-oriented gather knowledge about their customers and competitors and use this information throughout the firm's functions. These patterns and orientations eventually become norms of the organization. The role founders play in determining a firm's market orientation is critical "To a great extent, marketing in MSEs is related to the owners' attitudes to, experience of, and expertise in marketing" (Reijonen et al., 2012, p. 702). Firm growth can be influenced by such mindsets (Eggers et al., 2013).

3.2.1 Customer Orientation

Customer orientation is the complete understanding of one's target consumer base and the entire value chain of the buyer's value creation mechanism (Narver, J. C., & Slater, S. F., 1990). Past research has provided evidence that the market orientation culture, especially customer orientation, is the result of owner's management style, attitudes and decision-making skills (Reijonen et al., 2012). Customer oriented MSEs have a strong commitment towards creating value for their customers and are open to receiving feedback and improving their value-added services. Customer orientation activities include advice giving and focusing attention on customers leading to the creation of goodwill and intimacy that enhances a founder's identification levels with their customers and business (Saparito & Coombs, 2013; Zachary et al., 2011).

Customer Orientation seeks to capture latent and unarticulated customer demands along with immediate, expressed, or explicit customer needs which involves a high level of foresight and responsiveness. Firms that are focused on customer needs will be unable to bring about innovative, value-added changes to their services, a trait of entrepreneurial founders (Eggers et al., 2013). A founder with a small business mindset would focus on building relations with his or her customers and fulfil their needs leading to the “tyranny of the served market” culminating into a tunnel vision that involves a short-term outlook (Eggers et al., 2013, p. 526). Customer orientated activities are indulged in with the intentions of creating long-term social and psychological bonds of friendly reciprocity between customers and founders (Saparito & Coombs, 2013; Runyan & Covin, 2019).

H3: Founders identifying with the small business mindset are likely to display a stronger preference for strategies that focus on customer needs than those identifying with the entrepreneurial mindset.

H3a: Entrepreneurial mindset will be negatively related to customer orientation.

H3b: Small Business mindset will be positively related to customer orientation.

3.2.2 Competitor Orientation

Competitor orientation, as part of a firm’s market orientation, is defined as “understanding short-term strengths and weaknesses and long-term capabilities of both current and potential competitors” (Blankson et al., 2006, p. 575). MSEs with competitor orientation monitor their competitor activity and actively respond to their actions. Founders identifying with the entrepreneurial mindset are proactive and innovative in their business dealings. Being able to track and respond to competitor moves would be their primary motivation. Entrepreneurial founders would also find it necessary to continuously innovate to be able to stay ahead of their competitors. On the other hand, founders with the small business mindset would be more focused

on the long-term sustenance of their firm and to maintain conformity with their ideals, identity and values; outside forces would have little to no effect on their decision-making. Founders identifying with the small business mindset would be focused on furthering sustainability of their business and in maintaining their reputation and goodwill in the market they function.

Aggressively competing with the competitors would be last on their agenda.

H4: Founders identifying with the small business mindset are likely to display a weaker preference for strategies that focus on competitor responsiveness than those identifying with the entrepreneurial mindset.

H4a: Entrepreneurial mindset will be positively related to competitor orientation.

H4b: Small Business mindset will be negatively related to competitor orientation.

3.3 International Orientation

Internationalization of a firm takes time as the firm goes through various stages of involvement and this prospect of going global is dependent on managerial mentality (Miocevic & Crnjak-Karanovic, 2011). Research on internationalization of MSEs in transitioning economies is scant as this phenomenon has been primarily focused on by large firms and mostly in developed countries (Yamakawa et al., 2007). This phenomenon might be because in the past, small firms have lacked resources and have size constraints that prevent them from expanding internationally. But in today's boundaryless world, expanding internationally, especially digitally, has become relatively easy. Thus, the restraints that characterized small firm internationalization are not true today. Internationalization at earlier stages of firm age could be beneficial as it allows better control of the assets through structured partnership and alliance deals. Internationalization here has been defined as intent to expand business overseas in any form. MSE internationalization poses information processing and governance challenges with the need for foreign staff, networks and customers (Nielsen & Nielsen, 2013). It needs a strong

knowledge of foreign markets and overseas culture. Small business-oriented founders who are content with their present business size are not particularly keen in pursuing such challenging expansion activities. Whereas entrepreneurial oriented founders prone to risk-taking and innovation find internationalization exciting and full of opportunities.

International entrepreneurship, especially international new venture literature states that there is a need to externalize governance structure when expanding internationally such as an alliance governance structure (Li et al., 2015). International entrepreneurial mindset is the aggressiveness of founders in pursuing international markets (Slevin & Terjesen, 2011). As such, it has close ties to entrepreneurial mindsets than small business mindset. MSE founders identifying highly with entrepreneurial mindset are more likely and in a better position to identify international business opportunities and create strategies that make their international market entry successful (Nakos et al., 2014). As entrepreneurial founders are always on the lookout for ideas and market to explore/exploit, they would be more likely to and more willing to expand their business operations internationally than would small business minded founders. Whereas founders with a small business mindset are satisfied with their present business size and goals and have little to no ambition in expanding it, especially overseas. Small business-oriented founders are emotionally attached to their business to such an extent that they may fear losing the in-built heritage of their business or worst, watch their dream fail overseas.

H5: Founders identifying with the small business mindset are likely to display a weaker preference for strategies that focus on international expansion than those identifying with the entrepreneurial mindset.

H5a: Entrepreneurial mindset will be positively related to international orientation.

H5b: Small Business mindset will be negatively related to international orientation.

3.4 Identity Work & Founder Mindset Moderators

Identity enactment can only be possible when there is a congruence or fit between the strongly held role identities. This fit provides self-verification, validation, and support to continue and maintain consistency of such identities. But when specific internal or external demands are inconsistent with highly central and salient identities, then the identity holder experiences distress and will refrain from enacting out the less closely held identity (Farmer et al., 2003). At the dyadic level, certain interactions trigger certain identities to become salient with reference to another identity. When identities become highly salient, it heightens the psychological impact caused from that identity relation. Repeated interactions with others create opportunities for individuals to define themselves via-a-vis other's perceptions.

Contextual features of identities are responsible for activating certain locus of identities that guide behavior and decision making (Farrington et al., 2012). Such identity salience can be activated via positive or negative, contextual, or individual, internal, or external triggers. For example, being repeatedly given positive feedback about one's skills can consolidate one's professional identity (Demetry, 2017). Salient identities are more likely to be triggered than other identities in given situations (Kraimer et al., 2012).

Identity exists at three different levels. First at a personal level where identity is guided by values and personal characteristics. The second is at the relational level where self-defining relationships are cultivated. Thirdly, at the collective level where group memberships define an individual (Leavitt & Sluss, 2015). One common motive across all levels is the need for self-affirmation but each level has its own unique need to fulfill. These needs can be thwarted when an individual's identity is challenged and threatened. Identity threats can be triggered either internally (self-awareness) or externally from social interactions or news pieces. When identity

threats emerge, they must be dealt with or they begin causing hindrances to the enactment of such identities. Since the level of identification at one level is high, individuals at those levels become increasingly sensitive to identity threats as compared to other levels (Leavitt & Sluss, 2015). For example, entrepreneurial founders can be more influenced when they come in contact with other influential network members than they would be with raw data presenting the same facts. Thus, for some founders, individual level triggers are more relevant whereas for some relational level triggers cause identity dissonance.

Identity threats are experiences that are perceived as causing potential harm to an individual's values and ability to enact the identity. When identities are threatened, they can be reworked and reconstructed which is called identity work leading to identity adjustment and/or identity alignment. It may sometimes be impossible to carry out such identity work and may lead to identity covering using tactics such as lying. Individuals can also shed their previous identity and adopt another which is called identity exit (Leavitt & Sluss, 2015). When individuals feel their identity is threatened, they seek similar others or compare themselves with individuals who, according to the focal individual, belong to a relatively worse group. These acts are ways to enhance the sense of self and restoring the individual's self-esteem. For example, founders when faced with environmental uncertainty may turn to their network of experts to make decisions. The goal of the individual who faces identity threat is to use normalization tactics to restore faith in one's own identity through the validation of the self through others or oneself. The similar individuals that help re-affirm the focal individual's identity are called social buffers and they have similar values, beliefs, and identity as the focal individual (Ashforth et al., 2007). In this study, these social buffers are called managerial connections. In this dissertation I study if founders are influenced by their network, the external market uncertainty or raw market data.

When an identity threat is perceived to be unresolvable, the identity threat is said to be intractable. Identity threat intractability triggers coping mechanisms to deal with identity threats. These mitigating mechanisms can take the form of identity work where the present identity threatened is modified, identity exiting where the identity is discarded and finally, identifying the causes of such threats and rectifying them. Valued identities motivate entrepreneurs to resiliently counter, eliminate or manage the threat whereas undervalued identities motivate the entrepreneurs to discard the identity or change it. With each passing effort to curb intractability and with every failed attempt to manage the threat, the individual will move from managing the threat to discarding the identity. The ability to use information to refute the identity threat is dependent upon the depth of knowledge possessed by the individual and his or her information processing capability. Individuals can also try to spin the identity if the identity under threat is ambiguous and less formalized by crossing levels. Lastly, the identity can be discarded if it is not chronically accessible or highly salient due to lack of alternative opportunities. Identities that are highly salient maybe difficult to discard (Leavitt & Sluss, 2015).

3.4.1 Decision Rationality

According to strategic management literature, procedural rationality is a process undertaken by top management team members where alternative decisions are to be evaluated before committing to the one. Decision rationality reduces wastage of a firm's resources, time, and money where founders consider information that enables them to take decisions for the firm based on such information. Founders, just like regular individuals, have bounded rationality and would be able to circumvent it if they searched and analyzed relevant information when making strategic decisions for their firms by employing a systematic process and using quantitative techniques before making these decisions. Founders can overcome their biases "by adopting

policies that require collection of more data, slowing down decision making, encouraging skepticism, increasing accountability and requiring higher levels of group decision making.” (De Winnaar & Scholtz, 2019). Basing decisions on gut feelings or intuition or solely relying on preconceived notions that are triggered due to fixed mindsets could yield false perspectives towards situations.

The relation between entrepreneurial mindset and international performance with a moderating effect of decision rationality was studied by (Deligianni et al., 2016). Decision rationality was posited to enhance performance of entrepreneurial firms by preventing entrepreneurs from moving too quickly to exploit an opportunity and by exposing potential innovation pathways to be ventured in by circumventing the short time span between feedback and planning in entrepreneurial firms. Rational decision-making allows entrepreneurial firms to make wise decisions, achieve superior market performance and enhance effective competitor monitoring. Internationalization of information enables entrepreneurial founders to use knowledge about external markets to reduce uncertainty (Deligianni et al., 2016).

To identify relevant opportunities and embark on the right strategy to materialize them requires that the founders have the resources and tools of discovery. Two broad types of strategy processes have been talked about in literature namely are deliberate and emergent, where the former is carefully planned and implemented, and the latter just naturally unfolds over the course of the business. With the infusion of decision rationality, an emergent strategy can become deliberate. In the presence of information and accurate statistical data about suppliers, customers and the environment, founders with a small business mindset but become more risk-taking, proactive, and innovative as the potential for harm or loss to their legacy is minimized. Thus, instead of constraining their business and being conservative, small business-oriented founders

could find themselves formulating a deliberate strategy that competes more, adopts contracts more and perhaps is keen on adopting international practices. On the other hand, founders with who identify highly with the entrepreneurial mindset would find themselves reverting and relying highly on their instincts to take risks. Thus, the presence of information about the environment a business functions in can make the entrepreneurial founder rely on emergent natural instincts and strategies and a founder with the small business mindset behaving more “bravely” in pursuit of higher goals and not relying on conservative, small business ways.

H6a: Founder decision rationality would negatively moderate the relation between small business mindset and strategic orientation of the firms posited earlier.

H6b: Founder decision rationality would positively moderate the relation between entrepreneurial mindset and strategic orientation of the firms posited earlier.

3.4.2 Managerial Connections

Managerial connections here are defined as a founder’s network of relationships with specialists and advisors that provide the founder with important insight about the market founders function in. A founder’s network can act as a substitute and fill institutional voids in the environment where such MSEs exist. Especially in emerging and transitional countries like India where institutional voids and having access to statistical data is difficult or too expensive, a founder’s network of specialists maybe the only reliable source of information. Similarly, collectivist countries rely substantially on their network. “Specifically, close ties with employees and with external parties who provide financing, professional advice, and training may well provide an institutional context that makes up for gaps in the political, social and economic infrastructures of emerging markets.” (Miller et al., 2009, p. 803).

Founders identifying with the small business mindset are highly reliant on their trust-worthy network of specialists and would heed their advice about the market more often. It would be the small business minded founder's belief that the information shared by their network connections would be highly accurate as it their position and social interaction that has created such a process of information sharing between businesses. On the other hand, founders with an entrepreneurial mindset are more likely to seek information that reinforces their strategy and furthers their goals of risk-taking and proactive innovativeness. For example, an entrepreneurial founder may have already decided to embark on a certain strategy that gives them a larger share of the market with a new product or service. In such a scenario, the entrepreneurial founder would consult his or her network in search of validating facts that further this goal. Whereas, a founder with a small business mindset may have decided to not introduce any new products or services for the foreseeable future but taking heed of the advice given by his or her trusted advisor network, may have a change of opinion and begin competing aggressively in the market. Such connections may also be in the form of family, friends who have had experience being entrepreneurs themselves. More than small business-oriented founders, entrepreneurial founders are more likely to utilize informally gathered information through connections and contacts to enhance their opportunistic strategies (Reijonen et al., 2012). Thus, in the presence of a solid network of advisors and specialists, small business-mindset can be changed into a more entrepreneurial mindset whereas an entrepreneurial mindset is reinforced.

H7a: Founder managerial connections would negatively moderate the relation between small business mindset and strategic orientation of the firms posited earlier.

H7b: Founder managerial connections would positively moderate the relation between entrepreneurial mindset and strategic orientation of the firms posited earlier.

3.4.3 Environmental Dynamism

Organizational environment is considered an important factor that impacts the strategy of the firm and contributes to the organization's capability to compete. Especially in the small business literature, business environment is one of the most important factors that moderates the impact of strategic and market orientation on firm performance (Yan & Yan, 2017). The level of environmental hostility or environmental dynamism has been used in numerous studies as a contextual factor that influences strategic decision making by the firm. Environmental dynamism is the level of uncertainty present or frequency of change in customer needs and competitor moves. Strategic decisions of a firm such as adopting a customer orientation rarely lead to a competitive advantage in a dynamic environment due to frequent changes in demand that cannot be anticipated, tracked or fulfilled (Eggers et al., 2013). In the performance context, literature states that founders benefit more, and their business performs better when they behave in an entrepreneurial manner under dynamic business environments than when they would have act conservatively. But under dynamic business environments, entrepreneurial behavior is curbed due to the instinctual tendency of founders to lower proactive risk and innovation. Uncertain or changing environments require the firm to have the capability to adapt and change as well. Founders identifying with the entrepreneurial mindset are adept at facing change and maybe willing but are more cautious while taking risks and may rely heavily on informal mechanisms to carry on their business as the formal and external environment is unpredictable. Whereas founders with a small business mindset already have a trust-based network of stakeholders and advisors in place and they tend to rely heavily on that network in the face of uncertainty. Founders with the small business mindset would pursue organizational robustness in the face of

uncertain environments whereas those with the entrepreneurial mindset tend to be conservative in their decision-making.

H8a: Environmental dynamism would positively moderate the relation between small business mindset and strategic orientation of the firms posited earlier.

H8b: Environmental dynamism would negatively moderate the relation between entrepreneurial mindset and strategic orientation of the firms posited earlier.

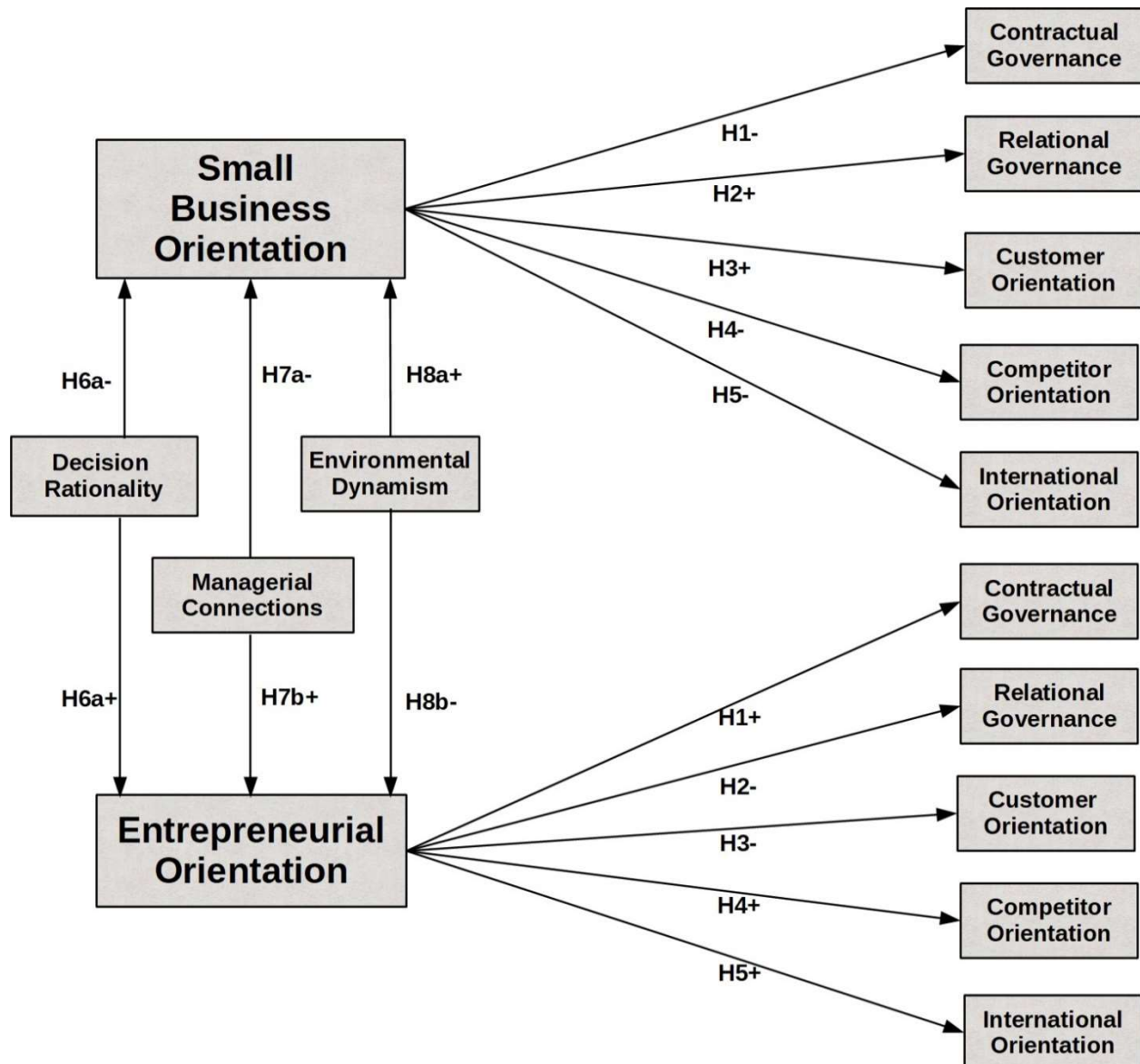


Figure 4: Hypothesized Model

CHAPTER 4

RESEARCH METHODS

4.1 Research Design

A cross-sectional survey research design was used where owners or founders of MSEs in India responded to an online survey. Companies with less than 500 employees were considered MSEs (Davis & Bendickson, 2018, Gumus & Regan, 2015, Batra et al., 2015, Tang et al., 2014). India is one of the fastest growing economies in the world in recent years. In India, micro and small enterprises (MSEs) play a crucial role as a self-sustaining career avenue for individuals seeking income, stability, and innovation. India provides an appropriate empirical context to test these hypotheses for three reasons. First, it represents a unique and comprehensive data of founder demography which can be generalizable due to the rapidly growing class of entrepreneurs with a global reach. Unique because it has not been studied extensively and is only recently finding its global presence. Comprehensive due to the presence of a variety of individuals that have differing education levels, social media exposure, business exposure and aspirations. Second, it is also a representative sample of emerging and transitioning economies in the world where entrepreneurs have more freedom to make firm-level choices that may be restricted due to the presence of numerous laws and rules that govern MSEs in developed countries. Thus, India provides a more accurate assessment of founder mindsets and their impact on firm-level strategies. Third, very few studies have used the Indian MSE founder database as a sample to study the ever-increasing global influence of Indian entrepreneurs and top-level managers.

In this research, each small business was a unit of analysis. Due to time constraints, a cross-sectional survey was used. The usage of cross-sectional surveys has been a common trend

in the fields of entrepreneurship (Zor et al., 2019, Riedo et al., 2019) and strategic management (Villena Manzanares, 2019, Vandenbroucke et al., 2019). The advantages of using a cross-sectional survey are that it overcomes the problem of “respondent attrition over time” (Zhang & Wang, 2019, p. 16).

4.2 Sample & Data Collection

Online survey data was collected from small business founders in India and Indian business owners on LinkedIn. Founders as respondents were chosen because they have the most comprehensive knowledge about their business and because the study focuses on studying founder mindsets. Founders in MSEs also play a more significant role in forming firm strategies and face fewer constraints than those in larger organizations (Zhang & Wang, 2019). The initial data of Indian MSEs was gathered from three different websites namely, MSE.in, indiabizlist.com and startupindia.gov.in. University and department funds were utilized to further this data collection process by enabling the hiring of individuals who assisted by electronically and manually collecting founder emails. While the results yielded thousands of MSEs lists in India, the emails they had enlisted turned out to be defunct or not persuasive sources to elicit survey responses as was evident with the pilot test. A random sample of 500 small business emails was chosen from these three websites to pilot test the survey. This yielded a very dismal result of 8-10 responses. Personal friends and connections who are entrepreneurs in India were also requested to provide feedback on the said survey. Based on the feedback received, the survey instrument was shortened and definitions for various terms were added. The survey was not back translated because English is a commonly spoken and written language in India, especially by business founders. Since the pilot test resulted in such drastically low responses, there was a need to solicit participation through a social interfacing mechanism with the

founders. To ensure a personal touch, the small business owners shortlisted from the websites were contacted on LinkedIn. Since LinkedIn already has a professional summary of each participant, the account provides legitimacy to such survey participation requests which would otherwise be discarded as spam. Once a connection was established, seeking a response became relatively easy through LinkedIn. Entrepreneurs who are active on professional sites such as LinkedIn are more likely to be responsive. Thus, a decision was made to change the data sourcing method and the data collection was re-routed through LinkedIn to find the Indian Small Business Owners sample. The data was thus collected using non-probability sampling through three methods using LinkedIn. Firstly, using my personal LinkedIn account, founders of Indian small business owners were searched for with keywords such as “founder, owner, proprietor” while the location criteria was set to India. The search was conducted manually, and the founders were then sent requests to connect to my personal account with an invite message that stated the purpose of this request. The number of requests to be connected over LinkedIn were sent to around 500 small business owners. The ones who accepted the invites were informed about the study again through LinkedIn’s messaging service and pre-approval was received before sending them the survey email. This resulted in 298 emails. The second method of data collection through LinkedIn was using python web-scraping which was used to gather founder emails that are publicly available on LinkedIn which yielded 97 emails. LinkedIn would not allow for the scrapping of any further emails because of the requirement of a recruiter account to view profiles more than 100. My personal LinkedIn account was blocked when we tried to run the script to gather more than 100 public profile data. The third method was to post the survey link on one Indian small business group on LinkedIn called Small & Medium Business Development Chamber of India which comprised of 1057 members. This resulted in 1 survey response. These

three methods, of requesting participation in the study through personal contact, python scraping and group requests, yielded 396 usable founder emails. The survey link was sent through Qualtrics or shared directly on LinkedIn. Follow-up reminders were sent both via email and LinkedIn. Some participants decided to drop out stating that they cannot fill the surveys as it would mean sharing important personal or professional information whereas some dropped out because it was too lengthy and they did not have time, or if the survey was not relevant to their business while others just did not respond. There were six screening questions. The responses were included if the respondent was the founder or founder/manager, the small business was founded in India and operates as an independent unit, is presently active, has less than 500 employees and has been in existence for a year or longer.

Five respondents communicated their refusal to participate, two respondents opted out of the survey via the opt-out option in the survey and others did not respond. This resulted in a total of 130 responses. After screening the data, 20 respondents were dropped resulting in 110 usable surveys resulted formed the final sample leading to a 27.7% response rate. The response rate is acceptable and usual in small business studies where the founder is the primary responder (Baron et al., 2016; de Rassenfosse & Fischer, 2016; Flatten et al., 2015; Kotlar & Sieger, 2019). The sample size, as per standards, meets the bare minimum standard which states that the “preferably the sample size should be 100 or larger. As a general rule, the minimum is to have at least five times as many observations as the number of variables to be analyzed, and the more acceptable sample size would have a 10:1 ratio” (Hair, 2014, p. 100).

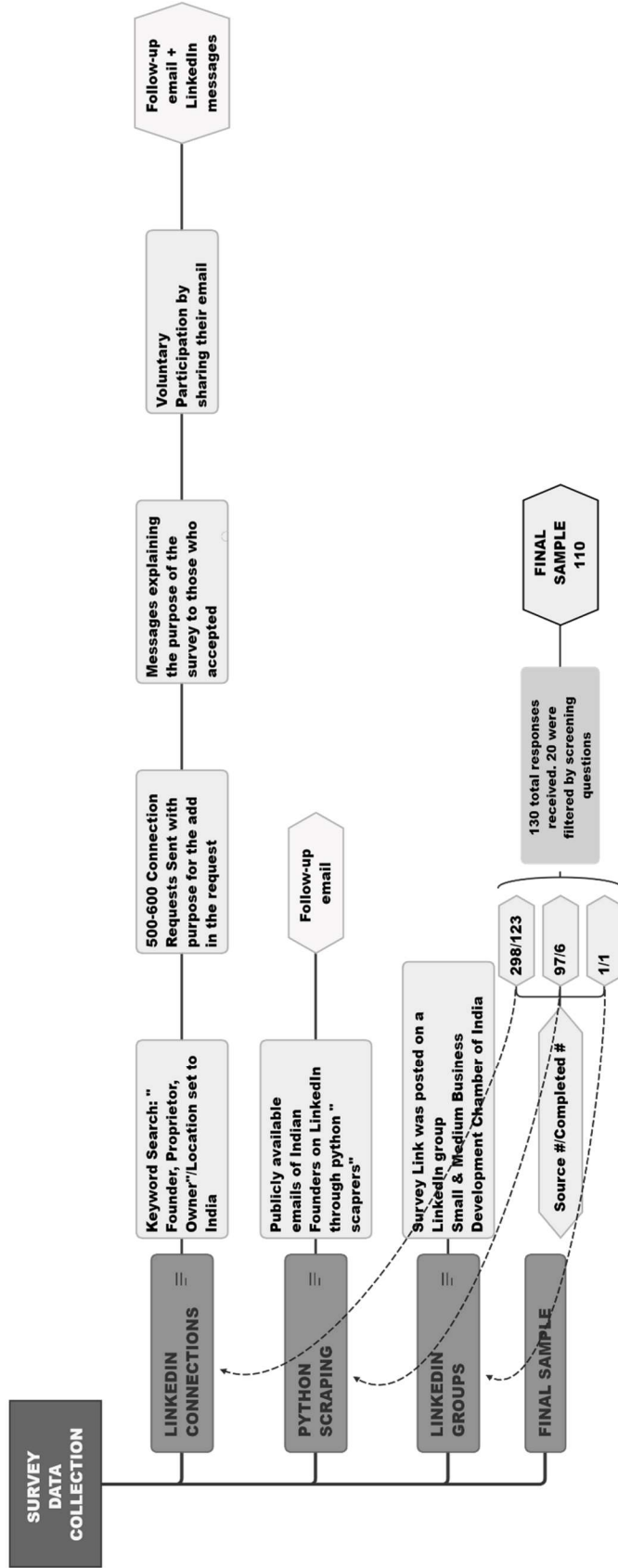


Figure 5: Data Collection Steps

The survey was accompanied by voluntary participation, confidentiality, and invitation letters. Social desirability/consistency bias was controlled for by assuring the respondents complete confidentiality of their identity (Schworm et al., 2015). The questions were all mandatory therefore there were no missing values. Qualtrics allows the survey questions to be structured in such a way that a survey cannot be finished and submitted unless all questions are answered. The pilot test responses were not included in the study.

Multiple hierarchical regression analysis with interaction terms were used to test the hypothesis (Baron & Kenny, 1986, Cohen & Cohen, 1983). The independent variables and subsequently the interaction terms were mean centered to reduce multicollinearity. Data was tested for assumptions such as independence, linearity, normality and homoskedasticity. While it was expected for the data to not conform to all such assumptions due to the small sample size, efforts were made to rectify the non-normality and heteroskedasticity of data. To log transform the dependent variables, Hair (2014) stated that the ratio of mean to standard deviation should be less than 4. None of the variables, except competitor orientation, met this condition. Hence, the dependent variables were not log transformed. The data is non-normal and heteroskedastic. Outliers were retained based on the suggestion by (Hair, 2014, p. 65), “Our belief is that they should be retained unless demonstrable proof indicates that they are truly aberrant and not representative of any observations in the population.” Data was tested for multicollinearity as the study has two independent variables. At each regression stage, the VIF and Tolerance values were checked. Independence for all variables was tested using the Durbin-Watson test, normality with normality plots, linearity with QQ plots and homoskedasticity with scatterplots. Bivariate and multivariate assumptions were also tested using Mahalanobis distance.

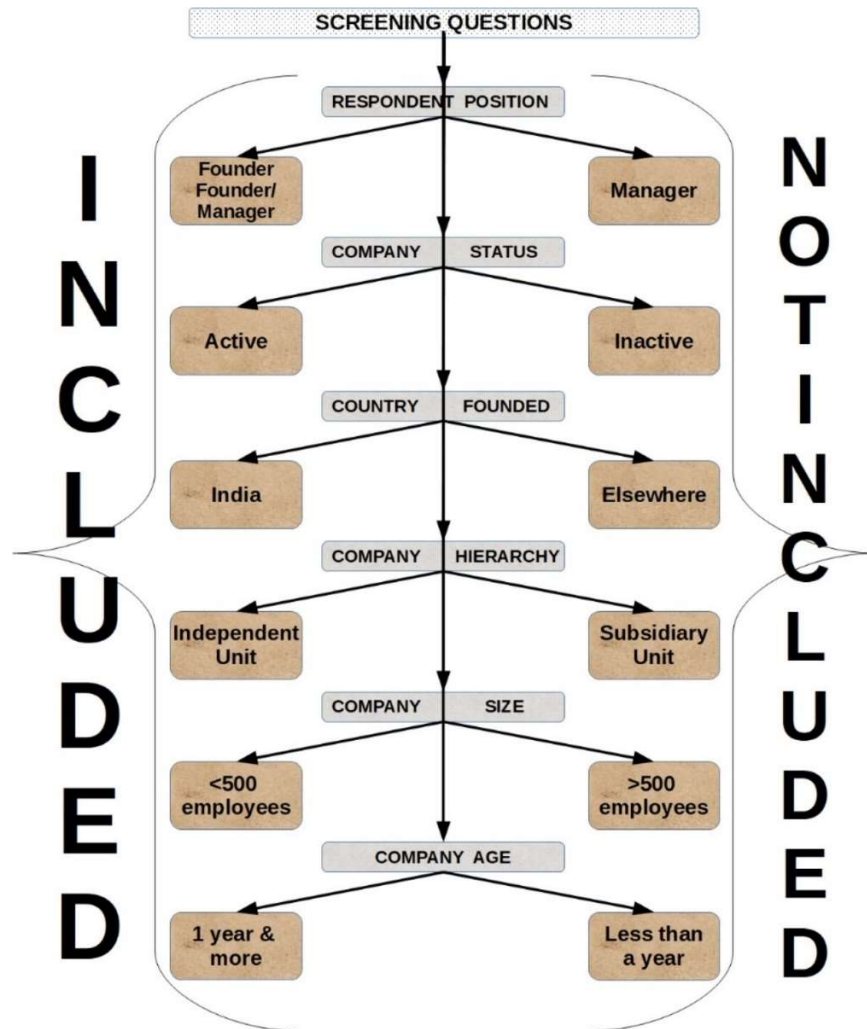


Figure 6: Screening Questions

4.3 Non-Response Bias

Due to the low response rate, non-Response bias was tested using three methods. The sample was split into 25% early and 25% late respondents with 28 respondents in each subsample (Becherer & Maurer, 1997). Late responders served as proxies for non-responders. An independent samples T-test (Table 3) was run for the main variables under study (Table 3). In this test, variables of Decision Rationality ($p=0.019$), Contractual Governance ($p=0.011$) and Competitor orientation ($p=0.035$) show a difference between early and late respondents. A chi-square test was run with demographic variables such as gender of the founder, socio-economic

background, firm size and company operations and the sample distribution showed no discernable differences.

Table 3: Independent Samples T-test

		Independent Samples Test						
		t-test for Equality of Means					95% C.I.	
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
EO	Equal variances assumed	0.558	54	0.579	0.08482	0.15197	-0.21986	0.38950
	Equal variances not assumed	0.558	52.183	0.579	0.08482	0.15197	-0.22010	0.38974
SMALL BUSINESS MINDSET	Equal variances assumed	-0.187	54	0.852	-0.03571	0.19066	-0.41797	0.34654
	Equal variances not assumed	-0.187	52.010	0.852	-0.03571	0.19066	-0.41830	0.34688
DR	Equal variances assumed	-2.419	54	0.019	-0.53571	0.22143	-0.97965	-0.09178
	Equal variances not assumed	-2.419	47.304	0.019	-0.53571	0.22143	-0.98109	-0.09033
MC	Equal variances assumed	-0.326	54	0.746	-0.07143	0.21942	-0.51134	0.36848
	Equal variances not assumed	-0.326	53.695	0.746	-0.07143	0.21942	-0.51139	0.36854
ED	Equal variances assumed	1.029	54	0.308	0.28571	0.27780	-0.27123	0.84266
	Equal variances not assumed	1.029	53.609	0.308	0.28571	0.27780	-0.27133	0.84276
CG	Equal variances assumed	-2.650	54	0.011	-0.52381	0.19770	-0.92017	-0.12745
	Equal variances not assumed	-2.650	52.296	0.011	-0.52381	0.19770	-0.92046	-0.12715
RG	Equal variances assumed	-0.875	54	0.385	-0.13095	0.14966	-0.43100	0.16909
	Equal variances not assumed	-0.875	44.821	0.386	-0.13095	0.14966	-0.43241	0.17051
CSO	Equal variances assumed	-1.144	54	0.258	-0.19048	0.16647	-0.52423	0.14328
	Equal variances not assumed	-1.144	43.707	0.259	-0.19048	0.16647	-0.52604	0.14508
COO	Equal variances assumed	-2.159	54	0.035	-0.50714	0.23493	-0.97814	-0.03614
	Equal variances not assumed	-2.159	50.520	0.036	-0.50714	0.23493	-0.97889	-0.03540
IO	Equal variances assumed	0.615	54	0.541	0.13095	0.21290	-0.29588	0.55779
	Equal variances not assumed	0.615	51.564	0.541	0.13095	0.21290	-0.29634	0.55825
LEVELEDU	Equal variances assumed	-0.633	54	0.530	-0.107	0.169	-0.447	0.232
	Equal variances not assumed	-0.633	52.489	0.530	-0.107	0.169	-0.447	0.233
FOUAGE	Equal variances assumed	0.560	54	0.578	0.14286	0.25496	-0.36830	0.65402
	Equal variances not assumed	0.560	52.507	0.578	0.14286	0.25496	-0.36864	0.65435
COMPAGE	Equal variances assumed	1.040	54	0.303	0.25000	0.24037	-0.23191	0.73191
	Equal variances not assumed	1.040	46.346	0.304	0.25000	0.24037	-0.23373	0.73373

Note: EO=Entrepreneurial Mindset, SMALL BUSINESS MINDSET=Small Business Mindset, DR=Decision Rationality, MC=Managerial Connections, ED=Environmental Dynamism, CG=Contractual Governance, RG=Relational Governance, CSO=Customer Service Mindset, COO=Competitor orientation, IO=International orientation, LEVELEDU= Level of Education of the founder, FOUAGE=Founder Age, COMPAGE=Company Age

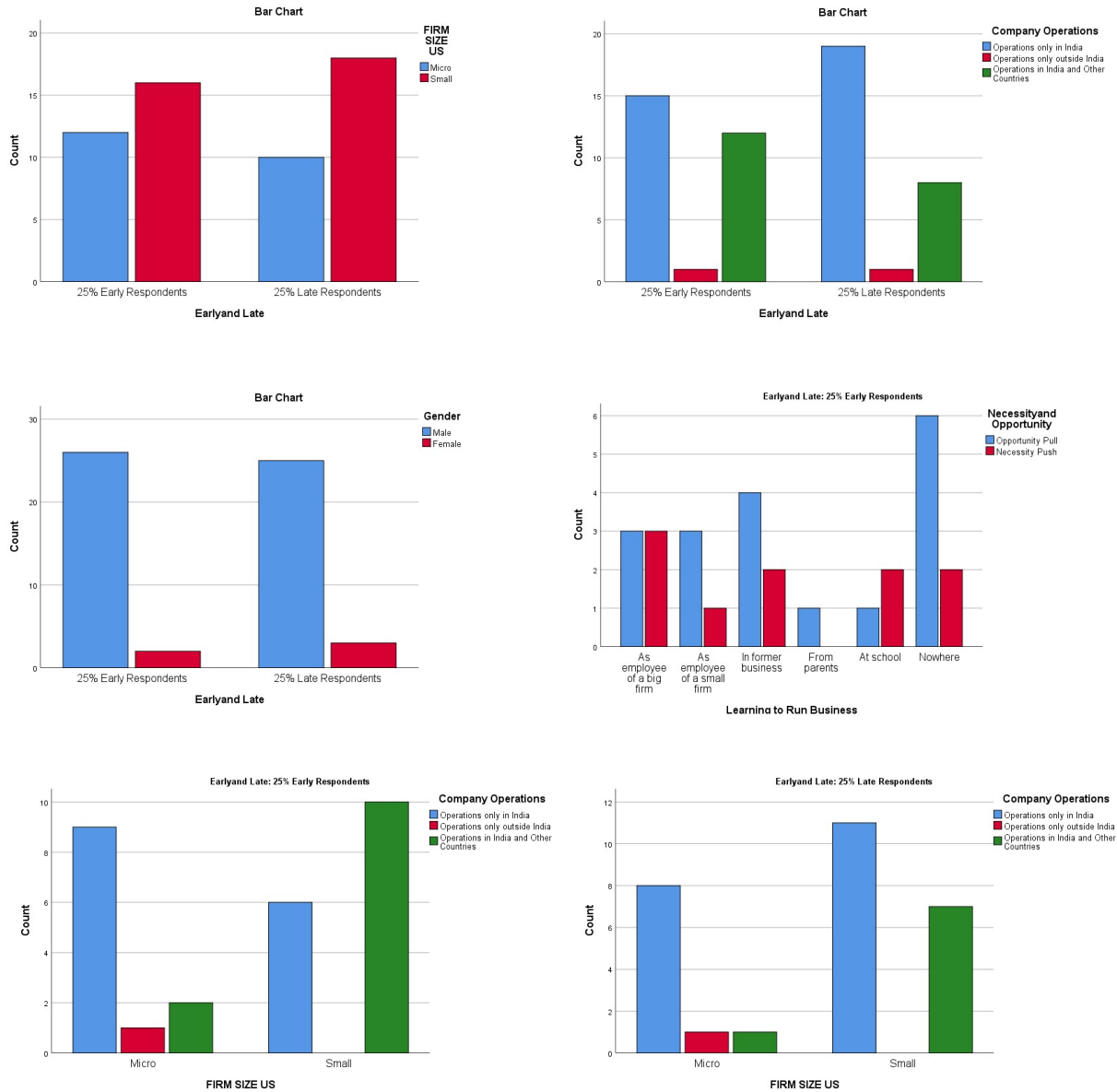


Figure 7: Chi-square of early and late respondents

Finally, a non-parametric Mann-Whitney test (Table 4) between early and late respondents was run for the main variables under study. The results show similar findings to what the independent samples t-test had shown, where variables decision rationality ($p=0.041$) and competitor orientation ($p=0.017$) seem to display a significant difference in early and late

respondents. Thus, there is a non-response bias displayed in a few variables i.e. decision rationality and contractual governance, under study.

Table 4: Mann-Whitney Test Results

Mann-Whitney Test between Early & Late Respondents													
	EO	SMALL BUSINE SS MINDS ET	DR	MC	ED	CG	RG	CSO	COO	IO	LEVELE DU	FOUA GE	COMPA GE
MW	331.0	387.000	268.5	374.0	342.5	248.0	373.5	342.5	282.5	346.5	363.500	355.00	361.500
U	00		00	00	00	00	00	00	00	00		0	
WW	737.0	793.000	674.5	780.0	748.5	654.0	779.5	748.5	688.5	752.5	769.500	761.00	767.500
	00		00	00	00	00	00	00	00	00		0	
Z	-	-0.083	-	-	-	-	-	-	-	-	-0.525	-0.646	-0.558
	1.007		2.041	0.296	0.816	2.391	0.319	0.825	1.804	0.760			
Sig	0.314	0.934	0.041	0.767	0.414	0.017	0.750	0.410	0.071	0.447	0.600	0.519	0.577

Note: MWU=Mann-Whitney U; WW=Wilcoxon W; Sig= Asymp. Sig. (2-tailed); Grouping Variable: Early and Late; EO=Entrepreneurial Mindset, SMALL BUSINESS MINDSET=Small Business Mindset, DR=Decision Rationality, MC=Managerial Connections, ED=Environmental Dynamism, CG=Contractual Governance, RG=Relational Governance, CSO=Customer Service Mindset, COO=Competitor orientation, IO=International orientation, LEVELEDU= Level of Education of the founder, FOUAGE=Founder Age, COMPAGE=Company Age

A summary of overall description and composition types of the sample is summarized in Table 5. The demographic question about operations was to ascertain the pattern of how many MSEs under the study are already functioning as international entities. Almost 65% of the respondents had their business operations only in India. The respondent sample consisted of 88.2% male founders and 11.8% female founders. Only 10% of the founders were older than 50 years. The variable of socioeconomic class was a self-reported measure proposed by Kish-Gephart & Campbell, 2015 where responses for lower and lower-middle class were recoded to form the lower class, middle class was as is and upper-middle class and upper class were recoded together to form the upper social class. Firm size was categorized based on the demarcation used in small business literature where firms with 10 or less full-time employees were classified as micro and those having 11 to 500 full-time employees as small enterprises. The variable of ‘learning how to be an entrepreneur’ focuses on the source from where the entrepreneurs have learnt to run their business.

Table 5: Sample Characteristics of the surveyed sample

Individual and Firm Level Demographics for Sample			
Gender		Industry	
Male	88.20%	Manufacturing	7.30%
Female	11.80%	Service	66.40%
Founder Status		Wholesale/Distributor	6.40%
Founder	51.80%	Retail	2.70%
Founder & Manager	48.20%	Other	17.30%
Socioeconomic Class		Business Operations	
Lower Class	20.00%	Operations only in India	64.55%
Middle Class	34.50%	Operations only outside India	1.81%
Upper Class	45.50%	Operations in India and Other Countries	33.64%
Age of the Founder		Age of the Company	
Anticipatory Stage	19.00%	Less than 5 years	57.30%
Launching Stage	45.50%	6 and 10 years	32.70%
Establishment Stage	25.50%	11 and 15 years	4.50%
Shifting Gears Stage	10.00%	Older than 15 years	5.50%
Educational Background		Firm Size	
Social Sciences	41.80%	Micro	44.50%
Engineering	43.60%	Small	55.50%
Natural Science	9.10%	Learning How to be an Entrepreneur	
Human Science	5.50%	As an employee	47.30%
Level of Education		From former business	16.40%
High School	2.7%	From parents	3.60%
Bachelor's Degree	35.5%	School	3.60%
Master's Degree	58.2%	Nowhere	29.10%
Ph.D. or Equivalent	3.6%	Deviation of Initial Business Idea	
Entrepreneurship Experience		Little Deviation	42.70%
Previous Entrepreneurship Experience	52.70%	No Deviation	21.80%
No Entrepreneurship Experience	47.30%	Deviated	35.50%
Reason to Start Business		Future Business Expectations	
Opportunity Pull	70.90%	Shrinking/Declining Business	2.73%
Necessity Push	29.10%	Stable/Unchanged	14.55%
<i>N=110</i>		Growing/Expanding	82.72%

The variable ‘deviation from original business idea’ focuses on the origins of the business by the entrepreneur (Hmieleski & Baron, 2008). Initial analyses of the business opportunities and an in-depth investment in the venture impacts the level of identification with the venture and so does having to deviate from the business idea. The variable of ‘opportunity pull and necessity push’ has similar underlying motivations as small business and entrepreneurial mindset such as starting a business to overcome unemployment or to seek recognition (Bayart & Saleilles, 2019). Finally, the variable ‘future business expectations’ describes how positive or negative the future of the entrepreneur’s business is according to the entrepreneurs themselves (Westhead & Wright, 1998).

4.4 Measures

All items were measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) unless otherwise noted. Some scale reliabilities do not meet the threshold of .70 but this is acceptable under two conditions. Reliability analyses were conducted on the survey measures and some items were deleted to ensure better fit. Cronbach’s alpha can be less than .70 when the study is exploratory or when the number of items in each scale is less than 10 (Hair, 2014, p. 125).

4.4.1 Dependent Variables

Contractual Governance. A form of inter-organizational governance, contractual governance has been defined as a formal and mostly written agreement between parties that specify relevant issues to the dealings between said parties (Abdi & Aulakh, 2012). A sample item for this scale is “Most aspects of our relationship with other businesses such as suppliers are guided by formal written rules.” The Cronbach’s alpha for this scale was .74. High scores on this

scale would mean that businesses adopt a trust-based interfirm governance mechanism while low scores would mean they do not.

Relational Governance. This mechanism of inter-organizational governance relies on informal mechanisms of managing business relations. Relational governance mechanisms rely on mutual interest by parties emitting stewardship behaviors and consider the well-being of those involved. They are flexible as there are no written contracts and are characterized by joint problem-solving (Abdi & Aulakh, 2017, p. 784). The original scale for this construct consisted of 4 items but one item “over the years, our relationship with other businesses is more and more guided by informal rules and procedures” was deleted for a better fit of 3 items. The Cronbach’s alpha before the deletion was .488 but after deletion of the item the alpha increased to .66. A sample item included “Our firm and other businesses such as our suppliers are very committed to each other.” High scores on this scale would mean that businesses adopt a trust-based interfirm governance mechanism while low scores would mean they do not.

Customer orientation. Mostly used in marketing literature to study market orientation of firms, customer orientation is a part of firm’s market orientation. Studying customer orientation for MSEs is relatively more relevant than large businesses as small enterprises are closer to their customers than are large enterprises and thus, more sensitive and more likely to adopt strategies that cater to customer satisfaction (Reijonen et al., 2012, p. 701). This scale was used to measure how responsive are firms towards their customers. A sample item from this included “We Measure Customer Satisfaction on a Regular Basis”. The Cronbach’s alpha for this scale was .89. High scores on this scale would mean businesses are highly responsive to their customers while lower scores would mean they focus less on customer satisfaction.

Competitor orientation. This scale was used to measure the level of responsiveness of firm's have towards their competitors and their actions. Also used to study the market orientation of firms, competitor orientation was included in this study to see how many small firm strategies are directed and resources focused on keeping a track of competitors in the industry and making changes within the firm based on those actions. The Cronbach's alpha for this scale was .90. The sample item for this scale was "We Respond Rapidly to Competitors' Actions". High scores on this scale mean that the business is highly responsive to its competitor's actions while low scores would indicate they focus less on their competitors.

International Orientation. This scale was adapted from the "innovative behavior" scale used by Stoian, Rialp, & Dimitratos (2017). It measures the likelihood of founders finding international markets and their openness to expanding this business operations overseas. The Cronbach's alpha for this scale was .74. A sample item from this scale is "Our top management continuously searches for new foreign markets". Higher scores represent a strong international orientation while low scores represent lower inclination of going international.

4.4.2 Independent Variables

Entrepreneurial Orientation. The level of identification with the entrepreneurial mindset was measured using the entrepreneurial orientation scale. Sometimes termed as 'market pioneering behavior' (Anderson et al., 2009, p. 222), entrepreneurial orientation represents three dimensions of risk-taking, innovativeness and proactiveness. The 9-item scale was developed by (Covin & Slevin, 1989) and was combined under the scale of entrepreneurial orientation under this study (Stam & Elfring, 2008). Sample items from risk-taking is "My firm strongly favors high risk projects (with chance of high returns)", from innovativeness was "In my firm, changes in product or service lines have been quite dramatic." And from proactiveness "My firm wants to

be the first to introduce new products/services, technologies, etc.”. An item from the proactiveness sub-scale “My firm typically initiates action, which the competitor then responds to” was deleted due to measurement error. This was done to ensure accuracy of the study and is a common practice in the field where errors are encountered (Marino et al., 2002, Engelen et al., 2015). All sub-scale items were averaged to the second order construct of EO. Higher scores on this scale represent high entrepreneurial orientation and lower mean scores represent low entrepreneurial mindset. The Cronbach’s alpha for the final 8-item scale was .78.

Small Business Orientation. The level of founder identification with the small business mindset was measured using the small business orientation scale. This scale represents the goals of founders and the level of emotional attachment they feel towards their businesses (R. Runyan et al., 2008). The original scale consisted of two sub-scales of ‘purpose and goals’ and ‘emotional attachment’. They consisted of five and four items each respectively, culminating to a total of 9 items. After conducting reliability analysis, four items from the ‘purpose and goals’ sub-scale were deleted for a better fit. This is consistent with the prior research that formulated this scale. Past literature, while establishing the Small business orientation scale, had deleted five items from the original resulting in the final scale comprising of four scales. A sample item for this scale includes “I am emotionally attached to my business”. The mean rating of this score indicates the level of small business orientation of the founder. The Cronbach’s alpha before deletion of 5 items was .484. Thereafter, the final scale of four items was .59.

4.4.3 Moderator Variables

Decision Rationality. Drawing from the literature of strategic decision-making, this construct measures “the extent to which the decision-making process makes the best decision possible under given circumstances” (Deligianni et al., 2016, p. 463). Respondents were asked to

rate, on a scale of 1 = Do not use at all; 5 = Use a great deal, the extent to which the management of the firm during the whole decision-making process rely on information. Sample item from the scale included “search relevant information (regarding competition, industry trends, customers, suppliers, and collaborating firms at home or abroad) in making decisions”. The Cronbach’s alpha for this scale was .86. High scores would mean that founder takes all possible information into consideration before making a strategic decision for their firm.

Managerial Connections. This scale was adapted from the managerial connections scale developed by Miller, Lee, Chang, & Le Breton-Miller (2009). Respondents were asked to rate how regularly their firm interacts with entities such as government agencies, financial experts and consultants, lawyers, IT experts and strategists, to build strong managerial relationships. The Likert-Scale used was 1=Very rarely; 5=Very frequently. The Cronbach’s alpha for this scale was .70. High scores would mean that the business spends considerable resources in developing, building, and managing its managerial connections.

Environmental Dynamism. This construct reflects the level of uncertainty in the business environment (Green et al., 2008; Sirén et al., 2012). This scale comprised of 3 items. A sample item used for “My industry is very unstable with huge change resulting from major economic, technological, social, or political forces.” The Cronbach’s alpha for this scale was .81. High scores would mean the industry is difficult to predict and forecast.

4.4.4 Control Variables

Three control variables were included in the study namely founder age, educational level, and company age. These factors are found to influence a founder’s mindset and their views on strategic posture. The level of a founder’s strategic flexibility, level of reliance placed on routines, past experiences and importance placed on status quo are impacted by the founder’s

level of education and age (Nadkarni & Herrmann, 2010; DeTienne et al., 2015). Founder's past accomplishments, training, education, experiences, and personal or entrepreneurial exposures impact their identity aspirations and influence their sensitivity to failures (Pfeifer, Šarlija, & Zekić Sušac, 2016, p. 103). The control variable of founder age was operationalized based on the career stages work of Davis & Shaver (2012). Based on the life-stages theory, a person's age can be categorized not only by "chronological age, but norms associated with family and career transitions" (Davis & Shaver, 2012, p. 497). This categorization enables the differentiation among founder mindsets where founders between the age of 18 to 30 were categorized under the anticipatory stage, 31 to 40 was for people in the launching stage, 41 to 50 in the establishment stage and 51 and above was for founders in the shifting gears stage. The anticipatory stage is characterized by a strong focus by individuals on attaining education and gaining employment. This age is expected to be the phase where major life-decisions are made. The launching stage is where entrepreneurs are expected to be stable in their careers and are in the parenthood phase. The establishment stage is associated with the deepest career involvement by individuals and the last stage of shifting gears witnesses a decline in career involvement.

The founder's education level was an important control variable as research provides evidence that founder education is one of the key components that distinguishes a firm's performance. Pertaining to the link between education levels and performance levels of ventures, "the performance of new firms is positively correlated with the formal education level of their founders." (Lafuente & Salas, 1989, p. 26). Company age in years was also controlled for. All three control variables were dummy coded where founder age (FOUAGE) was coded 1 for launching stage and 0 for all other stages, company age (COMPAGE) was dummy coded 1 for

companies in existence for 5 years or less and 6 years or older as 0 and finally level of education (LEVEDU) was dummy coded 1 for Masters and 0 for all others.

Table 6: Description of scale items used in the survey

SCALE	SCALE ITEMS
<p>Entrepreneurial Orientation (EO)</p>	<p>EO_1: My firm favors a strong emphasis on the marketing of tried and true products and services. EO2_: In the last five years, my firm has marketed many new product lines or services. EO_3: In my firm, changes in product or service lines have been quite dramatic. B. Risk-taking EO_4: My firm strongly favors high risk projects (with chance of high returns) EO_5: My firm believes that bold, wide-ranging acts are necessary to achieve the firm’s objectives. EO_6: My firm adopts a bold, aggressive posture to maximize the profitability of exploiting potential opportunities. C. Proactiveness EO_8: My firm wants to be the first to introduce new products/services, technologies, etc. EO_9: My firm is always the first business to introduce new products, services, administrative techniques and operating technologies.</p>
<p>Small Business Orientation (SBO)</p>	<p>SBO_1: I established this business because it better fit my personal life than working for someone else. SBO_6: I consider this business to be an extension of my personality SBO_7 My goals for this business are interwoven (interconnected) with my family’s needs SBO_8: I love my business</p>
<p>Decision Rationality (DR)</p>	<p>Relevant Information here is regarding competition, industry trends, customers, suppliers, and collaborating firms at home or abroad: DR1: Search relevant information in making decisions DR2: Analyze relevant information before making decisions DR3: Use quantitative techniques (e.g., budgeting) in making decisions DR4: Are effective in taking into consideration relevant information</p>
<p>Managerial Connections (MC)</p>	<p>Rate how regularly your firm interacts with the following entities to build strong managerial relationships: Government agencies Financial experts and consultants Lawyers IT experts and Strategists</p>

<p>Environmental Dynamism (ED)</p>	<p>ED1: Product demand is hard to forecast. ED2: Customer requirements and preferences are hard to forecast ED3: My industry is very unstable with huge change resulting from major economic, technological, social, or political forces.</p>
<p>Contractual Governance (CG)</p>	<p>CG1: Most aspects of our relationship with this supplier are guided by formal written rules CG2: Most aspects of our agreement with our supplier are clearly specified in the contract CG3: If our supplier firm fails to achieve the specified targets specified in the contract, we penalize it.</p>
<p>Relational Governance (RG)</p>	<p>RG1: Our business relationship with our suppliers is characterized by high levels of trust. RG2: In this partnership, our firm and our supplier expect to be able to make adjustments in the ongoing relationship to cope with changing circumstances. RG4: Our firm and our supplier are very committed to each other.</p>
<p>Customer orientation (CSO)</p>	<p>CSO1: My company has a Strong Commitment to Our Customers CSO2: We Are Always Looking at Ways to Create Customer Value in Our Products CSO3: We Encourage Customer Comments and Complaints because They Help Us Do a Better Job CSO4: My company's objectives Are Driven by Customer Satisfaction. CSO5: We Measure Customer Satisfaction on a Regular Basis CSO6: After-Sales Service Is an Important Part of Our Business Strategy</p>
<p>Competitor orientation (COO)</p>	<p>COO1: We Regularly Monitor Our Competitors' Efforts COO2: We Frequently Collect Data on Our Competitors to Help Direct Our Plans COO3: Our People are Instructed to Monitor and Report on Competitor Activity COO4: We Respond Rapidly to Competitors' Actions COO5: Our Top Managers Often Discuss Competitors' Actions</p>
<p>International orientation (IO)</p>	<p>IB1: Our top management always encourages new product/service ideas for international markets IB2: Our top management continuously searches for new foreign markets IB3: Our top management is willing to consider new suppliers/clients abroad</p>

4.5 Exploratory Factor Analysis

Since the sample size of the study was 110, factor loadings less than 0.5 were suppressed. “These guidelines are applicable when the sample size is 100 or larger and where the emphasis is on practical, not statistical, significance.(Hair, 2014, p. 115). Extraction Method used was Principal Axis Factoring and a rotation of Varimax with Kaiser Normalization. The rotation converged in 9 iterations. The KMO-Bartlett measure resulted in a value of .698 with 946 degrees of freedom and a chi-square of 2719.433 ($p=.000$). Though some items have cross-loadings (Table 7), they have been retained in the study due to their importance in the study and by virtue of them having empirical legitimacy. Theoretically, a slight overlap between Small Business and Entrepreneurial mindset is expected as both are founder mindsets. Various remedies for improving the factor solution were adopted. Firstly, communalities for each item were checked. Two items from relational governance, three items from the entrepreneurial mindset scale and three items from the small business mindset scale had communalities that were less than 0.50. Deleting these items would severely impact the model, hence they were retained. Secondly, various rotation methods were used to extract the best factor analysis.

Table 7: Exploratory Factor Analysis Results

Rotated Factor Matrix											
	Factor										
	1	2	3	4	5	6	7	8	9	10	11
CSO_2	0.821										
CSO_1	0.802										
CSO_3	0.758										
CSO_5	0.679										
CSO_4	0.626										
CSO_6	0.616										
COO_2		0.877									
COO_4		0.841									
COO_3		0.817									
COO_5		0.794									
COO_1		0.700									
RG_1			0.684								
SBO_8			0.618								
SBO_6			0.575								
RG_4											
SBO_1											
EO_1											
RG_2											
EO_2											
SBO_7											
DR_2				0.799							
DR_4				0.781							
DR_1				0.772							
DR_3				0.594							
EO_4					0.733						
EO_5					0.716						
EO_6					0.623						
ED_1						0.869					
ED_2						0.825					
ED_3						0.633					
MC_5							0.648				
MC_3							0.603				
MC_2							0.562				
MC_4							0.551				
MC_1											
IO_2								0.661			
IO_3								0.653			
IO_1								0.579			
CG_1									0.809		
CG_2									0.677		
EO_8										0.673	
EO_9										0.628	
EO_3											0.802
CG_3											

4.6 Confirmatory Factor Analysis

AMOS was used to run the CFA to assess the fit of the measurement model and to determine the convergent and discriminant validity of the constructs. The baseline measurement model specifications (Table 8) resulted in a CFI=0.817, SRMR=0.089, $\chi^2/df=1.482$, RMSEA=0.066. Even though the model is borderline acceptable, it was not re-specified as suggested by (Hair, 2014, p. 620), “Given the strong theoretical basis for CFA, the researcher should avoid making changes based solely on empirical criteria such as the diagnostics provided by CFA.” Also, since the sample size was not particularly large, such a fit was anticipated. Table 9 displays the measurement model statistics of the variables in the study. Convergent validity was deemed to be met if the average variance extracted (AVE) of the factor or latent variable is equal to or more than 0.50 (Hair, 2014, p. 605). The item loadings were statistically significant except the item for entrepreneurial orientation EO_1 which has a loading of 0.439.

Discriminant validity was determined based on the successful fulfillment of one criterion. The criteria being that the square root of average variance extracted should be greater than the highest correlation the latent variable has in the model or its maximum shared variance (MSV). “Sufficient discriminant validity is present when a construct shares more variance with its measures than it does with other constructs in the models.” (Flatten et al., 2015, pp. 1124–1125). Small business orientation and relational governance do not meet this criterion. Overall, results of the CFA provide borderline support for content and discriminant validity and reliability. Since this is an exploratory research model, this association was anticipated and provides future research opportunities. To further establish the validity of the constructs’ factor structure, smaller CFAs with a robust ML estimator in separate models was conducted (Distel, 2019, Zheng et al., 2019). Since one independent variable of Entrepreneurial orientation is a second order construct,

the CFA was run with entrepreneurial orientation as a second order construct but the fit did not improve ($\chi^2/df=1.478$, CFI=0.819, SRMR=0.087, RMSEA=0.066).

Table 8: Confirmatory Factor Model Fit

MODEL FIT INDICES COMPARISON CHART							
CRITERIA	χ^2	DF	χ^2/df	CFI	SRMR	RMSEA	PClose
THRESHOLDS			b/w 1 & 3	>0.95	<0.08	<0.06	>0.05
Measurement Model	1249.123	843	1.482	0.817	0.089	0.066	0.001
Interpretation			Excellent	Terrible	Acceptable	Acceptable	Terrible
Independent Variables	154.426	53	2.914	0.716	0.117	0.133	0
Interpretation			Excellent	Terrible	Terrible	Terrible	Not Estimated
Dependent Variables	293.172	160	1.832	0.872	0.088	0.087	0
Interpretation			Excellent	Terrible	Acceptable	Terrible	Not Estimated
Moderator Variables	65.728	51	1.289	0.968	0.07	0.051	0.449
Interpretation			Excellent	Excellent	Excellent	Excellent	Excellent
Marker Unconstrained	1459.748	945	1.545	0.784	0.076	0.071	0
Interpretation			Excellent	Terrible	Excellent	Acceptable	Not Estimated

Note: Hu and Bentler (1999, "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria Versus New Alternatives") recommend combinations of measures. Personally, I prefer a combination of CFI>0.95 and SRMR<0.08. To further solidify evidence, add the RMSEA<0.06. Gaskin, J. & Lim, J. (2016), "Model Fit Measures", AMOS Plugin. Gaskination's StatWiki.

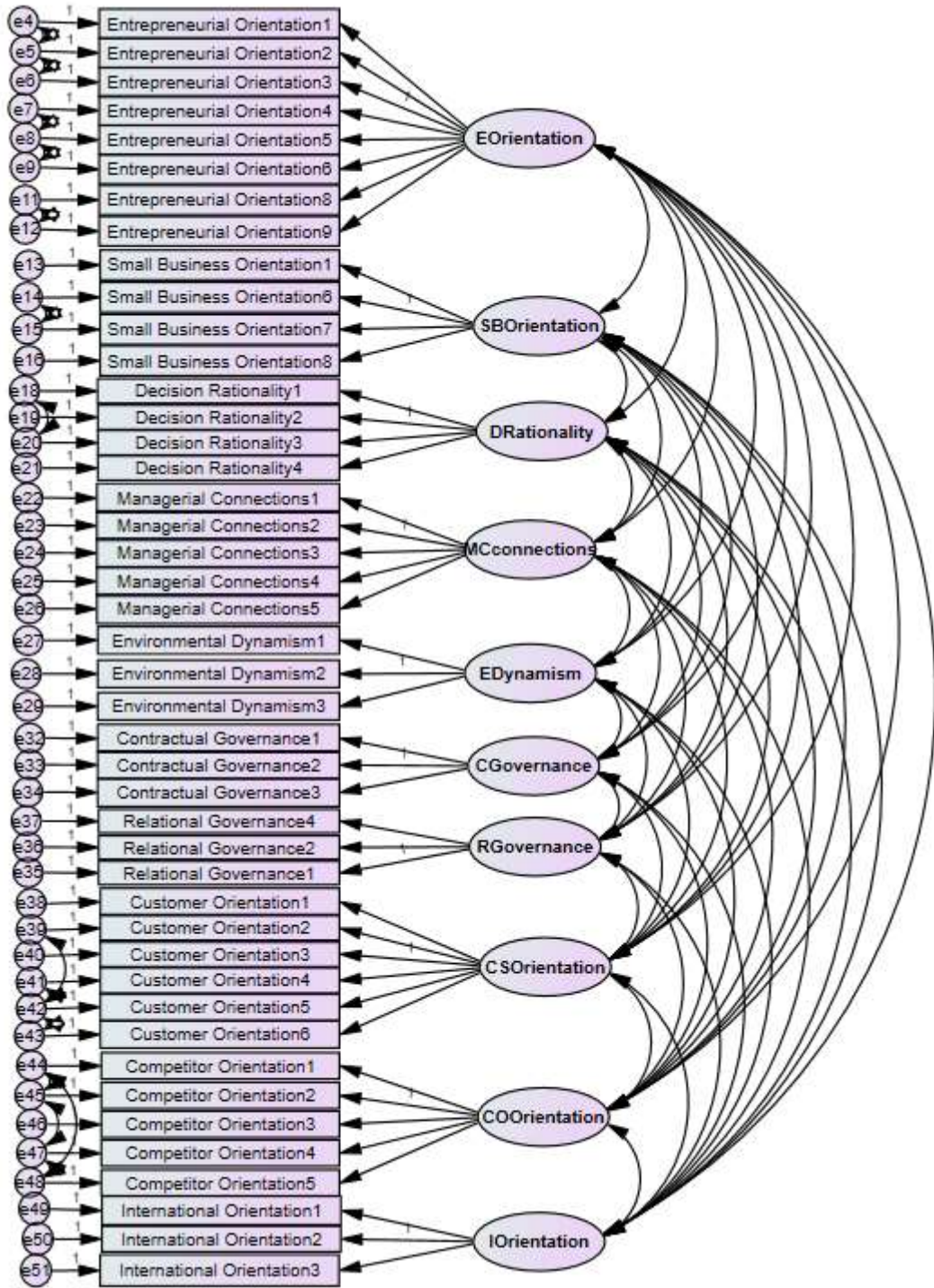


Figure 8: Confirmatory Factor Analysis

Table 9: Measurement Model Statistics

Measurement Model Statistics										
Latent Variable	Item	Estimate	S.E.	C.R.	P	CR	MSV	AVE	SQRT OF AVE	SQRT OF AVE > (MSV)
Entrepreneurial Mindset	EO_1	0.439	0.187	2.345	0.019					
	EO_2	0.816	0.176	4.639	***					
	EO_3	1								
	EO_4	1.355	0.269	5.032	***	0.78	0.31	0.32	0.569	0.569 > 0.305
	EO_5	0.9	0.19	4.743	***					
	EO_6	0.838	0.19	4.408	***					
	EO_8	0.94	0.205	4.576	***					
Small Business Mindset	EO_9	1.237	0.241	5.145	***					
	SBO_1	1.033	0.281	3.672	***					
	SBO_6	1				0.59	0.57	0.29	0.539	0.539 < 0.567
	SBO_7	0.61	0.232	2.627	0.009					
Decision Rationality	SBO_8	0.927	0.196	4.721	***					
	DR_1	1.164	0.106	10.983	***					
	DR_2	1				0.89	0.23	0.67	0.816	0.816 > 0.227
	DR_3	1.099	0.129	8.541	***					
Managerial Connections	DR_4	0.871	0.089	9.741	***					
	MC_1	0.986	0.267	3.697	***					
	MC_2	1								
	MC_3	1.549	0.325	4.758	***	0.71	0.15	0.33	0.576	0.576 > 0.146
	MC_4	1.022	0.249	4.113	***					
Environmental Dynamism	MC_5	1.03	0.257	4.004	***					
	ED_1	1.04	0.129	8.063	***					
	ED_2	1				0.83	0.07	0.62	0.788	0.788 > 0.067
Contractual Governance	ED_3	0.754	0.117	6.443	***					
	CG_1	1.199	0.19	6.307	***					
	CG_2	1				0.74	0.19	0.49	0.702	0.702 > 0.189
Relational Governance	CG_3	0.613	0.139	4.402	***					
	RG_1	1								
	RG_2	0.62	0.133	4.667	***	0.66	0.57	0.41	0.636	0.636 > 0.567
Customer orientation	RG_4	0.647	0.129	5.004	***					
	CSO_1	0.903	0.087	10.394	***					
	CSO_2	1.022	0.096	10.689	***					
	CSO_3	1				0.89	0.25	0.57	0.754	0.754 > 0.247
	CSO_4	0.813	0.132	6.161	***					
	CSO_5	1.094	0.143	7.651	***					
Competitor orientation	CSO_6	0.99	0.143	6.943	***					
	COO_1	0.781	0.079	9.905	***					
	COO_2	1								
	COO_3	1.058	0.107	9.866	***	0.9	0.09	0.65	0.807	0.807 > 0.089
	COO_4	1.048	0.105	9.958	***					
International orientation	COO_5	0.918	0.109	8.421	***					
	IO_1	0.992	0.163	6.097	***					
	IO_2	1				0.74	0.31	0.49	0.696	0.696 > 0.305
	IO_3	0.701	0.132	5.318	***					

Significance of Correlations: † p < 0.100, * p < 0.050, ** p < 0.010, *** p < 0.001

Table 10: Discriminant Validity Analysis

Discriminant Validity Analysis										
LATENT FACTOR	SMALL BUSINESS MINDSET	MC	EO	CG	DR	COO	ED	RG	IO	CSO
SMALL BUSINESS MINDSET	0.539									
MC	0.027	0.576								
EO	0.359*	0.2	0.569							
CG	-0.034	0.382**	0.108	0.702						
DR	0.462**	0.309*	0.427**	0.294*	0.816					
COO	0.260*	0.182	0.246*	0.233*	0.235*	0.808				
ED	0.018	-0.258*	-0.089	-0.141	-0.152	-0.049	0.788			
RG	0.753***	0.225	0.314*	0.218†	0.374**	0.097	-0.201	0.636		
IO	0.371*	0.287*	0.552***	0.104	0.167	0.299*	-0.011	0.502***	0.696	
CSO	0.478**	0.215†	0.269*	0.434***	0.476***	0.234*	-0.116	0.497***	0.379**	0.754

Significance of Correlations: † p < 0.100, * p < 0.050, ** p < 0.010, *** p < 0.001

An additional Hetero-Trait-Mono-Trait Method (HTMT) analysis was conducted to test the discriminant validity of the variables (Table 11). The variable values reaching 0.90 or 1.00 would indicate no discriminant validity. Since none of the variables have values reaching the cut-off value, it can be assumed that all variables, although borderline, display discriminant validity.

Table 11 :Hetero-Trait Mono-trait Analysis

HTMT Analysis										
	SBO	MC	EO	CG	DR	COO	ED	RG	IO	CSO
SBO										
MC	0.000									
EO	0.397	0.207								
CG	0.114	0.407	0.185							
DR	0.289	0.353	0.450	0.335						
COO	0.281	0.169	0.280	0.254	0.242					
ED	0.157	0.275	0.086	0.147	0.208	0.040				
RG	0.721	0.224	0.445	0.203	0.379	0.156	0.163			
IO	0.423	0.297	0.561	0.118	0.181	0.277	0.037	0.447		
CSO	0.307	0.196	0.242	0.429	0.503	0.298	0.182	0.452	0.401	

Table 12: Harman's One Factor Model

Harman's One Factor Test (Total Variance Explained)						
Factor	Initial Eigenvalues			Sums of Squared Loadings		
	Total	% Var.	Cumul. %	Total	% Var.	Cumyl. %
1	8.477	19.266	19.266	7.727	17.562	17.562
2	3.587	8.151	27.417			
3	3.232	7.346	34.762			
4	3.029	6.884	41.647			
5	2.501	5.684	47.331			
6	2.280	5.181	52.512			
7	1.998	4.541	57.053			
8	1.617	3.675	60.729			
9	1.329	3.021	63.750			
10	1.247	2.834	66.584			
11	1.145	2.602	69.186			
12	1.048	2.381	71.567			
13	0.989	2.248	73.815			
14	0.969	2.202	76.017			
15	0.841	1.912	77.929			
16	0.755	1.716	79.645			
17	0.727	1.653	81.298			
18	0.683	1.552	82.850			
19	0.654	1.486	84.336			
20	0.616	1.399	85.735			
21	0.541	1.230	86.964			
22	0.505	1.148	88.113			
23	0.477	1.084	89.197			
24	0.445	1.011	90.208			
25	0.414	0.942	91.150			
26	0.392	0.892	92.042			
27	0.365	0.829	92.871			
28	0.321	0.730	93.600			
29	0.307	0.698	94.299			
30	0.305	0.693	94.992			
31	0.264	0.600	95.591			
32	0.248	0.564	96.155			
33	0.226	0.513	96.669			
34	0.203	0.460	97.129			
35	0.197	0.448	97.577			
36	0.179	0.408	97.985			
37	0.161	0.367	98.351			
38	0.146	0.332	98.683			
39	0.145	0.329	99.012			
40	0.101	0.231	99.243			
41	0.098	0.222	99.465			
42	0.090	0.205	99.670			
43	0.076	0.172	99.842			
44	0.070	0.158	100.000			

Following Podsakoff and Organ (1986), Common Method Bias was tested using the Harman's single factor analysis which explained only 17.56% which is less than 50 therefore there is no single source bias. Extraction Method was Principal Axis Factoring (Table 12).

CHAPTER 5

RESULTS

This chapter contains correlations and descriptive statistics of the variables under study, multiple hierarchical regression results with moderated relations plotted on graphs, supplemental analysis by using structural equation modeling with moderated graphs and finally the summary of findings from both methods that were significant.

5.1 Correlations & Descriptive Statistics

Correlations are presented in Table 13. A brief glance over the correlation table shows that an entrepreneurial mindset has a positive relation with almost all variables under the study except environmental dynamism. Small business orientation also shares a positive correlation with all variables under the study except managerial connections and contractual governance although. Descriptives with means and standard deviations of the variables under study are mentioned in Table 7.

Table 13: Correlation Matrix

Correlation Matrix (N=110)													
	EO	SBO	DR	MC	ED	CG	RG	CSO	COO	IO	COMPAGE	FOUAGE	LEVEDU
EO	1												
SBO	.257**	1											
DR	.378**	0.168	1										
MC	0.163	-0.020	.281**	1									
ED	-0.068	0.138	-0.175	-.210*	1								
CG	0.142	-0.086	.267**	.289**	-0.106	1							
RG	.326**	.430**	.289**	0.150	-0.119	0.145	1						
CSO	.201*	0.165	.446**	0.151	-0.163	.350**	.329**	1					
COO	.232*	.207*	.218*	0.141	-0.035	.205*	0.118	.277**	1				
IO	.438**	.277**	0.151	.216*	0.033	0.087	.313**	.316**	.229*	1			
COMPAGE	-0.025	0.059	-0.042	-0.016	-0.060	0.148	-0.081	0.122	0.148	0.058	1		
FOUAGE	0.086	0.069	-0.133	0.042	-0.050	-0.070	-0.016	-0.102	-0.006	-0.060	0.050	1	
LEVEDU	-0.035	-0.093	-0.020	-0.087	0.089	0.064	-0.133	-0.017	-0.153	-0.130	-.211*	0.108	1

*p < 0.05, **p < 0.01, COMPAGE=Company Age (1=5 years or less, 0=more than 5 years), FOUAGE=Founder Age (1=Launching Stage, 0=Other stages), LEVELEDU= Level of Education of the founder (1=Masters, 0=Others), EO=Entrepreneurial Orientation, SBO=Small Business Orientation, DR=Decision Rationality, MC=Managerial Connections, ED=Environmental Dynamism, CG=Contractual Governance, RG=Relational Governance, CSO=Customer Service Orientation, COO=Competitor Orientation, IO=International Orientation

Table 14: Descriptive Statistics (N=110)

	Minimum	Maximum	Mean	Std.Dev.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	S.E.	Statistic	S.E.
EO	1.25	5.00	3.6966	0.64663	-0.772	0.230	1.946	0.457
SBO	1.00	5.00	3.9727	0.69430	-0.966	0.230	2.062	0.457
DR	1.25	5.00	4.0750	0.75840	-0.879	0.230	1.047	0.457
MC	1.60	5.00	3.1382	0.81713	0.176	0.230	-0.591	0.457
ED	1.00	5.00	2.7333	0.98179	0.224	0.230	-0.577	0.457
CG	1.33	5.00	3.4091	0.81981	-0.313	0.230	-0.388	0.457
RG	1.33	5.00	4.1424	0.52551	-1.194	0.230	6.529	0.457
CSO	1.33	5.00	4.4697	0.59396	-2.121	0.230	7.594	0.457
COO	1.00	5.00	3.4382	0.92528	-0.542	0.230	0.113	0.457
IO	1.00	5.00	3.9242	0.77900	-0.616	0.230	0.780	0.457
LEVEDU	1.00	4.00	2.63	0.604	-0.378	0.230	0.019	0.457
FOUAGE	1.00	4.00	2.2636	0.88491	0.344	0.230	-0.523	0.457
COMPAGE	1.00	4.00	1.5818	0.81704	1.530	0.230	1.999	0.457

Note: COMPAGE=Company Age, FOUAGE=Founder Age, LEVELEDU= Level of Education of the founder, EO=Entrepreneurial Mindset, SMALL BUSINESS MINDSET=Small Business Mindset, DR=Decision Rationality, MC=Managerial Connections, ED=Environmental Dynamism, CG=Contractual Governance, RG=Relational Service Mindset, COO Governance, CSO=Customer =Competitor orientation, IO=International orientation

Among the significant correlations, it is important to note the correlation between entrepreneurial mindset and small business mindset (.257, $p < 0.05$) as these two mindsets are theoretically linked and based on past literature are supposed to have a low to moderate correlation (Runyan et al., 2008; Runyan & Covin, 2019). The highest, significant correlations are depicted between relational governance mechanism and small business mindset (.430, $p < 0.01$), between entrepreneurial orientation and international orientation (.438, $p < 0.01$) and customer orientation and contractual governance (.350, $p < 0.01$). The correlation between customer orientation and contract governance is a significant high correlation and is not a part of the main study but the relation between using contracts to govern inter-firm relations and focusing on customers a strategy could be explored in further studies. Among the control variables, level of education displays a negative correlation with company age (-.211, $p < 0.05$).

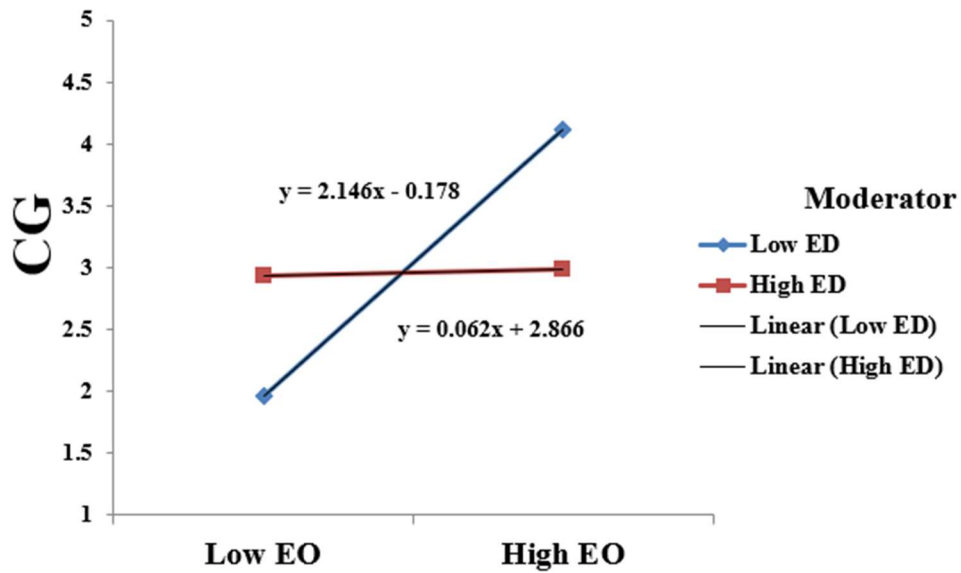
5.2 Multiple Hierarchical Regression Results

Two sets of Multiple Hierarchical Regression were run for each independent variable. The support for each hypothesis was tested by studying the significance of the standardized beta coefficients at $p < .05$ level at each variable level along with a significant ANOVA model. A 7-stage hierarchical multiple regression was conducted using SPSS. The first regression set tests the impact of the independent variable Entrepreneurial Orientation on each dependent variable. Multiple Hierarchical Regression was conducted by adding control variables (model 1), adding the predictors second (model 2), adding all moderator variables next (model 3), adding individual interaction variables for entrepreneurial orientation (model 4, model 5, model 6) (Eddleston et al., 2016, p. 500; Cohen & Cohen, 1983) and finally adding all interaction and moderator terms together (model 7). A similar model was implemented for the second independent variable Small Business Orientation. Only two-way interactions are focused on in this study as research has shown that individuals do not heavily use three-way interactions for making decisions. Thus, it does not impact their behavior drastically (Patzelt & Shepherd, 2009, p. 331).

5.2.1 Entrepreneurial Orientation Regression Results

Entrepreneurial orientation regressions on the dependent variable of contractual governance revealed that at stage 3, the moderator variable of managerial connections contributed significantly ($MC = \beta: 0.246 p < .05$) to the regression model by accounting for 10.7% of the variation in contractual governance along with a significant effect of company age control ($Compage = \beta: 0.193 p < .05$) where the change in R^2 by model 3 was significant at 0.006. In Model 6, adding the interaction variable of environmental dynamism showed a negative variance in contractual governance ($EO * ED = \beta: -0.521 p < .05$) thus providing support

for hypothesis 8b. There was a significant variation in entrepreneurial orientation, managerial connections, and the control company age ($EO = \beta: 0.552$, $MC = \beta: 0.206$, $\beta: 0.197$ $p < .05$). The change in R^2 of 3% significant at 0.054. This provides support for hypothesis 1a which states that founders who identify with an entrepreneurial mindset are highly likely to rely on arms-length, contract-based governance mechanisms.



ED dampens the positive relationship between EO and CG.

Figure 9: Moderation effect of environmental dynamism on the relation between the strength of founder identification with the entrepreneurial mindset and adoption of contractual governance mechanisms.

Hierarchical Regression Results

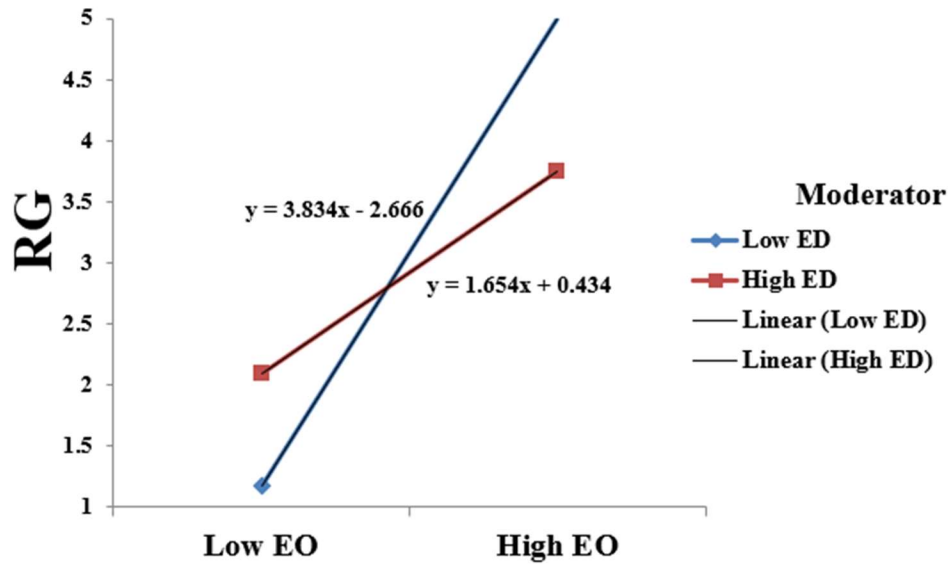
	Contractual Governance							Relational Governance							Customer Orientation						
	M1	M2	M3	M4	M5	M6	M7	M1	M2	M3	M4	M5	M6	M7	M1	M2	M3	M4	M5	M6	M7
COMPAGE	0.176	0.182	0.193*	0.198*	0.194*	0.197*	0.198*	-0.115	-0.101	-0.099	-0.077	-0.101	-0.094	-0.077	0.132	0.141	0.147	0.173*	0.148	0.151	0.173*
FOUAGE	-0.091	-0.106	-0.088	-0.085	-0.088	-0.072	-0.071	0.007	-0.023	0.000	0.012	0.000	0.023	0.027	-0.111	-0.132	-0.070	-0.056	-0.070	-0.052	-0.045
LEVEDU	0.110	0.119	0.143	0.149	0.143	0.119	0.117	-0.158	-0.141	-0.134	-0.104	-0.134	-0.167	-0.132	0.022	0.034	0.040	0.075	0.040	0.013	0.052
EO	0.160	0.052	0.283	0.145	0.145	0.552*	0.766	0.321*	0.245*	1.260*	1.260*	-0.017	0.943*	1.372*	0.217*		0.051	1.265*	0.155	0.611*	1.515*
DR		0.173	0.167	0.174	0.151	0.151	0.151	0.169	0.141	0.168	0.139	0.139	0.118	0.118			0.403*	0.369*	0.404*	0.379*	0.355*
MC		0.246*	0.253*	0.242*	0.242*	0.206*	0.196	0.037	0.070	0.047	-0.018	-0.018	0.039	0.039			0.021	0.060	0.017	-0.023	0.024
ED		-0.026	-0.034	-0.031	-0.041	-0.041	-0.052	-0.059	-0.090	-0.045	-0.080	-0.080	-0.085	-0.085			-0.083	-0.120	-0.089	-0.099	-0.127
EO*DR							0.018														
EO*MC							-0.210														
EO*ED							-0.521*														
R2	0.039	0.064	0.171	0.174	0.172	0.201	0.205	0.030	0.132	0.168	0.217	0.173	0.226	0.264	0.027	0.074	0.231	0.301	0.232	0.269	0.321
Change in R2	0.039	0.025	0.107	0.003	0.085	0.03	0.033	0.030	0.102	0.035	0.049	0.006	0.059	0.097	0.027	0.047	0.157	0.070	0.001	0.038	0.090
Sig F Change	0.234	0.096	0.006*	0.577	0.771	0.054*	0.255	0.352	0.001*	0.234	.013*	0.413	.007*	.006*	0.404	0.023*	0.000*	.002*	0.736	0.025*	.006*
F Value	1.445	1.810	3.014	2.659	2.625	3.184	2.545	1.102	3.995	2.932	3.491	2.642	3.688	3.558	0.982	2.091	4.379	5.447	3.813	4.641	4.680

Table 15: EO Hierarchical Regression Results

Table 16: EO Hierarchical Regression Results

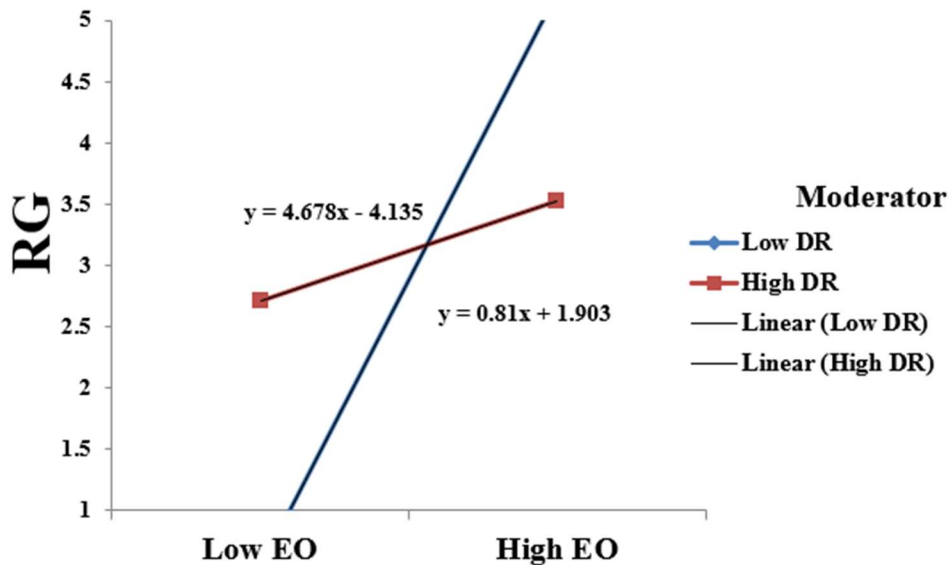
Hierarchical Regression Results														
Competitor Orientation							International Orientation							
M7	M1	M2	M3	M4	M5	M6	M7	M1	M2	M3	M4	M5	M6	M7
0.173*	0.121	0.130	0.137	0.150	0.130	0.138	0.150	0.036	0.054	0.062	0.068	0.061	0.066	0.068
-0.045	0.002	-0.020	0.002	0.009	0.001	0.007	0.007	-0.049	-0.091	-0.104	-0.101	-0.104	-0.090	-0.089
0.052	-0.128	-0.115	-0.112	-0.095	-0.114	-0.119	-0.076	-0.118	-0.094	-0.085	-0.077	-0.085	-0.106	-0.099
1.515*		0.233*	0.168	0.766	-0.796*	0.304	-0.151		0.444*	0.447*	0.716	0.242	0.897*	0.871
0.355*			0.144	0.127	0.141	0.138	0.118			-0.065	-0.072	-0.066	-0.085	-0.088
0.024			0.073	0.092	0.109	0.063	0.165			0.180*	0.189*	0.188*	0.145	0.160
-0.127			0.035	0.017	0.087	0.031	0.073			0.096	0.088	0.107	0.083	0.088
-1.105*				-0.611			-1.074*				-0.274			-0.186
0.027					1.003*		1.251*					0.214		0.168
-0.426						-0.142	0.175						-0.468	-0.420
0.321	0.037	0.091	0.117	0.134	0.192	0.119	0.237	0.020	0.215	0.249	0.253	0.253	0.274	0.276
0.090	0.037	0.054	0.026	0.017	0.075	0.002	0.120	0.020	0.195	0.034	0.003	0.003	0.024	0.027
.006*	0.256	0.014*	0.399	0.161	.003*	0.613	.002*	0.535	.000*	0.209	0.497	0.499	0.069	0.307
4.680	1.369	2.633	1.931	1.955	2.994	1.709	3.083	0.733	7.204	4.840	4.271	4.271	4.84	3.775

Entrepreneurial mindset regressions on the dependent variable of relational governance showed a significant, positive effect of entrepreneurial mindset ($EO = \beta: 0.321 p < .05$) in model 2 by accounting for 10.2% of the variation with a change in R^2 being significant at 0.001. Thus, no support was found for hypothesis 2a which predicted a negative relation between entrepreneurial orientation and relational governance because the regression statistics provide evidence for the opposite. In model 4 the addition of interaction variable of decision rationality showed a significant but negative impact of entrepreneurial orientation on relational governance ($EO = \beta: 1.260 EO * DR = \beta: -1.036 p < .05$). Model 6, with the introduction of the interaction variable of environmental dynamism, showed a significant R^2 change 5.9% significant at 0.007 with a negative impact of environmental dynamism ($EO = \beta: 0.943, EO * ED = \beta: -0.728 p < .05$). This provides support for hypothesis 8b. Model 7, with the introduction of all moderators and interaction variables showed a change in R^2 of 9.7% at 0.006 ($EO = \beta: 1.372, EO * DR = \beta: -0.967 EO * ED = \beta: -0.545 p < .05$).



ED dampens the positive relationship between EO and RG.

Figure 10: Moderation effect of environmental dynamism on the relation between the strength of founder identification with the entrepreneurial mindset and adoption of relational governance mechanisms.



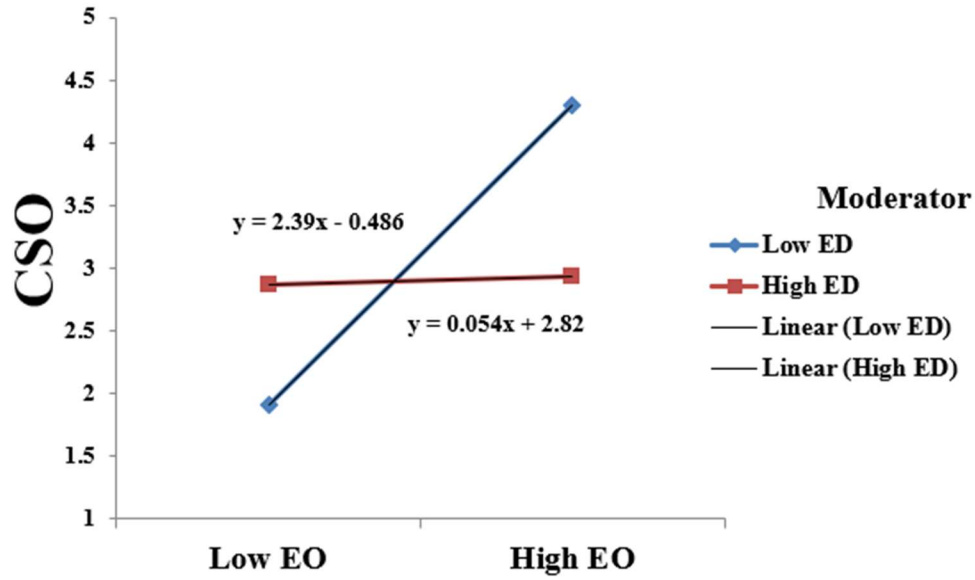
DR dampens the positive relationship between EO and RG.

Figure 11: Moderation effect of decision rationality on the relation between the strength of founder identification with the entrepreneurial mindset and adoption of relational governance mechanisms.

Entrepreneurial orientation regressions on customer orientation showed significant R^2 in stages 2,3,4,6 and 7 with Entrepreneurial orientation ($EO=\beta: 0.217 p < .05$) representing a 4.7% variation with a 0.023 significance in Model 2. Thus, no support was found for hypothesis 3a which predicted a negative relation between entrepreneurial orientation and customer orientation as the opposite found support. Decision rationality ($EO=\beta: 0.403 p < .05$) representing a 15.7% variation at 0.000 in Model 3, with the interaction variable of decision rationality ($EO*DR=\beta: -1.240 p < .05$) introducing a 7% variation at 0.002 in Model 4, with the interaction variable of environmental dynamism ($EO*ED=\beta: -0.584 p < .05$) varying the relation by 3.8% at 0.025 in Model 6 and the interaction of entrepreneurial orientation and decision rationality ($EO*DR=\beta: -1.105 p < .05$) varying the regression by 9% at 0.006.

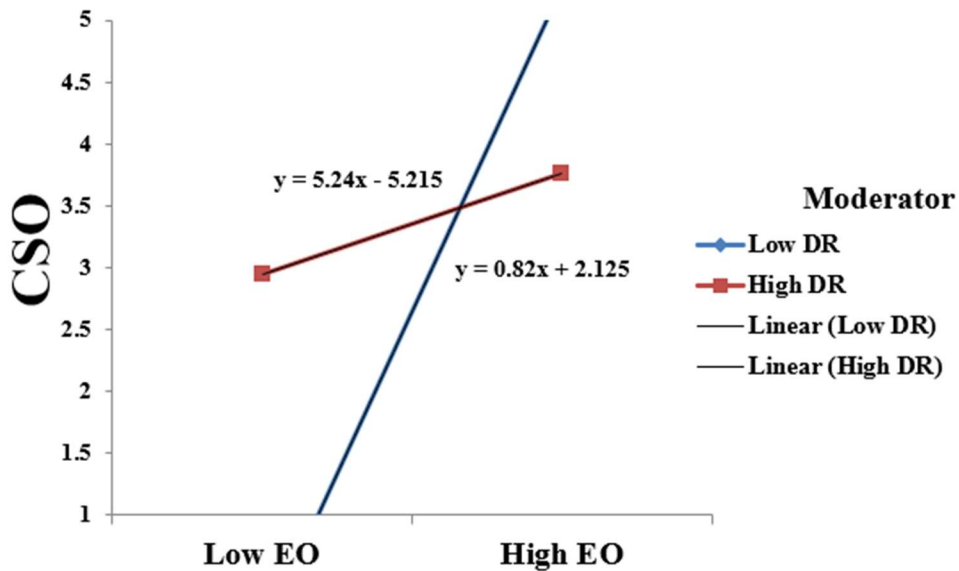
Entrepreneurial orientation regressed on competitor orientation showed that the interaction of decision rationality has a negative impact ($EO*DR=\beta: -1.074 p < .05$) and managerial connections has a positive impact ($EO*MC=\beta: 1.003 p < .05$). This is an interesting finding because past research has provided evidence that networks have no positive impact between entrepreneurial orientation and firm growth. It would be interesting to test this No support was found for hypothesis 4a which predicted a positive relation between entrepreneurial orientation and competitor orientation. Model 7, with the introduction of all variables showed a significant variation of 12% at .002 ($EO*DR=\beta: -1.074 EO*MC=\beta: 1.251 p < .05$). This provides support for hypothesis 7b.

Entrepreneurial orientation had a significant, positive impact on international orientation ($EO=\beta: 0.444 p < .05$) and it explained 19.5% of the variation at .000 thus providing support for hypothesis 5a which states that entrepreneurial orientation and international orientation will have a positive relation.



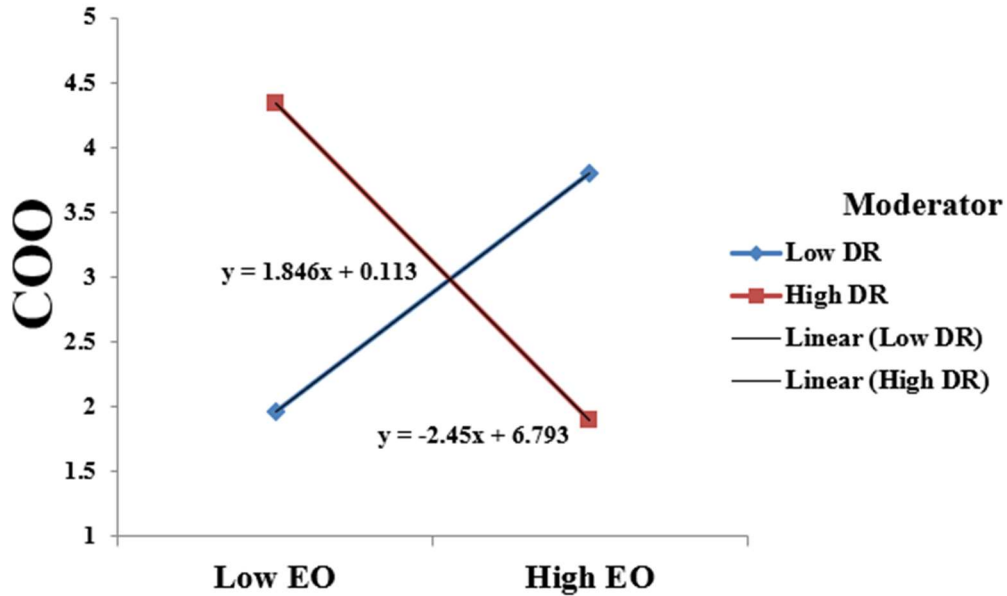
ED dampens the positive relationship between EO and CSO.

Figure 12: Moderation effect of environmental dynamism on the relation between the strength of founder identification with the entrepreneurial mindset and the focus on customer responsiveness.



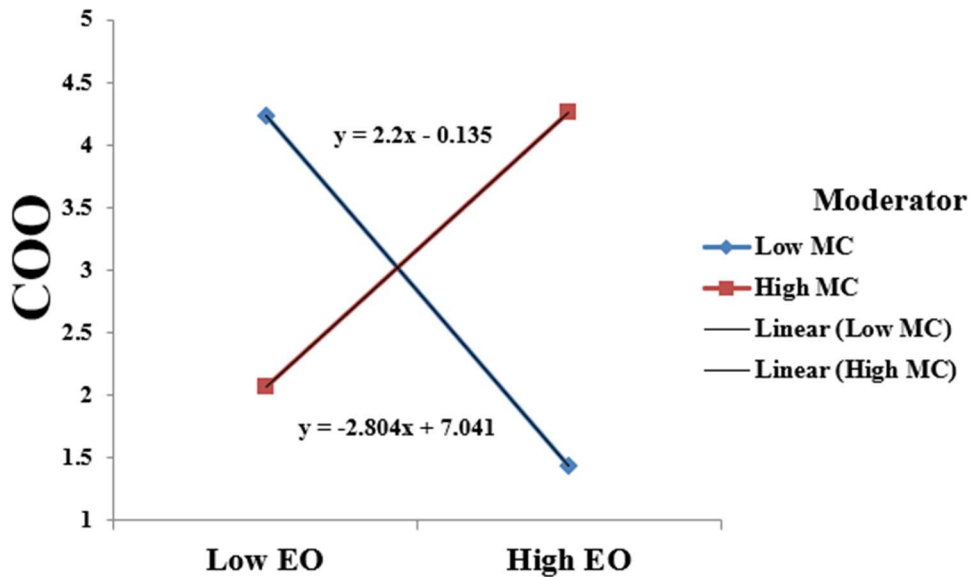
DR dampens the positive relationship between EO and CSO.

Figure 13: Moderation effect of decision rationality on the relation between the strength of founder identification with the entrepreneurial mindset and the focus on customer responsiveness.



DR strengthens the negative relationship between EO and COO.

Figure 14: Moderation effect of environmental dynamism on the relation between the strength of founder identification with the entrepreneurial mindset and the focus on competitor responsiveness.



MC dampens the negative relationship between EO and COO.

Figure 15: Moderation effect of managerial connections on the relation between the strength of founder identification with the entrepreneurial mindset and the focus on competitor responsiveness.

5.2.2 Small business Orientation Regression Results

Small business orientation showed a negative impact on contractual governance in model 5 ($SBO = \beta: -0.912 p < .05$) thus providing support for hypothesis 1b which states that founders identifying with a small business orientation will rely less on contractual governance mechanisms. The introduction of moderators in model 3 showed a variation 13.5% at 0.001 where decision rationality and managerial connections show a significant positive impact ($MC = \beta: 0.220$ $MC = 0.241 p < .05$). Model 7 and 5 showed significant positive interaction of managerial connections ($SBO * MC = \beta: 0.818, 1.072 p < .05$) on the adoption of contractual governance.

Small business orientation was significantly and positively associated with relational governance ($SBO = \beta: 0.428, 0.421, 1.334, 1.145, 1.286 p < .05$) thus providing support for hypothesis 2b which states that founders with a small business mindset will rely heavily on trust-based governance mechanisms when dealing with inter-firm businesses. Decision Rationality showed a significant negative interaction when introduced in Model 4 ($SBO * DR = \beta: -0.949 p < .05$). Environmental dynamism showed a significant negative interaction when introduced in Model 6 ($SBO * ED = \beta: -0.790 p < .05$). Both decision rationality and environmental dynamism showed significant negative interaction effects in Model 7 ($SBO * DR = \beta: -0.888$; $SBO * ED = \beta: -0.570 p < .05$). Model 7 represented a variation of 12.8% with an R^2 of 40% at 0.000 thus providing support for hypothesis 6a.

	Hierarchical Regression Results																				
	Contractual Governance							Relational Governance							Customer Orientation						
	M1	M2	M3	M4	M5	M6	M7	M1	M2	M3	M4	M5	M6	M7	M1	M2	M3	M4	M5	M6	M7
COMPAGE	0.176	0.178	0.197*	0.207*	0.199*	0.191*	0.214*	-0.115	-0.130	-0.125	-0.102	-0.125	-0.144	-0.116	0.132	0.126	0.140	0.172*	0.139	0.123	0.157
FOUAGE	-0.091	-0.084	-0.067	-0.057	-0.079	-0.072	-0.068	0.007	-0.026	-0.016	0.008	-0.020	-0.030	-0.012	-0.111	-0.125	-0.077	-0.044	-0.071	-0.089	-0.056
LEVEDU	0.110	0.103	0.128	0.139	0.130	0.122	0.148	-0.158	-0.118	-0.097	-0.070	-0.096	-0.113	-0.082	0.022	0.038	0.051	0.087	0.049	0.036	0.073
SBO	-0.081	-0.113	0.268	-0.912*	0.150	-0.470	0.428*	0.421*	1.334*	0.161	1.145*	1.286*	0.165	0.396*	0.356*	0.398*	0.434*	0.386*	0.386*	0.386*	1.642*
DR	0.220*	0.208*	0.215*	0.235*	0.198*	0.241*	0.247*	0.237*	0.227*	0.242*	0.075	0.089	0.074	0.036	0.058	0.030	0.051	0.032	-0.004	0.025	0.025
MC	-0.004	0.004	0.013	0.007	0.034	-0.004	0.004	0.013	0.007	0.034	-0.004	0.004	0.013	0.007	0.034	-0.004	0.004	0.013	0.007	0.034	0.034
ED																					
SBO*DR																					
SBO*MC																					
SBO*ED																					
R2	0.039	0.046	0.181	0.193	0.212	0.191	0.244	0.030	0.211	0.279	0.348	0.283	0.359	0.407	0.027	0.055	0.241	0.371	0.248	0.304	0.397
Change in R2	0.039	0.007	0.135	0.012	0.031	0.01	0.063	0.030	0.180	0.069	0.068	0.003	0.080	0.128	0.027	0.028	0.186	0.130	0.007	0.063	0.156
Sig F Change	0.234	0.399	.001*	0.225	0.048*	0.255	.047*	0.352	.000*	0.025*	.002*	0.496	.001*	.000*	0.404	0.079	0.000*	.000*	0.347	.003*	.000*
F Value	1.445	1.260	3.216	3.013	3.395	2.986	3.191	1.102	7.007	5.646	6.729	4.973	7.067	6.800	0.982	1.538	4.625	7.441	4.154	5.523	6.522

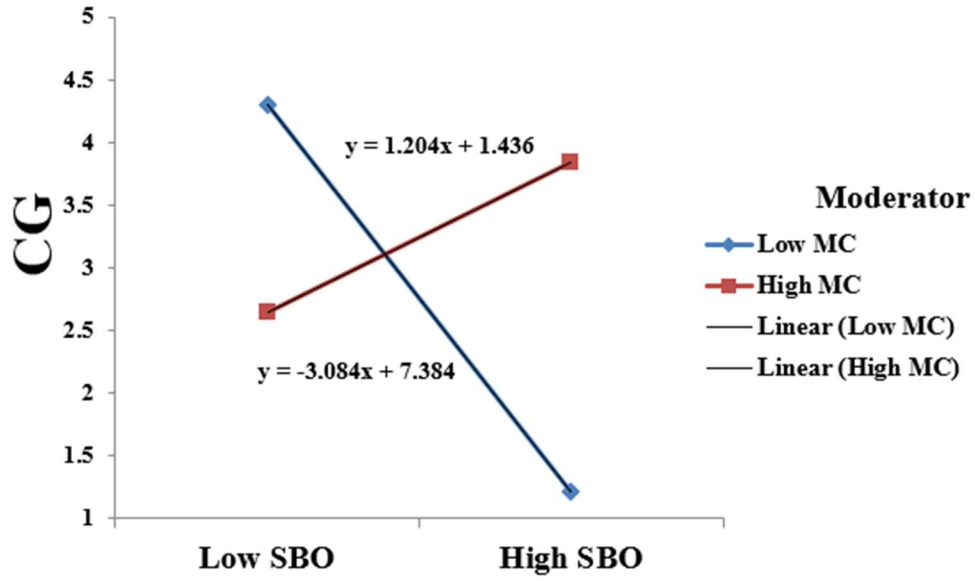
Table 17 : SBO Hierarchical Regression Results

Table 18: SBO Hierarchical Regression Results

Hierarchical Regression Results													
Competitor Orientation							International Orientation						
M1	M2	M3	M4	M5	M6	M7	M1	M2	M3	M4	M5	M6	M7
0.121	0.114	0.125	0.134	0.128	0.117	0.139	0.036	0.026	0.039	0.051	0.039	0.027	0.037
0.002	-0.013	0.007	0.015	-0.008	0.000	0.001	-0.049	-0.070	-0.072	-0.060	-0.071	-0.081	-0.071
-0.128	-0.110	-0.102	-0.092	-0.098	-0.109	-0.084	-0.118	-0.092	-0.075	-0.061	-0.075	-0.085	-0.075
	0.191*	0.161	0.479	-0.800	0.488	-0.310		0.272*	0.262*	0.747*	0.362	0.725*	1.039*
		0.171	0.161	0.166	0.190	0.155			0.046	0.031	0.047	0.073	0.059
		0.091	0.096	0.087	0.074	0.087			0.218*	0.226*	0.218*	0.193*	0.202*
		0.009	0.015	0.029	0.023	0.052			0.056	0.066	0.054	0.077	0.080
			-0.331							-0.504			-0.341
				0.984*		1.199*					-0.102		-0.048
					-0.357	-0.149						-0.506*	-0.440
0.037	0.073	0.117	0.126	0.162	0.133	0.194	0.020	0.093	0.145	0.164	0.145	0.178	0.187
0.037	0.036	0.044	0.008	0.045	0.016	0.076	0.020	0.073	0.052	0.019	0.000	0.033	0.042
0.256	0.047	0.171	0.330	.022*	0.172	.029*	0.535	0.004*	0.110	0.130	0.811	.048*	0.174
1.369	2.068	1.935	1.812	2.446	1.944	2.378	0.733	2.698	2.471	2.481	2.149	2.726	2.271

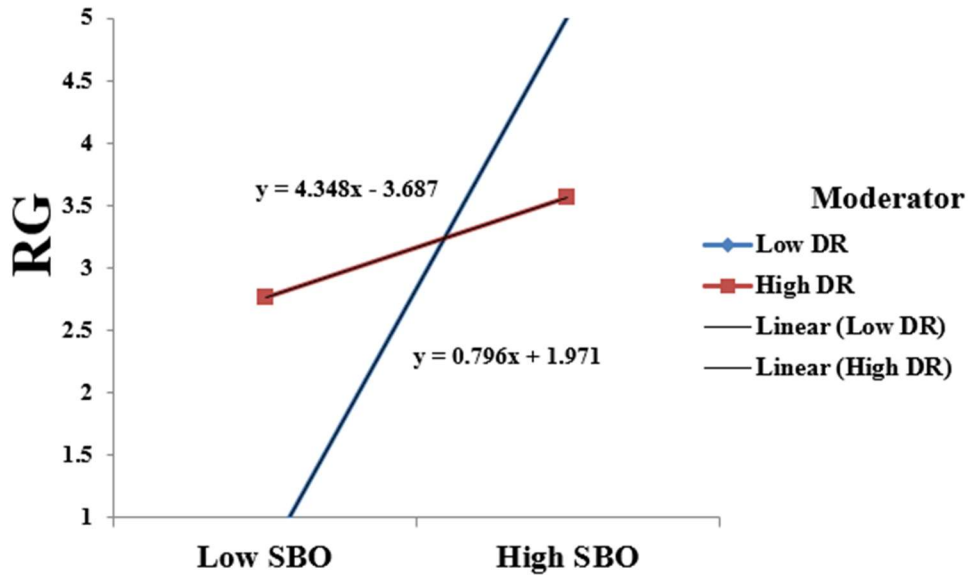
Small business orientation was significantly and positively related to customer orientation ($SBO=\beta: 1.373, 0.761, 1.642 p < .05$) in models 4, 6 and 7. Thus, support was found for hypothesis 3b which predicted a positive relation between small business orientation and customer orientation.

Decision Rationality and Environmental Dynamism showed significant negative interaction effects in models 4, 6 and 7. Decision Rationality ($DR=\beta: 0.SBO*DR: \beta: -1.308 p < .05$) explained 37% with a change in R^2 of 13% at 0.000 in Model 4 and environmental dynamism a change of 6.3% at 0.003 in Model 6. Model 7 showed two significant interactions of Decision Rationality and environmental Dynamism and a moderating effect of decision rationality ($DR=\beta: 0.386 SBO*DR: \beta: -1.149 SBO*ED \beta: -0.470 p < .05$). Thus, providing support for hypothesis 6a.



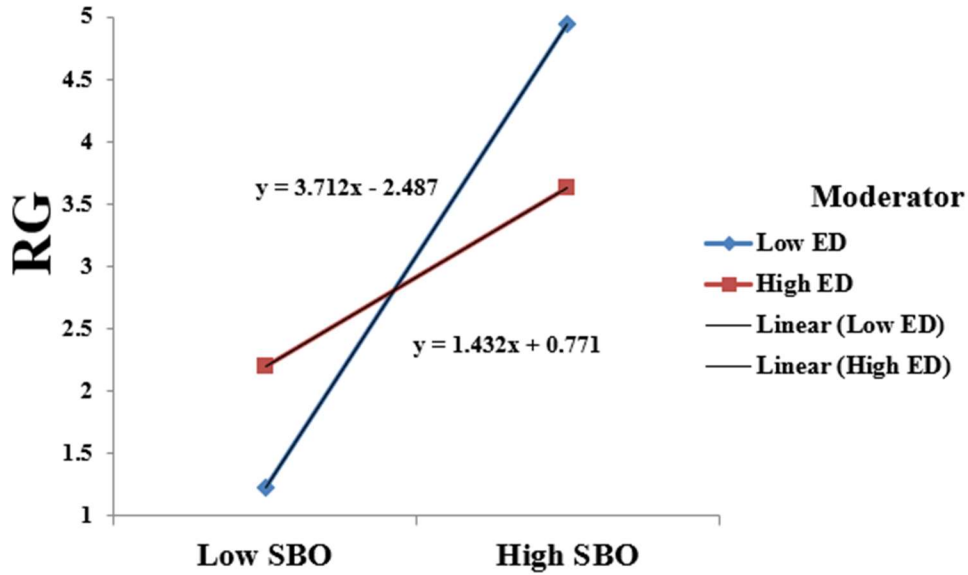
MC dampens the negative relationship between SBO and CG.

Figure 16: Moderation effect of managerial connections on the relation between the strength of founder identification with the small business mindset and the adoption of contractual governance mechanisms.



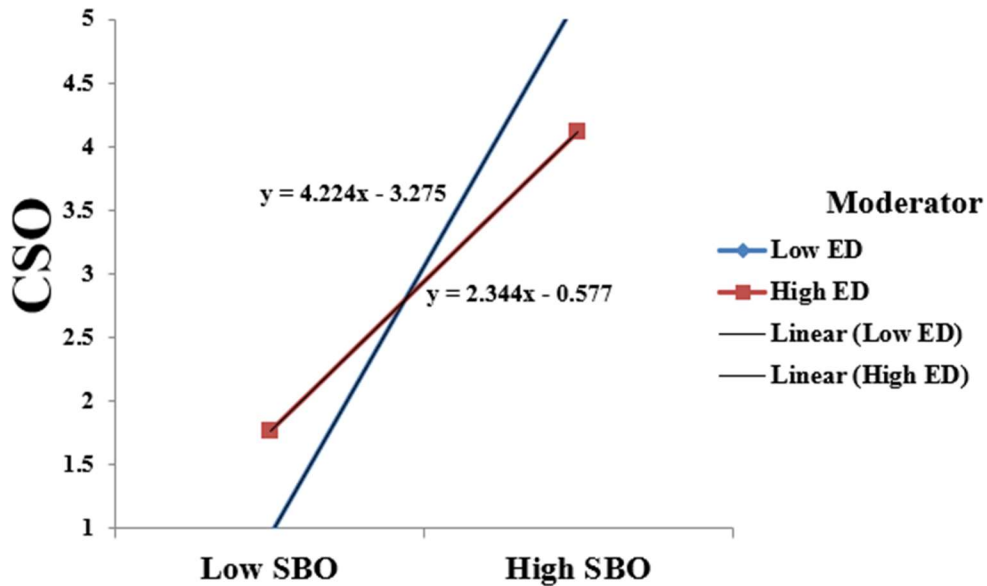
DR dampens the positive relationship between SBO and RG.

Figure 17: Moderation effect of decision rationality on the relation between the strength of founder identification with the small business mindset and the adoption of relational governance mechanisms.



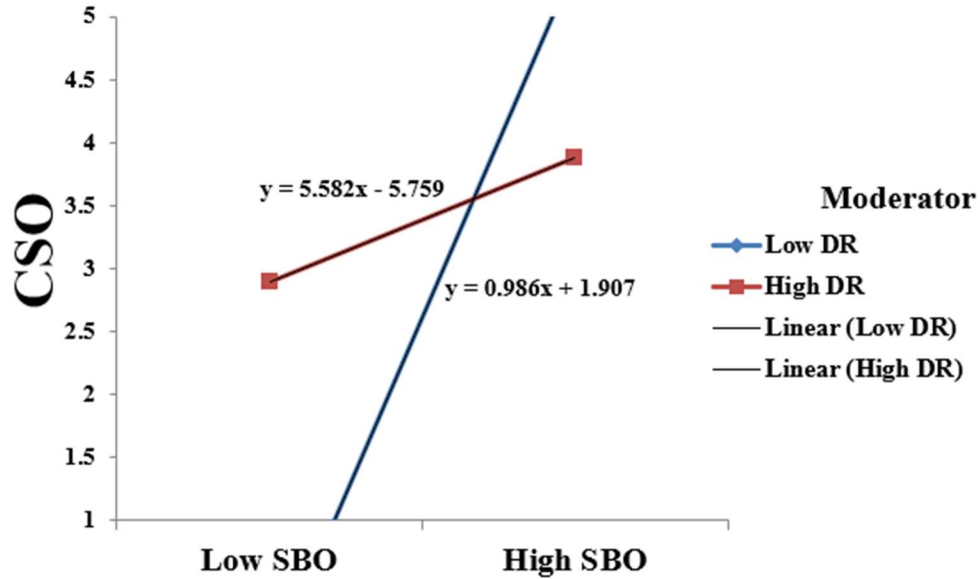
ED dampens the positive relationship between SBO and RG.

Figure 18: Moderation effect of environmental dynamism on the relation between the strength of founder identification with the small business mindset and the adoption of relational governance mechanisms.



ED dampens the positive relationship between SBO and CSO.

Figure 19: Moderation effect of environmental dynamism on the relation between the strength of founder identification with the small business mindset and the focus on customer responsiveness.

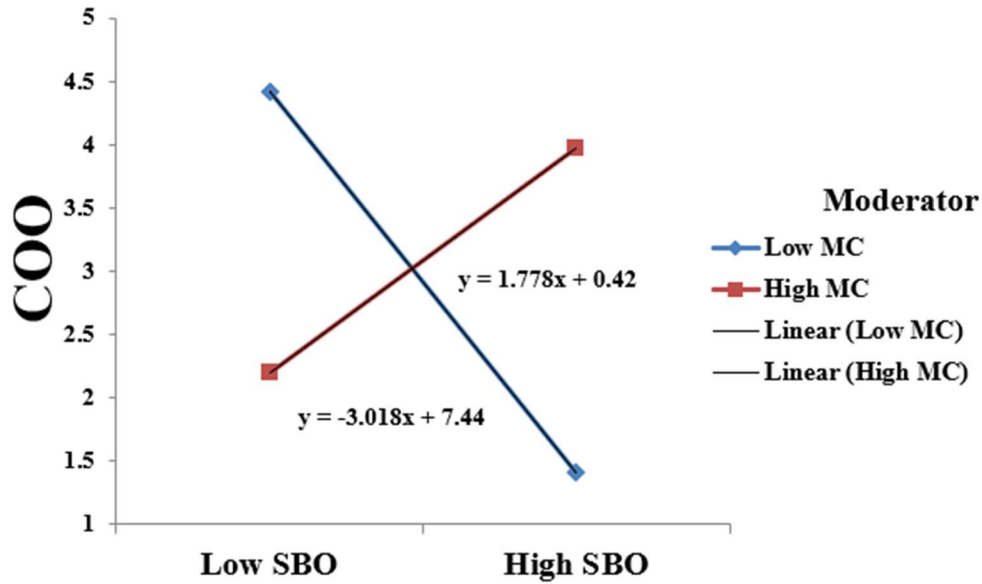


DR dampens the positive relationship between SBO and CSO.

Figure 20: Moderation effect of decision rationality on the relation between the strength of founder identification with the small business mindset and the focus on customer responsiveness.

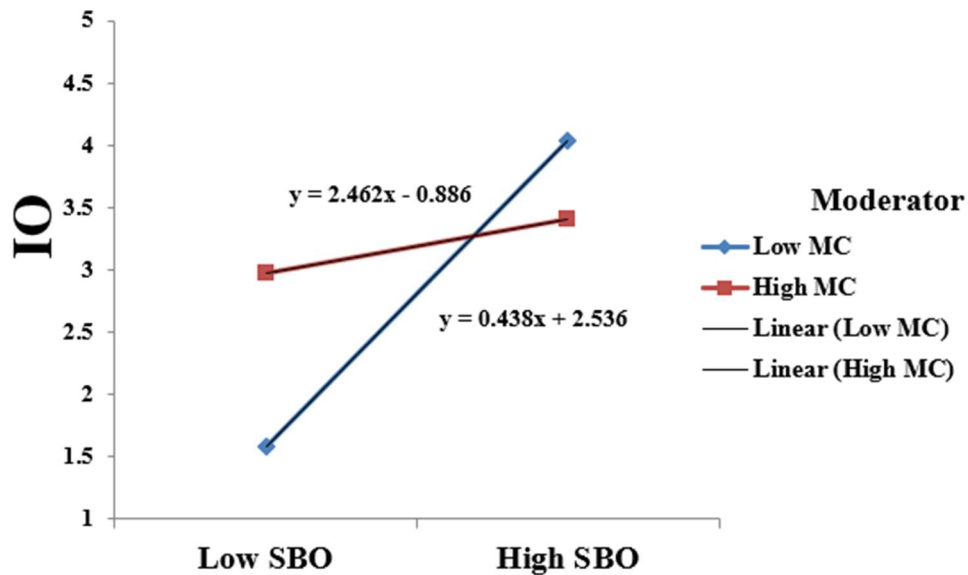
Managerial Connections significantly interacted with small business orientation when regressed on competitor orientation ($SBO*MC: \beta: 0.984, 1.199 p < .05$). Thus, no support was found for hypothesis 4b which states that small business orientation will be negatively related to competitor orientation.

Environmental dynamism significantly and negatively interacted with small business orientation when regressed on International orientation in Model 7 $SBO: \beta: 0.725, MC: \beta: 0.193, SBO *ED: \beta: -0.506 p < .05$). Model 7 accounted for a 4.2% variation leading to an R^2 of 17.8% being significant at 0.048. Opposite support was found for hypothesis 5b which predicted a negative relation between small business orientation and international orientation.



MC dampens the negative relationship between SBO and COO.

Figure 21: Moderation effect of managerial connections on the relation between the strength of founder identification with the small business mindset and the focus on competitor responsiveness.



MC dampens the positive relationship between SBO and IO.

Figure 22: Moderation effect of managerial connections on the relation between the strength of founder identification with the small business mindset and the likelihood of international expansion.

Based on individual regressions with entrepreneurial mindset and small business mindset, the comparative hypothesis resulted in finding support for hypothesis 1, 2, 3 and 5. Hypothesis 1 stating that founders with entrepreneurial orientation are likely to display a greater preference for contract-based governance (CG) mechanisms to manage interorganizational relationships than those with Small business mindset and hypothesis 2 stated that small business oriented founders would prefer relational governance mechanisms. Thus, business owners who identify with entrepreneurial mindset would more likely use contract-based governance mechanisms when dealing with interfirm businesses whereas founders with small business mindset who would prefer to rely on trust-based mechanisms when dealing with businesses like suppliers. Hypothesis 3 states that founders with a small business orientation would prefer to focus on customer needs and strategies than those with entrepreneurial mindset. Finally, hypothesis 5 found support that founders with a small business mindset would show less preference to expand their business overseas than those with entrepreneurial mindset.

Overall, the regression results provided evidence that founders mindsets significantly impact the strategic orientation of the firm. Founders identifying with a small business mindset are more likely to use trust-based governance mechanisms and less of contractual governance, focus more on customer needs and have little to no interest in expanding their business internationally. The more information and factual sources of data such founders possess, the less small business oriented they become, shifting from gut-based, trust-based forms of running a business and moving towards evidence-based management and focus less on customer needs.

On the other hand, founders with an entrepreneurial orientation would prefer contractual governance mechanisms and rely less on trust-based governance mechanisms while showing a keen interest in expanding internationally. The presence of uncertain market conditions, founders

with an entrepreneurial mindset show less reliance on both contractual and relational governance mechanisms. Such founders, in the presence of extensive connections with expertise knowledge, increase their focus on competitors.

5.3 Supplemental Analysis – Structural Equation Modeling

Structural equation modeling involved comparing two models. The first model involved re-structuring the CFA model in Figure 23. The second was the mean centered model to test for interactions represented in Figure 24. Comparing the fit indices for both raw, structural model (M1) and the mean, hypothesized model (M2), the second mean centered model showed better results. Thus, the direct and indirect effects were taken from the second hypothesized model. Table 19 shows the estimate and t values of all the relations hypothesized. The structural equation model results show support for two direct effects. The first is for hypothesis 2b which states that founders with small business orientation will be positively related to relational governance ($t = 2.643$ $p < 0.01$) and second is its relationship with customer orientation ($t = 3.357$ $p < 0.01$). The structural model also showed support for two indirect relations. The first is for hypothesis 6a which states that decision rationality negatively moderates the small business mindset and strategic decisions such as adopting relational governance ($t = -2.496$ $p < 0.05$) and adopting a customer oriented perspective ($t = -2.707$ $p < 0.01$). The second support is for hypothesis 7b which states that managerial connections positively moderate the relation between entrepreneurial orientation and strategic decisions of the firms such as adopting a competitor-oriented strategy ($t = 3.53$ $p < 0.01$).

The model also showed some interesting indirect relations such as having extensive managerial connections increases the adoption of contractual governance and increases the focus on competitors even when the founder identifies with small business mindset ($t = 2.024$, 2.472 p

<0.05). Environmental dynamism on the other hand, negatively influences small business founder mindset's impact on adoption of relational governance and customers ($t = -2.008, -2.126$ $p < 0.05$).

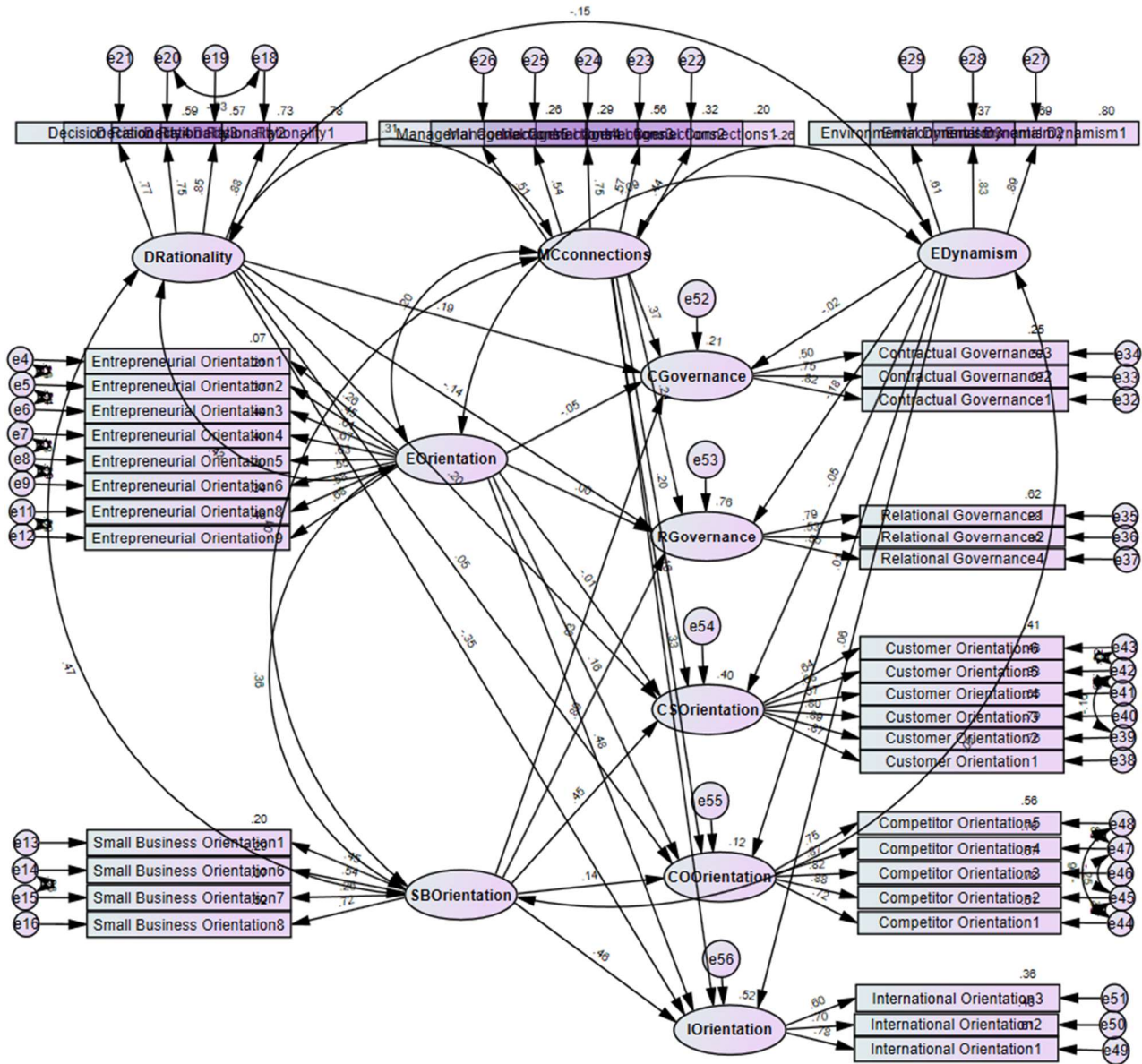


Figure 23: Structural Equation Model

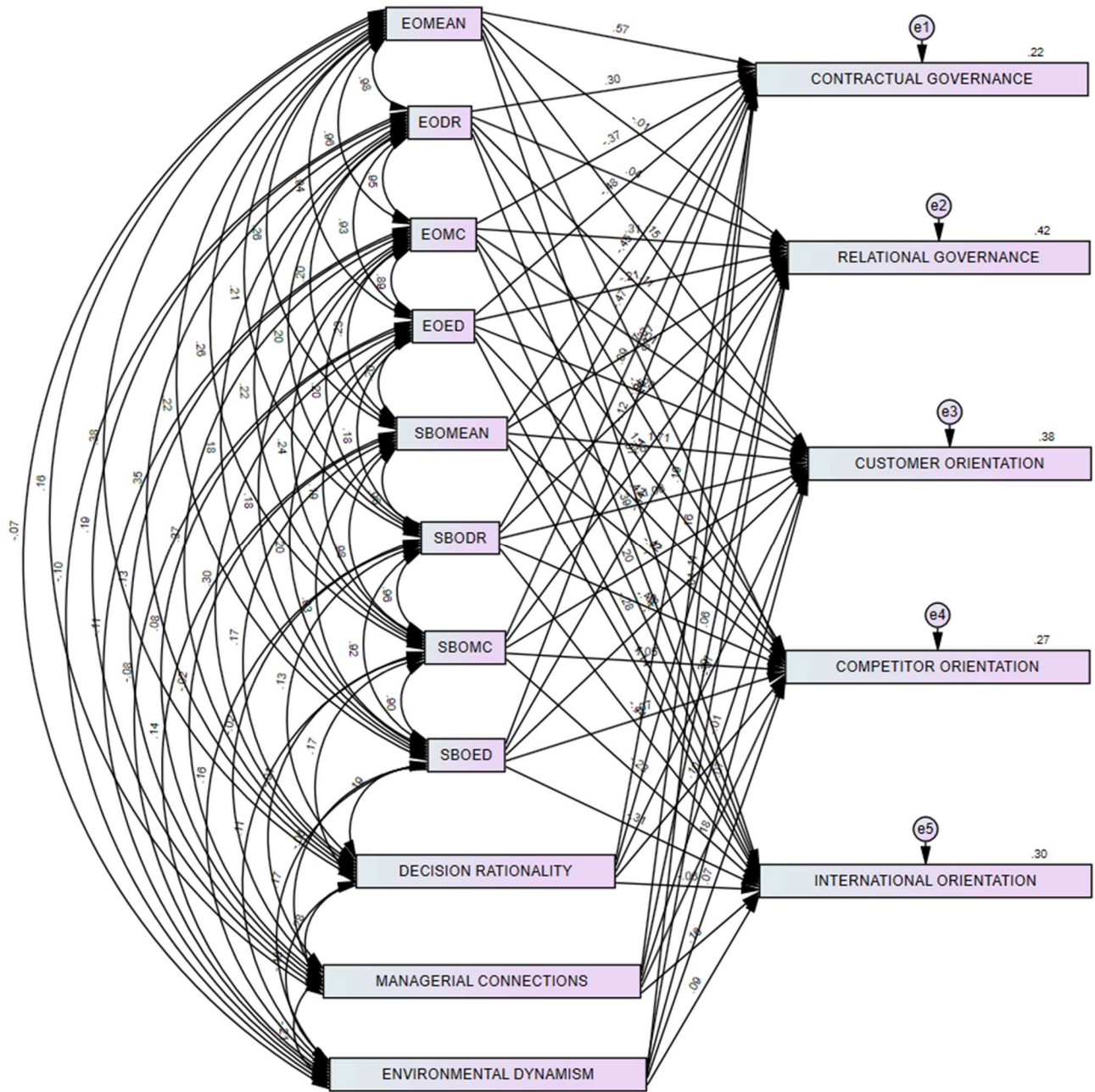


Figure 24: Structural Interaction Model with Mean Centered Variables

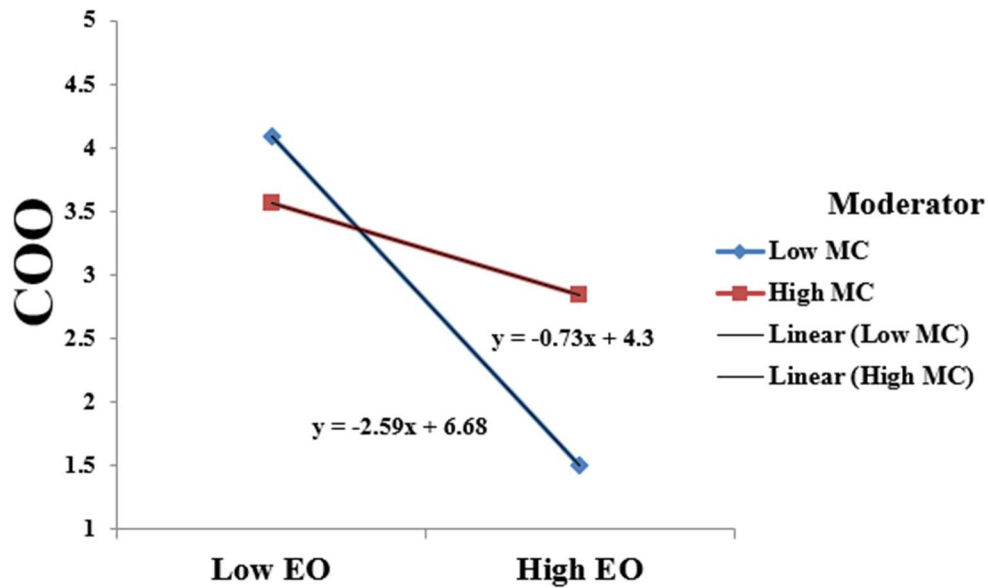
Table 19: Structural Equation Regression Weights

Structural Equation Regression Weights						
			Estimate	S.E.	t-value	P
CG	<---	EOMEANCEN	0.725	0.821	0.884	0.377
RG	<---	EOMEANCEN	-0.005	0.455	-0.01	0.992
CSO	<---	EOMEANCEN	0.136	0.53	0.257	0.797
COO	<---	EOMEANCEN	-0.83	0.897	-0.926	0.354
IO	<---	EOMEANCEN	0.081	0.738	0.11	0.913
CG	<---	MODMEANEODR	0.094	0.172	0.546	0.585
RG	<---	MODMEANEODR	0.008	0.095	0.081	0.935
CSO	<---	MODMEANEODR	0.025	0.111	0.227	0.821
COO	<---	MODMEANEODR	-0.293	0.188	-1.563	0.118
IO	<---	MODMEANEODR	0.114	0.155	0.739	0.460
CG	<---	MODMEANEOMC	-0.134	0.12	-1.109	0.268
RG	<---	MODMEANEOMC	0.071	0.067	1.059	0.290
CSO	<---	MODMEANEOMC	-0.003	0.078	-0.039	0.969
COO	<---	MODMEANEOMC	0.465	0.132	3.53	***
IO	<---	MODMEANEOMC	0.067	0.108	0.621	0.535
CG	<---	MODMEANEOED	-0.208	0.119	-1.749	0.080
RG	<---	MODMEANEOED	-0.06	0.066	-0.903	0.366
CSO	<---	MODMEANEOED	-0.089	0.077	-1.163	0.245
COO	<---	MODMEANEOED	0.21	0.13	1.615	0.106
IO	<---	MODMEANEOED	-0.115	0.107	-1.071	0.284
CG	<---	SBOMEANCEN	-0.525	0.677	-0.776	0.438
RG	<---	SBOMEANCEN	0.992	0.375	2.643	0.008
CSO	<---	SBOMEANCEN	1.467	0.437	3.357	***
COO	<---	SBOMEANCEN	-0.557	0.74	-0.754	0.451
IO	<---	SBOMEANCEN	1.277	0.609	2.097	0.036
CG	<---	MODMEANSBODR	-0.144	0.133	-1.081	0.280
RG	<---	MODMEANSBODR	-0.184	0.074	-2.496	0.013
CSO	<---	MODMEANSBODR	-0.233	0.086	-2.707	0.007
COO	<---	MODMEANSBODR	-0.137	0.146	-0.941	0.347
IO	<---	MODMEANSBODR	-0.128	0.12	-1.069	0.285
CG	<---	MODMEANSBOMC	0.338	0.167	2.024	0.043
RG	<---	MODMEANSBOMC	0.099	0.093	1.074	0.283
CSO	<---	MODMEANSBOMC	-0.04	0.108	-0.371	0.711
COO	<---	MODMEANSBOMC	0.451	0.182	2.472	0.013
IO	<---	MODMEANSBOMC	-0.084	0.15	-0.558	0.577
CG	<---	MODMEANSBOED	-0.053	0.112	-0.47	0.638
RG	<---	MODMEANSBOED	-0.125	0.062	-2.008	0.045

CSO	<---	MODMEANSBOED	-0.154	0.072	-2.126	0.034
COO	<---	MODMEANSBOED	-0.037	0.122	-0.303	0.762
IO	<---	MODMEANSBOED	-0.13	0.101	-1.295	0.195
CG	<---	DR	0.2	0.107	1.869	0.062
RG	<---	DR	0.079	0.059	1.333	0.183
CSO	<---	DR	0.308	0.069	4.449	***
COO	<---	DR	0.122	0.117	1.043	0.297
IO	<---	DR	-0.067	0.096	-0.69	0.49
RG	<---	MC	0.038	0.053	0.71	0.478
CSO	<---	MC	-0.008	0.062	-0.125	0.900
COO	<---	MC	0.205	0.105	1.957	0.050
IO	<---	MC	0.153	0.086	1.766	0.077
IO	<---	ED	0.07	0.07	1.005	0.315
COO	<---	ED	0.07	0.085	0.823	0.410
CSO	<---	ED	-0.045	0.05	-0.896	0.370
RG	<---	ED	-0.038	0.043	-0.883	0.377
CG	<---	MC	0.159	0.096	1.659	0.097
CG	<---	ED	0.005	0.078	0.07	0.944

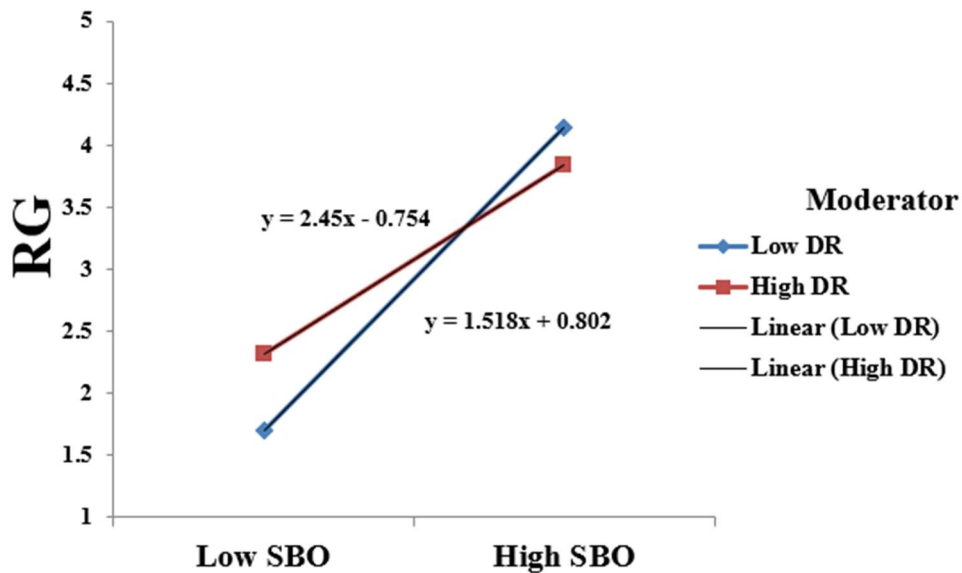
Table 20: SEM Model Fit Comparison

MODEL FIT INDICES COMPARISON CHART							
CRITERIA	CMIN	DF	CMIN/DF	CFI	SRMR	RMSEA	PClose
THRESHOLDS			B/w 1 & 3	>0.95	<0.08	<0.06	>0.05
M1 Hypothesized Model	1272.79	853	1.492	0.811	0.093	0.067	0
Interpretation	--	--	Excellent	Terrible	Acceptable	Acceptable	Not Estimated
M2 Hypothesized Model with Mean Center	24.459	10	2.446	0.993	0.03	0.115	0.034
Interpretation	--	--	Excellent	Excellent	Excellent	Terrible	Acceptable
M3 Direct Relations	39.808	10	3.981	0.706	0.126	0.165	0
Interpretation	--	--	Acceptable	Terrible	Terrible	Terrible	Not Estimated
M4 Moderators	38.415	10	3.841	0.682	0.104	0.161	0.001
Interpretation	--	--	Acceptable	Terrible	Terrible	Terrible	Terrible
M5 Interactions	32.626	10	3.263	0.979	0.059	0.144	0.003
Interpretation	--	--	Acceptable	Excellent	Excellent	Terrible	Terrible
M6 Direct & Interactions	28.986	10	2.899	0.990	0.045	0.132	0.01
Interpretation	--	--	Excellent	Excellent	Excellent	Terrible	Terrible



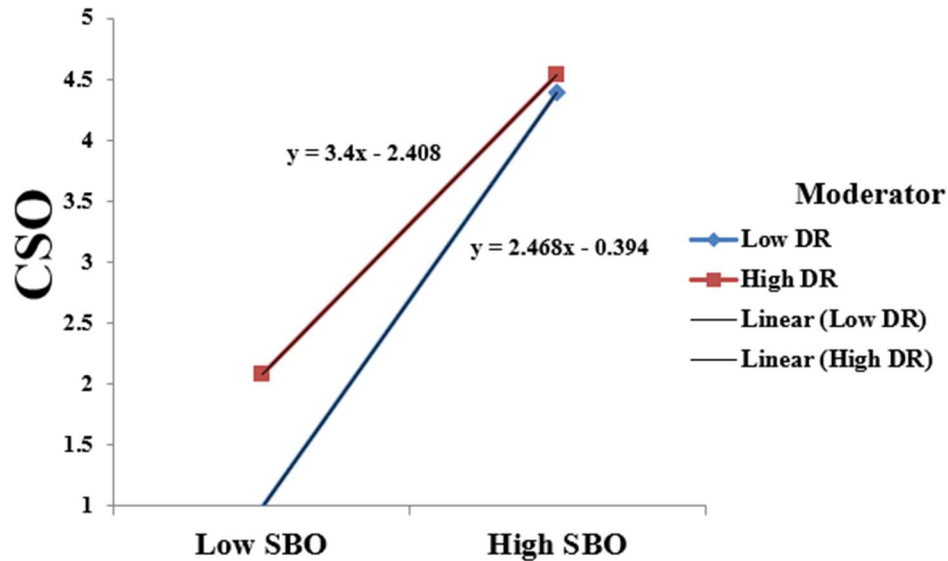
MC dampens the negative relationship between EO and COO.

Figure 25: Moderation effect of managerial connections on the relation between the strength of founder identification with the entrepreneurial mindset and the focus on competitor responsiveness.



DR dampens the positive relationship between SBO and RG.

Figure 26: Moderation effect of decision rationality on the relation between the strength of founder identification with the small business mindset and adoption of relational governance mechanisms.



DR dampens the positive relationship between SBO and CSO.

Figure 27: Moderation effect of decision rationality on the relation between the strength of founder identification with the entrepreneurial mindset and the focus on customer responsiveness.

5.4 Summary Comparison of Both Methods

Table 21 summarizes the hypothesized findings of the main regression effects. Overall, both methods provide support for the postulation that a founder of a business can have different mindsets, and this impacts the strategic orientation of the firm they run. A founder who has a small business mindset and is personally attached to the his or her business relies more on trust-based mechanisms while dealing with other businesses and focuses on making the customers happy. This relation drastically changes when the small business-oriented founder has access to pertinent information about the customers, competitors, and market they function in. On the other hand, founders with an entrepreneurial mindset are drastically impacted by their network connections and advisors. Individually, regression results provided more support for the hypothesis than did the structural equation model.

Table 21: Comparison of Main Effects from both Methods

MAIN EFFECTS	REGRESSION	SEM
<p>H1: Founders identifying with the small business mindset are likely to display a weaker preference for contract-based governance mechanisms to manage interorganizational relationships than those identifying with the entrepreneurial mindset.</p>	<p>Supported</p>	
<p>H1a: Entrepreneurial mindset will be positively related to contractual governance.</p>	<p>Supported (0.552)</p>	
<p>H1b: Small Business mindset will be negatively related to contractual governance.</p>	<p>Supported (- 0.912)</p>	
<p>H2: Founders identifying with the small business mindset are likely to display a stronger preference for relational governance mechanisms to manage interorganizational relationships than those identifying with the entrepreneurial mindset.</p>	<p>Supported</p>	
<p>H2a: Entrepreneurial mindset will be negatively related to relational governance.</p>		
<p>H2b: Small Business mindset will be positively related to relational governance.</p>	<p>Supported (1.286)</p>	<p>Supported (0.992)</p>
<p>H3: Founders identifying with the small business mindset are likely to display a stronger preference for strategies that focus on customer needs than those identifying with the entrepreneurial mindset.</p>	<p>Supported</p>	
<p>H3a: Entrepreneurial mindset will be negatively related to customer orientation.</p>		
<p>H3b: Small Business mindset will be positively related to customer orientation.</p>	<p>Supported (1.642)</p>	<p>Supported (1.476)</p>
<p>H4: Founders identifying with the small business mindset are likely to display a weaker preference for strategies that focus on competitor responsiveness than those identifying with the entrepreneurial mindset.</p>		
<p>H4a: Entrepreneurial mindset will be positively related to competitor orientation.</p>		
<p>H4b: Small Business mindset will be negatively related to competitor orientation.</p>		
<p>H5: Founders identifying with the small business mindset are likely to display a weaker preference for strategies that focus on international expansion than those identifying with the entrepreneurial mindset.</p>	<p>Supported</p>	
<p>H5a: Entrepreneurial mindset will be positively related to international orientation.</p>	<p>Supported (0.444)</p>	
<p>H5b: Small Business mindset will be negatively related to international orientation.</p>		

5.5. Boundary conditions for founder behavioral profiles

5.5.1 Value Systems

According to theoretical postulations, the difference between entrepreneurial mindset and small business mindset is the underlying value system the founders identify with. It was assumed that this underlying structure would vary by culture (Morales et al., 2019). The history of individual value systems dates to 1908 but it was refined by Shalom Schwartz in 2012. Value systems recently are categorized under four broad categories namely, values of self-transcendence, conservation, self-enhancement, and openness. Based on recent developments, Runyan & Covin (2019) have stated that founders can be small business founders and entrepreneurial founders. These values are not dependent on situations and can vary in the relative level of importance placed by different individuals intrinsically. When faced with conflicting value choices, individuals will choose the value they identify with the most.

Under self-transcendence, the motivational value of universalism means individuals place more emphasis on taking care of the environment, developing relationships with and providing benefits to both external and internal stakeholders, contributing to the community, as compared to simply focusing on profits or growth. The motivational value of benevolence calls for business integrity, acting in a trustworthy manner and being employees, focused, product centered and customer-focused (R. C. Runyan & Covin, 2019). Under the value category of conservation, the motivational value of security makes the individual work towards stability in business relationships, a stable source of income, predictability, and safety. Under Tradition, individuals demonstrate long-term commitment and seek respect. Under conformity as a motivational value type, individuals retrain their actions and impulses, are thoughtful and do not violate social expectations (Schwartz, 1994).

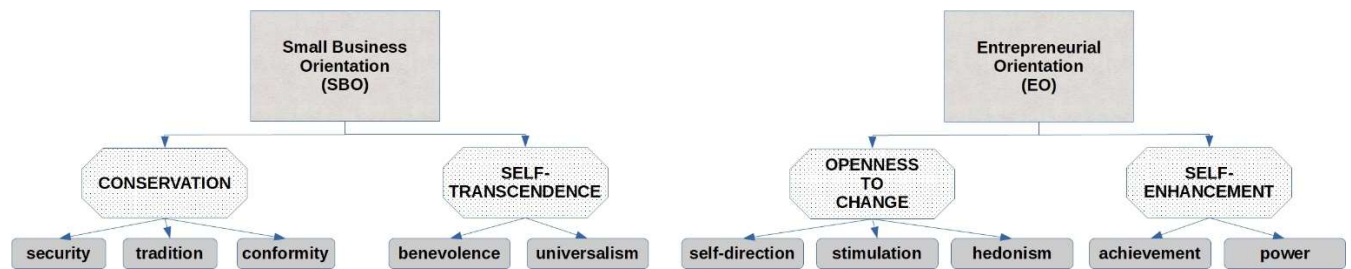


Figure 28: Underlying Value Systems that define Founder Mindsets

On the other hand, founders with a pure entrepreneurial mindset place a relative importance on openness to change and self-enhancement as value categories that guide their behavior. The value category of openness to change consists of self-direction where individuals demonstrate independence and create innovative products and services. The same category consists of stimulation where individuals seek excitement and challenges in life. The motivational value of hedonism is where individuals seek pleasure and gratification for themselves. The value category of self-enhancement consists of achievement where primary importance is placed on personal success and demonstration of competence. Individuals under this value category also focus on social reputation, control, dominance, and social status (Schwartz, 1994). Self-enhancement, a core that motivates individuals to develop one's own interests, is a higher-order construct comprising of values of hedonism, achievement and power. Individuals who are focused on self-enhancement also display a greater need for control over resources around them and make efforts to create a positive self-image. The need for self-enhancements may transcend basic satisfaction to luxuries and indulgences. In such cases, higher focus on self-enhancement leads to self-indulgence which leads to more focus on financial and materialistic rewards (Shepherd & Patzelt, 2018).

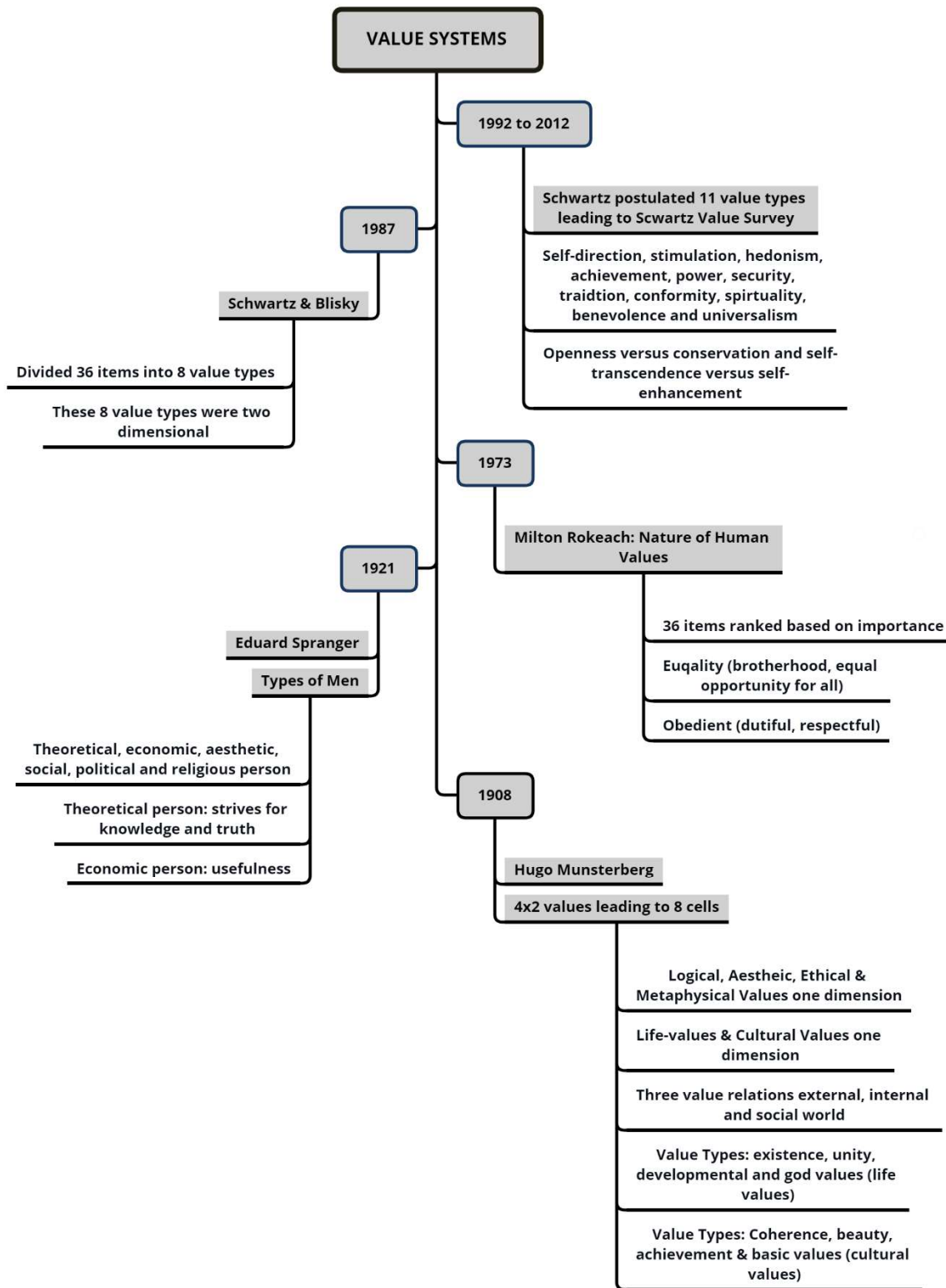


Figure 29: The evolution of value systems

To test the underlying assumption of founder mindset origins, a CFA and an EFA were run and correlations were calculated among the entrepreneurial orientation and small business orientation scales and their underlying value systems. This was done to test the accuracy of this postulation especially in transitional economies. Two sets of correlations were run. The first was to generally test the individual value loadings and the second to test the hypothesized combined value loadings.

Table 23: Correlation Matrix of founder mindsets and value categories

Correlations between Founder Mindsets & Underlying Values								
	Mean	Std. Deviation	EO	SBO	SEV	OV	STV	CV
EO	3.697	0.647	1					
SBO	3.973	0.694	.257**	1				
SEV	4.436	1.305	0.101	.256**	1			
OV	4.730	1.204	.321**	.400**	.539**	1		
STV	5.600	1.090	.194*	0.175	.311**	.511**	1	
CV	5.197	1.390	0.157	0.166	.256**	.327**	.468**	1

** . Correlation is significant at the 0.01 level (2-tailed). * . Correlation is significant at the 0.05 level (2-tailed).

Table 24: Correlation Matrix of Values and Founder Mindsets

Correlations between Founder Mindsets & Theorized Underlying Values						
			EO	SBO	SBV	EV
EO	3.697	0.647	1			
SBO	3.973	0.694	.257**	1		
SBV	5.358	1.107	.194*	.194*	1	
EV	4.613	1.096	.260**	.386**	.446**	1

** . Correlation is significant at the 0.01 level (2-tailed). * . Correlation is significant at the 0.05 level (2-tailed).

EO=Entrepreneurial Mindset, SMALL BUSINESS MINDSET=Small Business Mindset, SEV= Self-enhancement Values, OV= Openness Values, STV=Self-transcendence values, CV=conservation Values, SBV=Small business values, EV=Entrepreneurial Values

Table 25: Exploratory factor analysis of founder mindsets and value systems

Rotated Factor Matrix							
	Factor						
	1	2	3	4	5	6	7
Conservation Value2	0.949						
Conservation Value1	0.779						
Conservation Value3	0.779						
Self-Transcendence Value2	0.544			0.520			
Entrepreneurial Orientation4		0.756					
Entrepreneurial Orientation6		0.685					
Entrepreneurial Orientation5		0.646					
Self-Enhancing Values2			0.858				
Self-Enhancing Values1			0.568				
Openness Value3			0.445				
Openness Value1			0.406				
Openness Value2				0.700			
Self-Transcendence Value1				0.671			
Small Business Orientation6					0.616		
Small Business Orientation1					0.598		
Small Business Orientation8					0.533		
Entrepreneurial Orientation1							
Small Business Orientation7							
Entrepreneurial Orientation8						0.913	
Entrepreneurial Orientation9		0.492				0.614	
Entrepreneurial Orientation3							0.658
Entrepreneurial Orientation2							0.488

Extraction Method: Principal Axis Factoring.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

The entrepreneurial mindset has a significant relation with openness to change, which was hypothesized, but surprisingly correlates with self-transcendence values which was deemed to be a trait of non-entrepreneurs or more recently small business owners. Small business orientation had significant correlations with openness values and surprisingly with self-enhancement values. The notion of self-transcendence and self-enhancement values are reversed for entrepreneurial and small business founders. Small business values loaded significantly and

equally on both entrepreneurial mindset and small business mindset. Entrepreneurial values loaded significantly on both small business mindset and entrepreneurial mindset but loaded more on small business mindset.

As per the findings of the exploratory factor analysis, there was no clear factor structure, but some sub-scale items did have clear factor loadings and structure. The confirmatory factor analysis showed an excellent model fit between small business orientation identity, self-transcendence values and conservation values. Thus, providing evidence that the underlying theoretical basis for the small business orientation construct are valid in transitional economies as well and are generalizable. Small business orientation identity also had a borderline fit with openness to change value system which was not originally expected. On the other hand, entrepreneurial orientation had terrible model fit with almost all underlying value systems. This finding calls for a better theoretical distinction between the two founder mindsets.

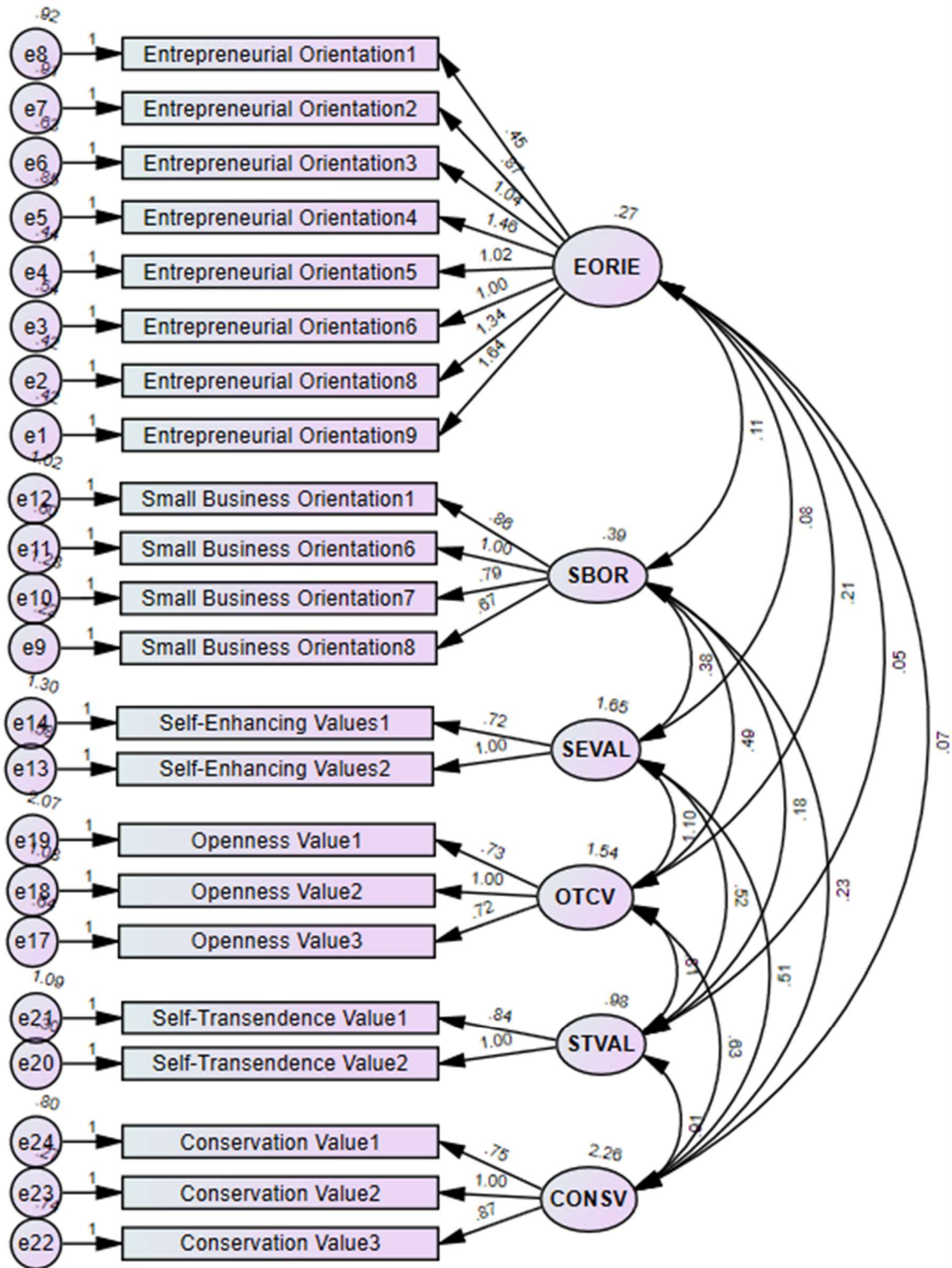


Figure 30: Measurement model of value systems with founder mindsets

Table 26: Model fit indices for founder mindsets and value systems

UNDERLYING VALUES FOR FOUNDER MIDNSETS							
MODEL FIT INDICES COMPARISON CHART							
CRITERIA	CMIN	DF	CMIN/DF	CFI	SRMR	RMSEA	PClose
THRESHOLDS			B/w 1 & 3	>0.95	<0.08	<0.06	>0.05
Meas. Model	365.62	194	1.885	0.805	0.1	0.09	0
Interpretation			Excellent	Terrible	Acceptable	Terrible	Not Estimated
EO-VALUES	269.39	125	2.155	0.816	0.102	0.103	0
Interpretation			Excellent	Terrible	Terrible	Terrible	Not Estimated
SBO-VALUES	116.18	67	1.734	0.91	0.074	0.082	0.023
Interpretation			Excellent	Acceptable	Excellent	Terrible	Acceptable
EO- OV	141.2	43	3.284	0.742	0.107	0.145	0
Interpretation			Acceptable	Terrible	Terrible	Terrible	Not Estimated
EO-SEV	112.01	34	3.294	0.755	0.101	0.145	0
Interpretation	--	--	Acceptable	Terrible	Terrible	Terrible	Not Estimated
EO -STV	114.97	34	3.382	0.749	0.114	0.148	0
Interpretation	--	--	Acceptable	Terrible	Terrible	Terrible	Not Estimated
EO-CV	118.97	43	2.767	0.841	0.111	0.127	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
SBO-STV	14.725	8	1.841	0.928	0.074	0.088	0.169
Interpretation			Excellent	Acceptable	Excellent	Terrible	Excellent
SBO -CV	17.386	13	1.337	0.983	0.066	0.056	0.399
Interpretation			Excellent	Excellent	Excellent	Excellent	Excellent
SBO -OV	25.175	13	1.937	0.917	0.076	0.093	0.097
Interpretation	--	--	Excellent	Acceptable	Excellent	Terrible	Excellent
SBO -SEV	29.479	8	3.685	0.815	0.099	0.157	0.002
Interpretation	--	--	Acceptable	Terrible	Acceptable	Terrible	Terrible
EO-STV-CV	153.95	62	2.483	0.837	0.114	0.117	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
SBO -OV-SEV	60.676	24	2.528	0.848	0.085	0.118	0.002
Interpretation	--	--	Excellent	Terrible	Acceptable	Terrible	Terrible
EO-OV-SEV	181.67	62	2.93	0.743	0.101	0.133	0
Interpretation			Excellent	Terrible	Terrible	Terrible	Not Estimated
SBO -STV -CV	34.822	24	1.451	0.967	0.062	0.064	0.286
Interpretation			Excellent	Excellent	Excellent	Acceptable	Excellent

Note: Hu and Bentler (1999, "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria Versus New Alternatives") recommend combinations of measures. Personally, I prefer a combination of CFI>0.95 and SRMR<0.08. To further solidify evidence, add the RMSEA<0.06. Gaskin, J. & Lim, J. (2016), "Model Fit Measures", AMOS Plugin. Gaskination's StatWiki.

5.5.2 Goal Motivations

Another typology of founders examines the type of entrepreneur and the behavior of the firm. Goal motivations are foundations of entrepreneurial typology which distinguish between two types of labor expectations founders expect to derive. The first is craftsman expectations where entrepreneurs look for freedom in the work they do and look for family security whereas the second are the managerial expectations which define profit-seeking behavior and risk type entrepreneurs. This line of research impacts the type of firms such entrepreneurs create. As per (Lafuente & Salas, 1989, p. 25), craftsman entrepreneurs create rigid firms and Managerial entrepreneurs create flexible firms. The behavior of the firm based on this typology discusses the level of flexibility adopted by the firms with regards to its policy, type of production methods used, the decision to expand to international markets and strategies that deal with customers and other stakeholders (Lafuente & Salas, 1989).

A CFA and EFA were run to test the underlying structure of all constructs. Correlations show that only small business mindset has a relation with both craftsman and managerial goals.

Table 27: Correlations between founder Mindsets & Goal Motivations

Correlations between founder Mindsets & Goal Motivations						
	Mean	Std. Deviation	EO	SBO	CRG	MANG
EO	3.697	0.647	1			
SBO	3.973	0.694	.257**	1		
CRG	2.482	0.479	0.069	.323**	1	
MANG	2.550	0.423	0.138	.321**	.277**	1

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

Table 28: EFA of founder Mindsets & Goal Motivations

	Rotated Factor Matrix				
	Factor				
	1	2	3	4	5
Entrepreneurial Orientation9	0.788				
Entrepreneurial Orientation4	0.712				
Entrepreneurial Orientation5	0.656				
Entrepreneurial Orientation8	0.639				
Entrepreneurial Orientation6	0.611				
Small Business Orientation8		0.669			
Managerial Goals2		0.548			
Small Business Orientation6		0.463			0.409
Craftsman Goals1		0.403			
Entrepreneurial Orientation2			0.730		
Entrepreneurial Orientation3	0.449		0.506		
Entrepreneurial Orientation1			0.418		
Craftsman Goals2				0.793	
Small Business Orientation1				0.433	
Managerial Goals1					
Small Business Orientation7					0.905

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

As per the exploratory factor analysis, there are over-lapping factor loadings for the entrepreneurial mindset, small business mindset, the craftsman goals and managerial goal items but more so for small business mindset with managerial and craftsman goals. The confirmatory factor analysis provided a terrible fit model for all combinations of the variables providing evidence that they are not related even though they appear to have similar underlying connotations.

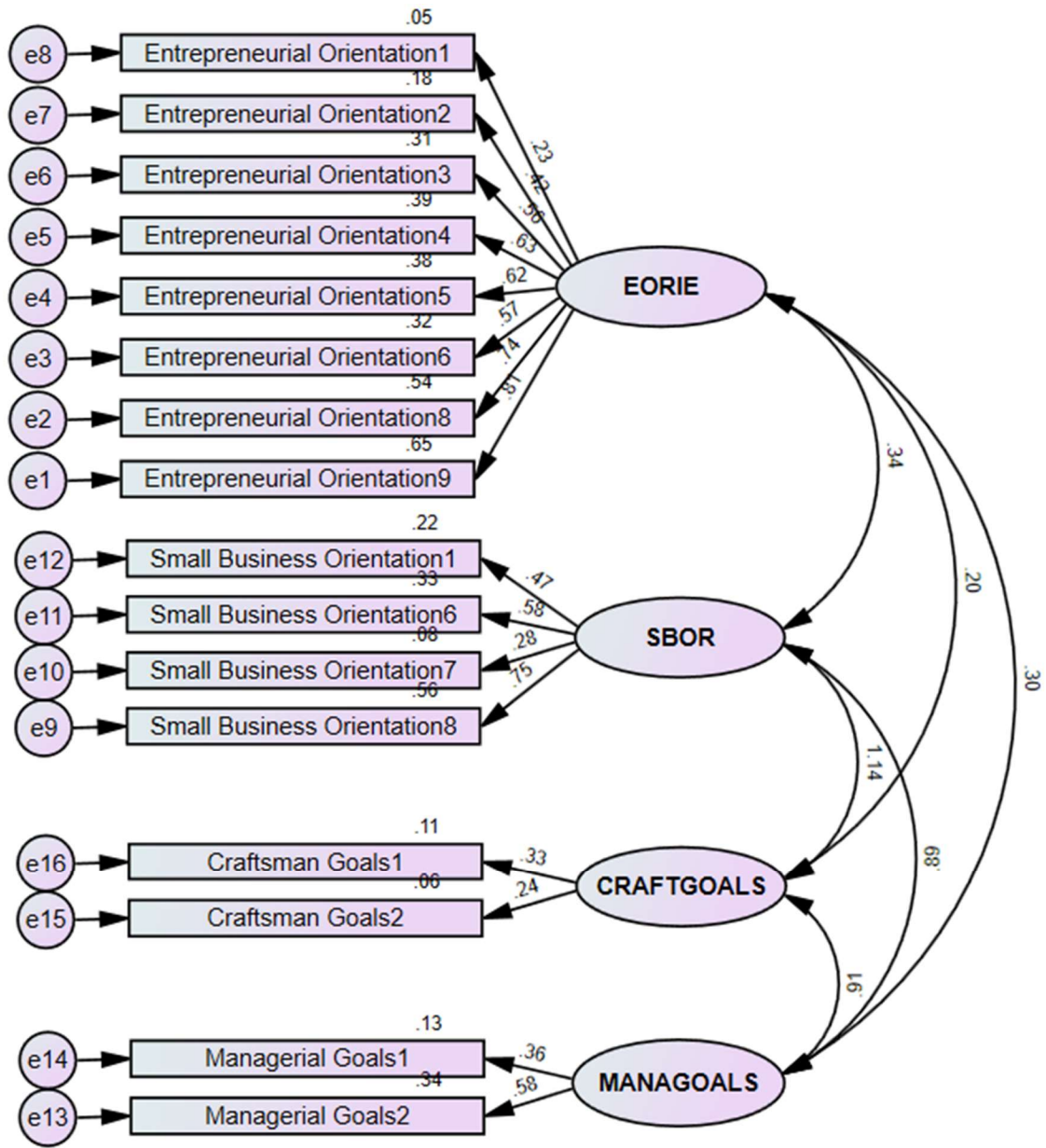


Figure 31: Measurement model of founder mindsets and goal motivations

Table 29: Model fit indices for founder mindsets and goal motivations

UNDERLYING GOAL MOTIVATIONS FOR FOUNDER MIDNSETS							
MODEL FIT INDICES COMPARISON CHART							
CRITERIA	CMIN	DF	CMIN/DF	CFI	SRMR	RMSEA	PClose
THRESHOLDS			B/w 1 & 3	>0.95	<0.08	<0.06	>0.05
Model 1 Measurement Model	240.91	98	2.458	0.671	0.104	0.116	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
Model 2 EO with Goal Motivations	Minimization was unsuccessful						
Interpretation	Minimization was unsuccessful						
Model 3 SBO with Goal motivations	67.002	17	3.941	0.623	0.113	0.164	0
Interpretation	--	--	Acceptable	Terrible	Terrible	Terrible	Not Estimated
Model 4 EO with Craftsman Motivations	104.44	34	3.072	0.742	0.099	0.138	0
Interpretation	--	--	Acceptable	Terrible	Acceptable	Terrible	Not Estimated
Model 5 EO with Managerial Motivations	107.2	34	3.153	0.742	0.096	0.141	0
Interpretation	--	--	Acceptable	Terrible	Acceptable	Terrible	Not Estimated
Model 6 SBO with Craftsman Motivations	27.47	8	3.434	0.753	0.098	0.149	0.005
Interpretation	--	--	Acceptable	Terrible	Acceptable	Terrible	Terrible
Model 7 SBO with Managerial Motivations	34.748	8	4.343	0.722	0.107	0.175	0
Interpretation	--	--	Acceptable	Terrible	Terrible	Terrible	Not Estimated

Note: Hu and Bentler (1999, "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria Versus New Alternatives") recommend combinations of measures. Personally, I prefer a combination of CFI>0.95 and SRMR<0.08. To further solidify evidence, add the RMSEA<0.06. Gaskin, J. & Lim, J. (2016), "Model Fit Measures", AMOS Plugin. Gaskination's StatWiki.

5.5.3 Goal Identities

Founder identities have another categorization that is based on the goals of the business that they had started. As such, the goals of such businesses can be a social cause, profit making or providing ground-breaking or novel products. Darwinian, communitarian, and missionary goals distinguish among the three different types of founders. Based on self-categorization theory, there are three types of identities with varying frames of reference and social motivations which form different identity prototypes. Darwinian identities are the typical businesspersons and focus on the self and are focused on the pursuit of economic values. Communitarian identity of an individual elicits behaviors that focus on the “we” aspect of his or her personality and it pertains to the community or social group they belong to. People with missionary identity have the community at their core set of values. The difference between communitarian and missionary identities is that the former focuses on known others while the later on unknown others (Powell & Baker, 2017).

Darwinian founders, in theory must correlate highly with founders who identify with entrepreneurial orientation as they focus highly on competitors and business success (de la Cruz et al., 2018). On the other hand, founders with missionary and communitarian identities would strongly, in theory, correlate with founders identifying with small business orientation. Communitarian founders, like user entrepreneurs, are guided by products and services that help a group of people or drive their entrepreneurship ventures through a leisure interest or hobby driven by collective creativity. Missionary founders are motivated by a desire to fulfill a greater cause and closely resemble social entrepreneurs. Social entrepreneurs are strong in their beliefs and seek solutions to complex problems (EstradaCruz et al., 2019).

Table 30: Correlations between Founder Mindsets & Goals

Correlations between Founder Mindsets & Goals							
	Mean	Std. Deviation	EO	SBO	DARG	COMG	MIG
EO	3.697	0.647	1				
SBO	3.973	0.694	.257**	1			
DARG	3.676	0.730	0.059	0.120	1		
COMG	4.382	0.556	.406**	.354**	.293**	1	
MIG	4.312	0.559	.294**	.310**	.250**	.675**	1

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

Table 31: EFA of Founder Mindsets & Goals

Rotated Factor Matrix						
	Factor					
	1	2	3	4	5	6
Missionary Goals2	0.730					
Missionary Goals1	0.680					
Communitarian Goals1	0.643					
Missionary Goals3	0.565					
Communitarian Goals2	0.490					
Communitarian Goals3	0.489					
Entrepreneurial Orientation4		0.764				
Entrepreneurial Orientation5		0.701				
Entrepreneurial Orientation6		0.575				
Entrepreneurial Orientation3		0.475				
Entrepreneurial Orientation2			0.619			
Small Business Orientation8			0.554			
Entrepreneurial Orientation1			0.468			
Small Business Orientation1						
Darwinian Goals1				0.665		
Darwinian Goals3				0.573		
Darwinian Goals2				0.551		
Entrepreneurial Orientation9		0.457			0.762	
Entrepreneurial Orientation8					0.697	
Small Business Orientation7						0.636
Small Business Orientation6						0.600

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

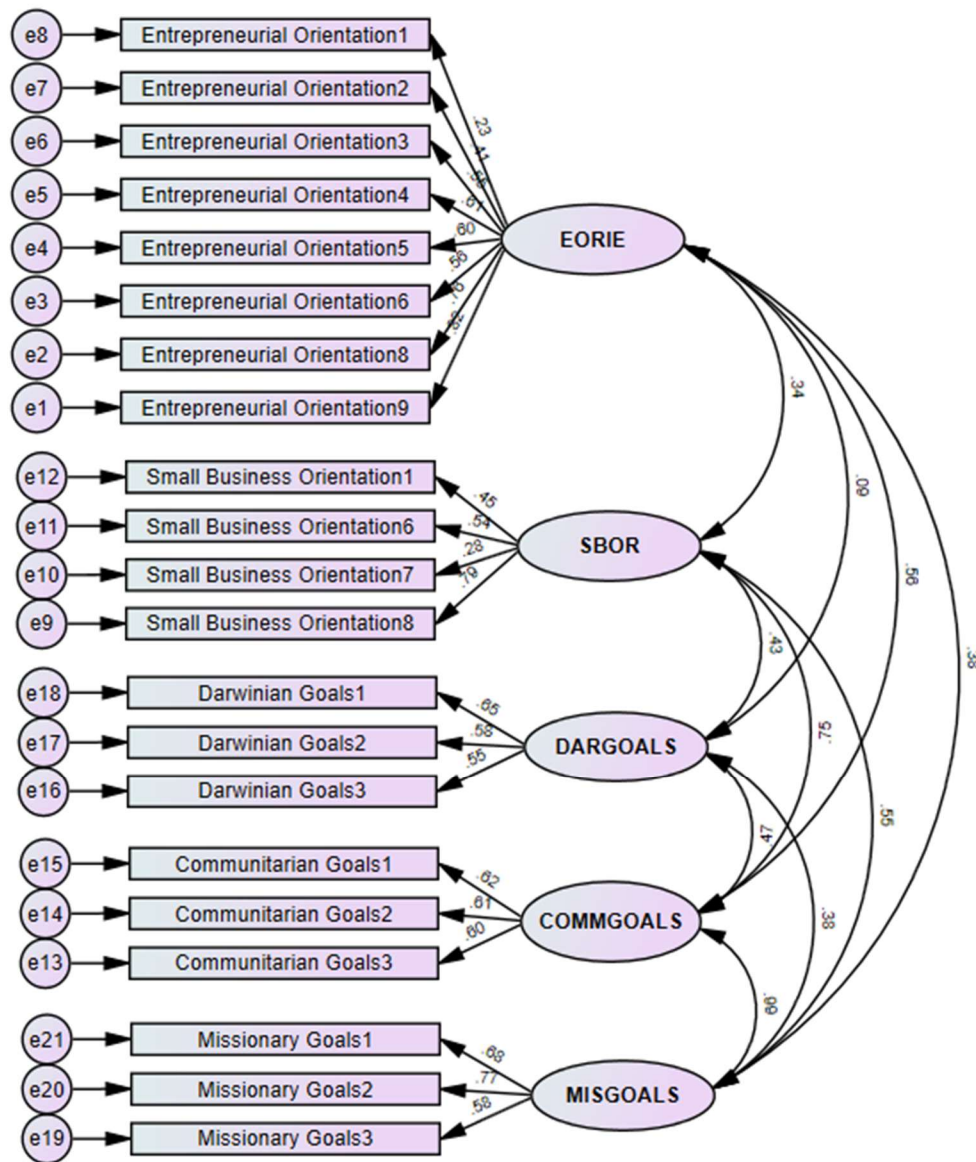


Figure 32: Measurement model of founder mindsets with goal identities

The correlations depict a relation between entrepreneurial mindset and communitarian and managerial goals. The small business orientation also shows significant correlations with communitarian and managerial goals. The exploratory factor analysis provides a clear factor structure with managerial goals and communitarian goals loading on the same factor.

Table 32: Model fit indices for founder mindsets and goal identities

UNDERLYING GOAL IDENTITIES OF FOUNDER MIDNSETS							
MODEL FIT INDICES COMPARISON CHART							
CRITERIA	CMIN	DF	CMIN/DF	CFI	SRMR	RMSEA	PClose
THRESHOLDS			B/w 1 & 3	>0.95	<0.08	<0.06	>0.05
Model 1							
Measurement Model	298.68	179	1.669	0.807	0.092	0.078	0.003
Interpretation	--	--	Excellent	Terrible	Acceptable	Acceptable	Terrible
Model 2 EO with Goals	200.41	113	1.774	0.831	0.086	0.084	0.003
Interpretation	--	--	Excellent	Terrible	Acceptable	Terrible	Terrible
Model 3 SBO with Goals	76.349	59	1.294	0.942	0.074	0.052	0.44
Interpretation	--	--	Excellent	Acceptable	Excellent	Excellent	Excellent
Model 4 EO with Darwinian Goals	111.3	43	2.588	0.777	0.094	0.121	0
Interpretation			Excellent	Terrible	Acceptable	Terrible	Not Estimated
Model 5 EO with Communitarian Goals	122.22	43	2.842	0.769	0.099	0.13	0
Interpretation	--	--	Excellent	Terrible	Acceptable	Terrible	Not Estimated
Model 6 EO with Missionary Goals	124.68	43	2.899	0.772	0.102	0.132	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
Model 7 SBO with Darwinian Goals	34.292	13	2.638	0.799	0.11	0.123	0.011
Interpretation			Excellent	Terrible	Terrible	Terrible	Acceptable
Model 8 SBO with Communitarian Goals	29.056	13	2.235	0.873	0.084	0.106	0.04
Interpretation	--	--	Excellent	Terrible	Acceptable	Terrible	Acceptable
Model 9 SBO with Missionary Goals	18.263	13	1.405	0.959	0.069	0.061	0.35
Interpretation	--	--	Excellent	Excellent	Excellent	Acceptable	Excellent

Note: Hu and Bentler (1999, "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria Versus New Alternatives") recommend combinations of measures. Personally, I prefer a combination of CFI>0.95 and SRMR<0.08. To further solidify evidence, add the RMSEA<0.06. Gaskin, J. & Lim, J. (2016), "Model Fit Measures", AMOS Plugin. Gaskination's StatWiki.

5.5.4 Opportunity Pull and Necessity Push

There are various motivations that drive business creation. Founders can start a business for various reasons such as escaping unemployment or because they identified a gap in the market and have an idea to fill it through their offering. Researchers have narrowed these motivations down to six major motivations with twelve sub-motivations that help determine whether the entrepreneurs are in the entrepreneurship arena out of need or out of choice namely necessity-based and opportunity-based entrepreneurship.

The two groups of necessity and opportunity-based entrepreneurships have five sub-variations for types of entrepreneurships. The five sub-variations are SN: Strictly Necessity – SO: Strictly Opportunity – MO: Mainly Opportunity – MN: Mainly Necessity – SMON: Strictly Mix Opportunity-Necessity (Bayart & Saleilles, 2019; Giacomini O., F. Janssen, J.L. Guyot and O. Lohest, 2011, Kautonen & Palmroos, 2010).

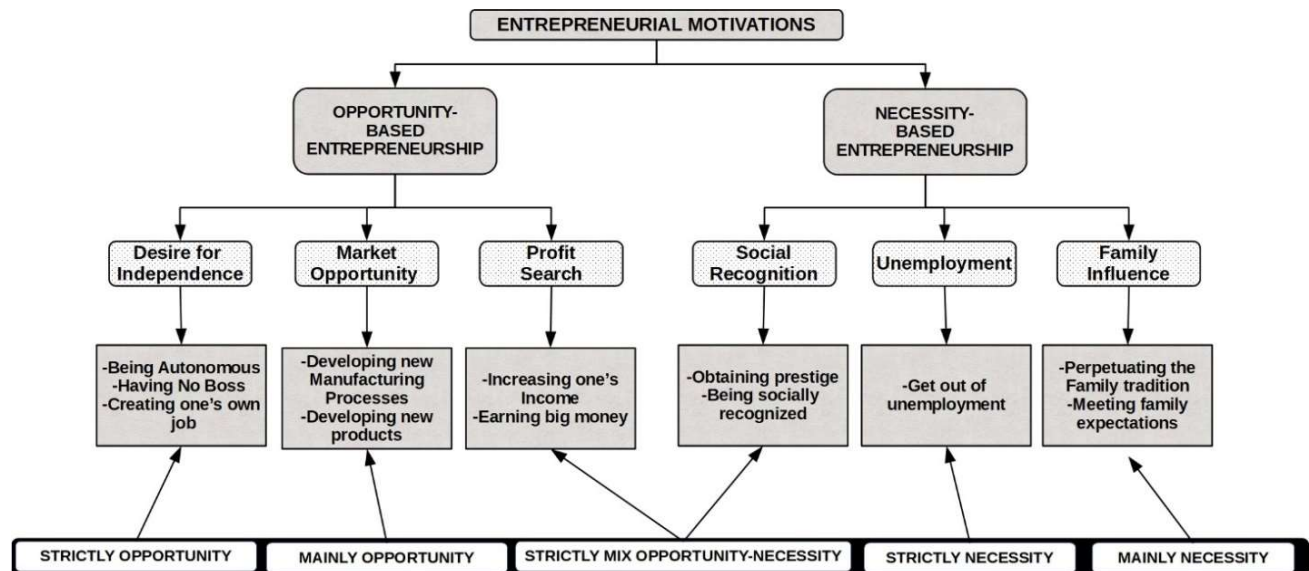


Figure 33: A visual summary of necessity based and opportunity-based entrepreneurship

The necessity push entrepreneurship is synonymous with family influence to take over the family business and is negatively related to market opportunity and social recognition motivations whereas opportunity entrepreneurs find themselves positively associating with market opportunity (Bayart & Saleilles 2019).

The correlations show that both entrepreneurial and small business mindset are significantly related to opportunity pull motivations. Necessity push motivations were not significantly correlated to any of the mindsets. The exploratory factor analysis showed that both necessity push and opportunity pull motivations loaded on a single factor. In addition, the confirmatory factor analysis provided no evidence of any relation among the variables.

Table 33: Correlations between Founder Mindsets & Motivation to start a business

Correlations between Founder Mindsets & Motivation to start a business						
	Mean	Std. Deviation	EO	SBO	OPG	NPG
EO	3.697	0.647	1			
SBO	3.973	0.694	.257**	1		
OPG	3.829	0.668	.213*	.322**	1	
NPG	2.860	0.844	-0.050	0.108	.584**	1

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

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

Table 34: EFA of Founder Mindsets & Motivation to start a business

Rotated Factor Matrix							
	Factor						
	1	2	3	4	5	6	7
Opportunity Pull5	0.789						
Opportunity Pull7	0.724						
Necessity Push4	0.694						
Opportunity Pull1	0.671						
Opportunity Pull2	0.602					0.506	
Opportunity Pull3	0.578					0.422	
Necessity Push5	0.551			0.485			
Necessity Push3	0.542						
Entrepreneurial Orientation4		0.734					
Entrepreneurial Orientation5		0.652					
Entrepreneurial Orientation3		0.563			0.412		
Entrepreneurial Orientation6		0.551					
Entrepreneurial Orientation9		0.475	0.703				
Entrepreneurial Orientation8			0.687				
Opportunity Pull6			0.406				
Opportunity Pull4							
Necessity Push2				0.808			
Necessity Push1				0.632			
Entrepreneurial Orientation 1					0.623		
Entrepreneurial Orientation2		0.403			0.526		
Small Business Orientation8					0.459		
Small Business Orientation1						0.578	
Small Business Orientation7							0.884
Small Business Orientation6							0.425

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 11 iterations.

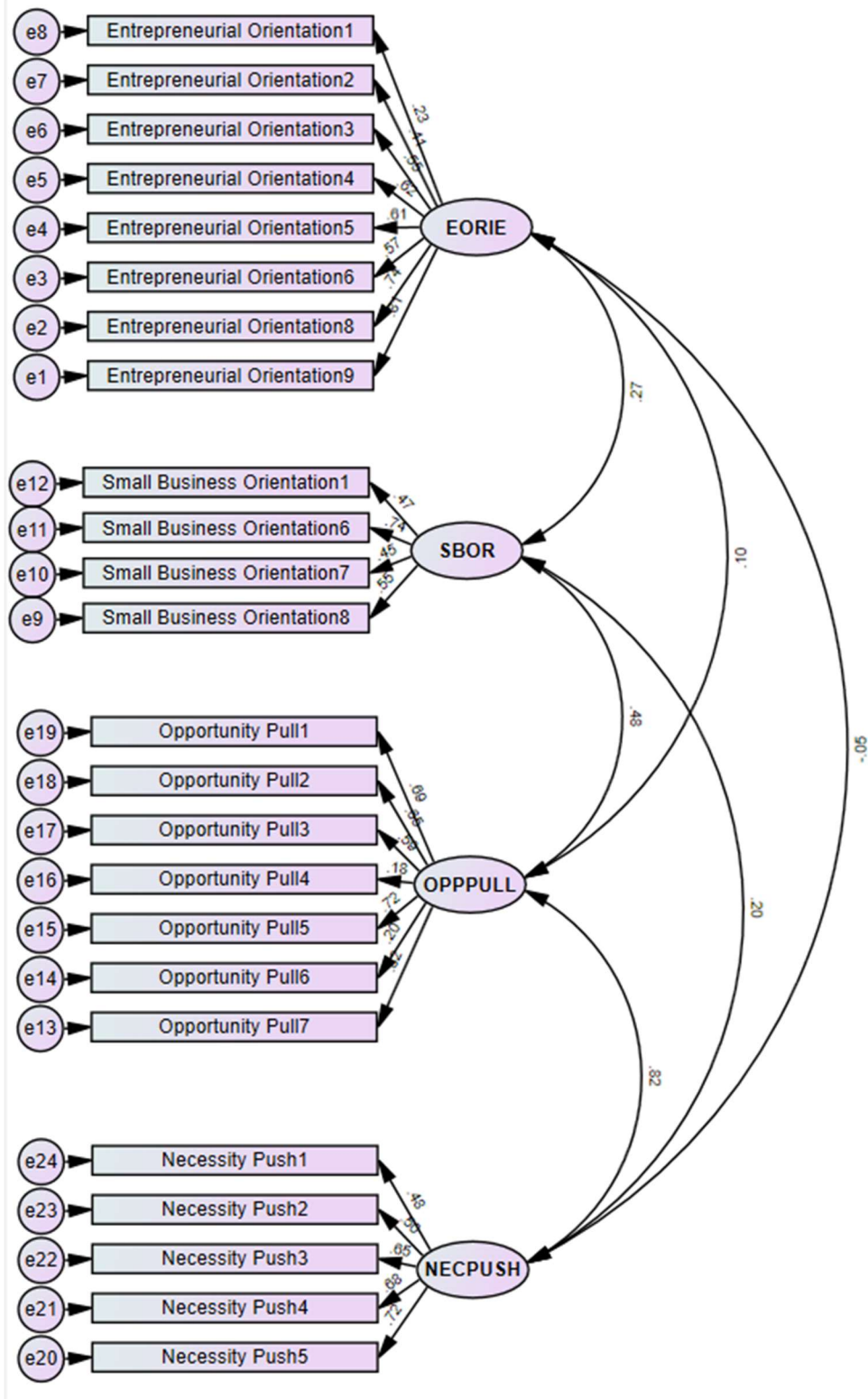


Figure 34: Measurement Model of founder mindsets with opportunity and necessity motivations

Table 35: Model fit indices between founder mindsets and necessity and opportunity-based entrepreneurship

UNDERLYING OPPORTUNITY PULL & NECESSITY PUSH FOR FOUNDER MINDSETS							
MODEL FIT INDICES COMPARISON CHART							
CRITERIA	CMIN	DF	CMIN/DF	CFI	SRMR	RMSEA	PClose
THRESHOLDS			B/w 1 & 3	>0.95	<0.08	<0.06	>0.05
Model 1 Measurement Model	583.58	246	2.372	0.644	0.119	0.112	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
Model 2 EO with All	450.15	167	2.696	0.659	0.12	0.125	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
Model 3 SBO with All	277.46	101	2.747	0.696	0.11	0.127	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
Model 4 EO with Necessity Push	188.48	64	2.945	0.713	0.105	0.134	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
Model 5 EO with Opportunity Pull	269.38	89	3.027	0.68	0.132	0.136	0
Interpretation	--	--	Acceptable	Terrible	Terrible	Terrible	Not Estimated
Model 6 SBO with Necessity Push	77.878	26	2.995	0.749	0.112	0.135	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated
Model 7 SBO with Opportunity Pull	127.44	43	2.964	0.742	0.106	0.134	0
Interpretation	--	--	Excellent	Terrible	Terrible	Terrible	Not Estimated

Note: Hu and Bentler (1999, "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria Versus New Alternatives") recommend combinations of measures. Personally, I prefer a combination of CFI>0.95 and SRMR<0.08. To further solidify evidence, add the RMSEA<0.06. Gaskin, J. & Lim, J. (2016), "Model Fit Measures", AMOS Plugin. Gaskination's StatWiki.

5.5.5 Summary of Boundary Conditions

The diagram below summarizes the findings of the boundary conditions of both founder mindsets. The grey star represents the correlations that were supported in the confirmatory factor analysis. Overall, there is not much difference in the two founder orientations, and they seem to emit a similar pattern with other founder typologies. Small business orientation seems to be correlated to two additional typologies of craftsman goals and managerial goals. Turns out that in the present platform economy, there is a blurring between the two founder orientations.

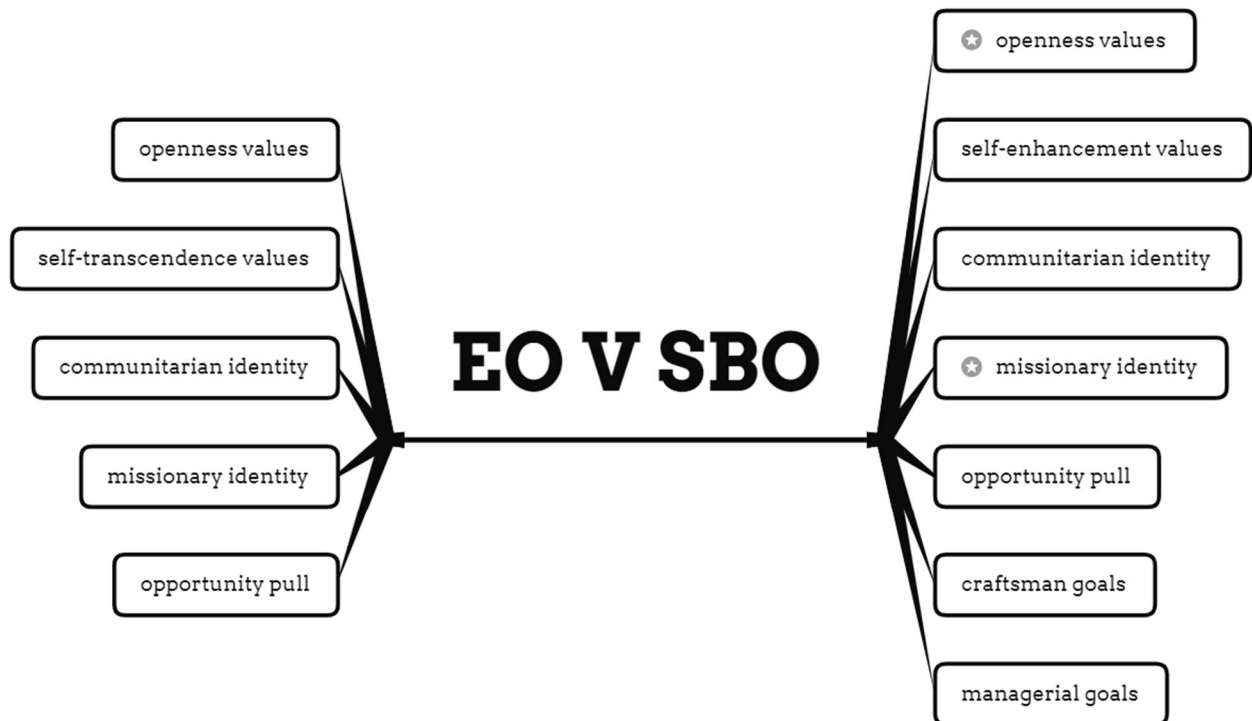


Figure 35: A visual summary of boundary conditions for founder mindsets

CHAPTER 6

DISCUSSION

6.1 Discussion of Major Findings

This study hypothesized that two founder mindsets of entrepreneurial orientation and small business orientation among small business owners drive strategic decisions of such firms. It was expected that founder mindsets would influence their behavior profiles that would in turn lead to the adoption of a certain strategic orientation by the firm. A founder with a small business mindset is emotionally attached to his or her business and does not have many ambitious aspirations attached to it whereas a founder with an entrepreneurial mindset has a proactive and risk-taking approach towards his or her business. The goal of the small business mindset is to further family goals and find an avenue through which to fulfil the need to be self-sufficient. The goal of a founder with an entrepreneurial mindset is to bring an idea to fruition that would earn profits and take advantage of a market opportunity through his or her business. Because small business-oriented founders have an emotional component attached to their business, this mindset was anticipated to lead to a trust-driven strategic orientation for the firm to govern inter-firm business relations such as dealing with suppliers and government agencies. Whereas entrepreneurial founders were expected to rely more on contract-based, arms-length governance mechanisms. This hypothesis (1, 1a, 1b, 2 and 2b) found support. In countries like India, contractual relations are frowned upon as their implementation is perceived to be an indication of unreliable business partners. This notion was evidenced with both small business-oriented founders and even ones with the entrepreneurial mindset. Both types of founders relied on relational or trust-based, informal governance mechanisms. Therefore, between the two founder mindsets, entrepreneurially oriented founders rely on both contractual and relational governance,

but small business-oriented founders rely solely on relational governance. The use of relational governance mechanisms by entrepreneurial founders was a surprising finding as such founder types were theoretically expected to safeguard their business against risks by adapting arms-length contracts.

Significant findings in this study demonstrated that founder mindset is related to how the firm positions itself pertaining to its competitors and customers, also known as the market orientation of a firm. It was anticipated that the relative importance placed on customer needs by the two different founders would vary but the findings suggest that both equally focus on customer needs in their strategy. This finding should be considered while keeping in mind that almost 66.40% of the respondents are in the service industry and 17.30% marked their industry as 'other'. Another interesting finding was that firms run by entrepreneurial founders tend to show negative relations with competitor orientation. Focusing on customers seems to be a primary trending strategic orientation of entrepreneurial founders than focusing on competitors as a form of market orientation. This trend, although not significant, was seen in small business-oriented founders as well. In terms of the willingness to expand into international markets, founders with a small business mindset showed a positive relation with international orientation which was an interesting finding. The foundation of a small business mindset is that such founders do not seek to expand substantially because it goes against their values of being content with the place they are at in the present. Both founder mindsets showed a willingness to expand their business internationally.

External influences were found to moderate the above hypothesized relationships. Since mindsets exist to help founders make decisions, the presence of external influences can modify and alter such behaviors. External factors here include but are not limited to possessing an

influential managerial network of advisors and specialists, having access to information about the trends in the market such as customer preferences and the level of uncertainty in the market. Favorable external circumstances such as using available facts before deciding upon a strategy for the firm, taking advice from specialists and the presence of a favorable market trend would enhance entrepreneurial tendencies of risk-taking and innovativeness. Such favorable factors would also reduce the reliance on small business mindset which postulates a more conservative approach to running a business. The findings indicate that decision rationality, i.e. having access to (numbers and figures) information about the markets, negatively impacts both entrepreneurial and small business mindsets and its impact on hypothesized strategic orientation of the firm. On the other hand, having a network of specialists advise founders about the market, such as bankers and lawyers, positively impacts the relation between both founder mindsets and the strategic orientation of the firm hypothesized above. Environmental dynamism, on the other hand, negatively impacts the relation between both founder mindsets and the strategic orientation of the firm. Thus, in the presence of external influences, founders, irrespective of their mindset or identification level, behave in a similar manner.

6.2 Implications

6.2.1 Research Implications

This research contributes to the field of management in a multitude of ways. Firstly, by finding empirical evidence of the existence of small business mindset as a construct in small business founders and in the context of a developing economy this research has furthered the branch of small business and possibly opened avenues of family business governance. Such demarcation and characterization of founder mindsets is important as it leads differing strategies of the firm which in turn impacts the firm's performance. Secondly, by empirically testing the

importance placed on different types of values by founders with different mindsets such as self-transcendence values and self-enhancement values, I bring to the forefront a possible avenue for the development of many more typologies of founders. The finding that small business founders focus on self-enhancement values instead of self-transcendence values and entrepreneurial founders focus on the opposite, provides scope for further scale development and demarcation theories between the two mindsets. It is highly possible that small business-oriented founders would display a propensity to engage in stakeholder centric governance mechanisms especially in a collectivist country like India. With this research, it was found that, at least in transitioning economies, the theoretical base for the demarcation between the two founder mindsets does not hold true. There is a need to find another underlying theoretical and more generalizable base to understand the difference between entrepreneurial and small business mindset. Thirdly, I contribute to further studies by aiding in the development of a higher order small business orientation construct and in turn aiding knowledge accumulation and theory advancement in this field. Several boundary conditions were tested in this dissertation along with several demographic factors to find patterns of behavior between the two founder mindsets. The constructs of entrepreneurial orientation and small business orientation were compared and correlated with goal motivations, goal identities, opportunity-based and necessity-based foundations and a summarized finding showed no drastic difference between the two mindsets or behaviors and patterns of thinking. Fourth, many boundary conditions for the existence and sustenance of small business mindset and entrepreneurial mindset were surveyed to test if founder mindsets vary with the amount of years the entrepreneur has invested in his or her business, the level of education of the founder and founder age this research brings to the forefront the need to bring such demographic factors into every study involving entrepreneurs. It

was found that external factors, such as company age, managerial connections and environmental dynamism have significant impact on founder mindsets. Such influences are important to explore as they have the power to substantially impact founder identities to the point of subduing them. This study also contributes to the field of entrepreneurship by filling the knowledge void in the field of MSE orientation and founder mindsets. There is a possibility that not all small business owners are entrepreneurial in nature nor do they seek to be profit-oriented. By studying the behavioral profiles of small business founders, this study aids in bringing to the forefront the importance of such profiles on the profitability and survivability of venture. This research lays the groundwork for future studies that could bring the profitability and performance aspect of founder mindsets into entrepreneurship research to test the linkages between the same. Lastly, by finding evidence if the strategic orientation of the firm significantly differs due to different founder mindsets, I have tried opening the black box of the cognition-behavior-strategy process of firms. It was found that small business-oriented founders rely more on informal and relational governance mechanisms and entrepreneurial founders use more of arms-length contracts but the outcomes for founders with an entrepreneurial mindset were more surprising than those with the small business mindset. However, there is a need to test the difference between the mindsets on non-service-related industries and in different countries to make the findings more generalizable as this study primarily comprised of service-related firm in a collectivist country.

6.2.2 Practical Implications

There are several practical implications of the research. Founders can have bounded rationality that dictates their decision-making process. Awareness of such cognitive anchors that guide behavior can provide a clearer window for the founders in understanding themselves and redirect their firm to achieve the goals that are currently not being met. If founders would like to

change the firm's strategy, it might be useful to focus on changing their own attitudes, mindsets and behaviors which would be more in-sync with their desired goals (Coda et al., 2018, p. 154). By making founders aware of the boundary conditions of their mindsets, it makes it easier for them to alter between the two mindsets and take more informed decisions. For example, the presence of uncertain markets and unpredictable consumer preferences, founders with an entrepreneurial mindset might find themselves backing down from taking risks, relying less on contractual governance where they actually should increase the reliance on such contracts during uncertain times. On the other hand, it might be useful for founders to surround themselves with diverse sources of market information. Such diverse sources include a strong network of specialists and advisors, statisticians that give an accurate estimate of the market. Founders themselves can take it upon themselves to learn the skills that allow them to analyze data and recent trends in the market before making decisions for their firm. By bringing in the performance and profit level of their small business into the picture and answering questions for the type of mindset they possess, founders can analyze if there is a need to change their mindset in order to increase their profits or continue with the same mindset to achieve a linear growth in profitability.

6.3 Limitations & Future Research

6.3.1 Theoretical Limitations

The primary limitation of this research is the underlying notion that there are two different mindsets. The value-based framework used for scale-development of the construct of small business mindset did not find any support in this research. I discovered that founder behavioral profiles and typologies that have been used to demarcate entrepreneurial and small business mindsets have similar underlying themes of motivation. When testing for boundary

conditions for both founder mindsets, I found that the underlying theoretical foundations of both mindsets did not hold when being tested in transitional economies like India. The second theoretical limitation is the use of identity theory to understand different founder mindset typologies in small business literature. Role identity is the level of “connection” and “oneness” individuals feel with a role, position, state of being and entity which is similar to the definition of a founder with the small business mindset where the founder feels a sense of oneness with his or her business. There is a need to use inter-disciplinary research and a need to integrate theories across fields to bring together a stronger, unified, and more robust set of founder typologies that yield clearly demarcated founder behavior profiles. As per the tested boundary conditions, there is a lot of overlap in the underlying theoretical assumptions between entrepreneurial mindset and small business mindset. Finally, the underlying theoretical assumptions used to define an entrepreneurial orientation is a combination of founder behaviors that are almost consistent across all founder typologies. For example, every business owner has taken some level of risk in starting a business and has shown some level of proactiveness in anticipating future trends. There is a dire need for strong theoretical justifications for founder typologies. The field of entrepreneurial orientation also has been saturated to the point where new discoveries are being limited by a lack of an alternative scale to measure a founder’s “entrepreneurial-ness”.

6.3.2 Empirical Limitations

The first empirical limitation in this dissertation are the scales used for the two independent variables of entrepreneurial mindset and small business mindset. The small business orientation scale showed a low reliability score. Future research needs to help expand the domain of small business orientation and provide a more robust scale for the same. There is also a need to create an individual level entrepreneurial orientation scale which does not directly connote the

firm's strategic posture. Another empirical limitation of this dissertation was the sample size which was borderline average which in turn may have impacted the results of the study. The construct and discriminant validity of most of the constructs in this dissertation showed a borderline to low trend which may also have skewed the results. Another empirical limitation was that the variables under study did not satisfy the regression assumptions of normality, kurtosis and skewness but showed borderline results and were not log transformed. While running exploratory factor analysis, the results showed a significant overlap between small business orientation and relational governance items which may have skewed the regression results in favor of the hypothesized model pertaining to studying the results between small business orientation and relational governance. While testing for non-response bias, results showed favorable results for some variable but not for others. The questionnaire was relatively lengthy with 35 questions and extensive number of items for each scale were incorporated, which could have resulted in biased responses. The language of the questionnaire survey could have also, to some extent, impacted the responses because even though India is a country where the people are proficient in the English language, the context of the written word can always be misunderstood. The common method bias tests using AMOS resulted in a one factor model not converging and only the unconstrained marker variable model yielding results to test for artificial covariance. Thus, Harman's one factor model was relied upon instead. The confirmatory factor analysis results of the measurement model were less than acceptable. Perhaps, increasing the sample size of the study can enhance the results of the study. Since the data was collected from India, the generalizability of the study can be doubtful in similar studies conducted in other countries. Future researchers can gather data from multiple sources and at different points in time to enhance the generalizability of the study. By bringing in the performance aspect of MSEs,

founder profiles can be used to understand the impact of said profiles on strategy and its subsequent impact on profit and growth.

The regressions showed slight multicollinearity through high VIF values. Future research could undertake a cluster analysis of different founder mindsets to establish a clear demarcation on the motivations, behavior profiles and goal intentions of different types of founders and if these profiles overlap, what makes one more salient than the other. Even though the results were verified by using a supplemental analysis, the results were not as fervently supported in the structural equation modeling than they were in the regressions. Almost half the significant results found under the regression analysis found support in the SEM analyses. Finally, company age, among all control variables, repeatedly has shown a significant variation in the regressions but the control variables were not included in the structural equation modeling. There is a need to run the structural models with different control variables and with early and late responders to test for the additional effects.

6.4 Conclusion

Founder mindsets influence the strategic orientation of the firm. Founders identify with mindsets and form a primary identity which is more relatively more salient to the founders in different situations and which defines their behavior. In the presence of external influences, all founders, irrespective of their mindset, emit similar behavior patterns. Meaning that their identity is subdued, and more rational logic takes over in the presence of external influences. Thus, it is possible that identities are malleable, even when they are highly salient to the individual under study. Small businesses are finding ways of going global and are keen on expanding their presence internationally. There was a time when small businesses, especially in developing countries, were written-off as lacking financial resources and did not possess enough grit and

ambition to go international. But with the recent advent of digital entrepreneurship and fast-paced diminishing of world boundaries, small businesses are finding their way in the world. There is a possibility that founders become small business oriented because they do not have the resources, informational or financial, to become entrepreneurial. But the underlying finding is that small business owners are equally ambitious as entrepreneurial founders but use trust-based mechanisms to build a strong network of stakeholders that results in repeat business. There were no discernable, ground-breaking differences found in founder mindsets among owners of small businesses in India nor their resulting firm's strategic orientation. I guess we are all entrepreneurs now.

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APPENDIX
SURVEY INSTRUMENT

Screening Questions

I. Are you the founder/manager of a company in India?

- 1=I am the founder
- 2=I am the founder and manager both
- 3=I am only the manager, not the founder

II. Is your company still active?

- 1=Yes
- 2=No

III. Was your company founded in India?

- 1=Yes
- 2=No

IV. Does your company operate independently or is it a subsidiary of another firm?

- 1=Independent Unit
- 2=Subsidiary Unit

V. Firm Size (number of employees) (Lafuente & Salas, 1989)

- 1=From 1-3
- 2=From 3-10
- 3=From 10-30
- 4=From 30-50
- 5=From 50-100
- 6=100-200
- 7=200-300
- 8=300-400
- 9=400-500
- 10=>500

VI. How old is your company (in years)?

Dependent Variables

I. Relational Governance (RG): (Abdi & Aulakh (2017) and Aulakh et al. (1996)

RG1: Our business relationship with our suppliers is characterized by high levels of trust.

RG2: In this partnership, our firm and our supplier expect to be able to make adjustments in the ongoing relationship to cope with changing circumstances.

RG3: Over the years, our relationship with our supplier is more and more guided by informal rules and procedures.

RG4: Our firm and our supplier are very committed to each other.

II. Contractual governance (CG) (Abdi & Aulakh, 2017)

CG1: Most aspects of our relationship with this supplier are guided by formal written rules

CG2: Most aspects of our agreement with our supplier are clearly specified in the contract

CG3: If our supplier firm fails to achieve the specified targets specified in the contract, we penalize it.

III. Customer orientation (Helen Reijonen, Tommi Laukkanen, Raija Komppula, and Sasu Tuominen 2012)

CSO1: My company has a Strong Commitment to Our Customers

CSO2: We Are Always Looking at Ways to Create Customer Value in Our Products

CSO3: We Encourage Customer Comments and Complaints because They Help Us Do a Better Job

CSO4: My company's objectives Are Driven by Customer Satisfaction.

CSO5: We Measure Customer Satisfaction on a Regular Basis

CSO6: After-Sales Service Is an Important Part of Our Business Strategy

IV. Competitor orientation (Helen Reijonen, Tommi Laukkanen, Raija Komppula, and Sasu Tuominen 2012)

COO1: We Regularly Monitor Our Competitors' Efforts

COO2: We Frequently Collect Data on Our Competitors to Help Direct Our Plans

COO3: Our People are Instructed to Monitor and Report on Competitor Activity

COO4: We Respond Rapidly to Competitors' Actions

COO5: Our Top Managers Often Discuss Competitors' Actions

V. International orientation (Stoian, Rialp, & Dimitratos, 2017)

IB1: Our top management always encourages new product/service ideas for international markets

IB2: Our top management continuously searches for new foreign markets

IB3: Our top management is willing to consider new suppliers/clients abroad

Independent Variables

I. Small business mindset: (Runyan, Droge, & Swinney, 2008)

A. Purpose and Goals (PURP):

PURP1: I established this business because it better fit my personal life than working for someone else.

PURP2: I have no plans to significantly expand this business in size or sales revenue.

PURP3: My goals for this business are more personally oriented than financially oriented

PURP4: This business is my primary source of income

PURP5: My goal for this business includes expanding to multiple (2 or more) locations

B. Emotional Attachment (EMOT):

GOL1: I consider this business to be an extension of my personality

GOL2: My goals for this business are interwoven (interconnected) with my family's needs

GOL3: I love my business

GOL4: I am emotionally attached to my business

II. Entrepreneurial mindset (Digan, Sahi, Mantok, & Patel, 2019)

A. Innovativeness

INN1: My firm favors a strong emphasis on the marketing of tried and true products and services.

INN2: In the last five years, my firm has marketed many new product lines or services.

INN3: In my firm, changes in product or service lines have been quite dramatic.

B. Risk-taking

RT1: My firm strongly favors high risk projects (with chance of high returns)

RT2: My firm believes that bold, wide-ranging acts are necessary to achieve the firm's objectives.

RT3: My firm adopts a bold, aggressive posture to maximize the profitability of exploiting potential opportunities.

C. Proactiveness

PRO1: My firm typically initiates action, which the competitor then responds to.

PRO2: My firm wants to be the first to introduce new products/services, technologies, etc.

PRO3: My firm is always the first business to introduce new products, services, administrative techniques, and operating technologies.

Moderators

I. Decision Rationality (Ioanna Deligianni, Pavlos Dimitratos, Andreas Petrou, and Yair Aharoni 2016)

Please rate the extent to which the management of the firm during the whole decision-making process (1 = not at all; 5 = very much):

DR1: Search relevant information (regarding competition, industry trends, customers, suppliers, and collaborating firms at home or abroad) in making decisions

DR2: Analyze relevant information (regarding competition, industry trends, customers, suppliers, and collaborating firms at home or abroad) before making decisions

DR3: Use quantitative techniques (e.g., budgeting) in making decisions

DR4: Are effective in taking into consideration relevant information (regarding competition, industry trends, customers, suppliers, and collaborating firms at home or abroad)

II. Managerial Connections (Miller, Lee, Chang, & Le Breton-Miller, 2009)

Rate how regularly your firm interacts with the following entities to build strong managerial relationships: (1=Very rarely; 5=Very frequently)

Government agencies

Financial experts and consultants

Lawyers

IT experts and Strategists

Bankers and insurers

III. Environmental Dynamism (Sirén et al., 2012)

How would you assess your firm's business environment with the following statements?

ED1: Product demand is hard to forecast.

ED2: Customer requirements and preferences are hard to forecast

ED3: My industry is very unstable with huge change resulting from major economic, technological, social, or political forces.

Demographic and Firm-Level Variables

I. Industry Type

1=Manufacturing

2=Service

3=Wholesale/Distributor

4=Retailer

5=Other

II. Where are the operations of your business conducted?

1=Only in India

2=Only outside India

3=In both India and other countries

III. Age (Gomez-Mejia, 1984)

1=Less than 25 years

2=25-29 years

3=30-39 years

4=40-49 years

5=50-59 years

6=More than 59 years

IV. Gender (De Massis, Sieger, Chua, & Vismara, 2016)

0= Male

1= Female

2=Other

V. Education Level (Niehm, Swinney, & Miller, 2008)

1=No High School

2=Bachelor's Degree

3=Master's Degree

4=Ph.D. or Equivalent

VI. Education background (Loi & Di Guardo, 2015)

1= Social Sciences (economics, history, law, psychology, political science)

2= Engineering (civil, electrical, mechanical, aerospace, chemical)

3= Natural Science (chemistry, physics, biology)

4= Human Science (philosophy, culture, society, genetics)

VII. Social Class Background (Kish-Gephart & Campbell, 2015)

Which of the following best describes your family's socioeconomic situation while you were growing up?

- 1= lower
- 2= lower-middle
- 3= middle
- 4= upper-middle
- 5= upper

VIII. Did you start a firm previously? (Lafuente & Salas, 1989)

- 1=Yes
- 2=No

IX. Where did you learn to run your business the way you do? (Lafuente & Salas, 1989)

- 1=As employee with the government
- 2=As employee in a big firm
- 3=As employee in a small firm
- 4=In your former business firm
- 5=At home from your parents
- 6=At school
- 7=Nowhere

Control Variables & Boundary Variables

X. Deviation from original business opportunity (Hmieleski & Baron, 2008), (Palmié, Huerzeler, Grichnik, Keupp, & Gassmann, 2018)

Our firm has deviated very little from its original business concept-our firm has deviated very much from its original business concept.

XI. Outcome Expectation (Westhead & Wright, 1998)

How do you, the founder, believe the future looks for the business in the next two years?

- 1= Shrinking/declining business
- 2= Stable/unchanged more or less
- 3= Growing/expanding business

XII. Motivations and Attitudes by path to ownership (Cooper & Dunkelberg, 1986)

Please rate your most important goal in starting your business (primary motivation)

Craftsman goals

- 1= To let you do the kind of work you wanted to do
- 2= To avoid having to work for others

Managerial goals

- 3= To make more money than would otherwise
- 4=To build a successful organization

XIII. Necessity/Opportunity Based Entrepreneurship (Arrighetti et al., 2016; Bayart & Saleilles, 2019)

A. Five-point Likert scale ranging from one (“completely disagree”) to five (“completely agree”).

Opportunity-Based-Pull Factors

- 1= Earning big money
- 2= Increasing income
- 3= Being autonomous
- 4= Creating one’s own job
- 5= Having no boss anymore
- 6= Developing new products/services
- 7= Developing new manufacturing processes

Necessity-Based-Push Factors

- 8= Escaping unemployment
- 9= Obtaining prestige
- 10= Being socially recognized
- 11= Meeting family expectations
- 12= Perpetuating the family tradition

B. All in all, would you say you starts, or starting, your business because you saw in opportunity or you started it out of necessity? (Bönte & Jarosch, 2010.; Robichaud, Y., LeBrasseur, R., & Nagarajan, K. V. 2010)

- 1=You started it because you came across an opportunity
- 2=You started it because it was a necessity

XIV. Identity type (Alsos et al., 2016)

Darwinian

DI1: The opportunity to create economic value and to create personal wealth over time has been an important driving force

DI2: To me, the focus on profitability is the most important

DI3: To me, success is that my business shows better financial performance compared to competitors.

Communitarian

CI1: My main motivation is related to offering a good and novel product that I know people have use for

CI2: To me, to be true to the original idea and deliver products of high quality to our customer segments, is most important

CI3: To me, success is that our products work well for those that are supposed to use them

Missionary

MI1: My main motivation is that through my firm, I can pursue values that are important to me or a particular cause (for example, social, sustainability or other)

MI2: To me, success is that the firm can contribute to changes that make society a better place.

MI3: It is important to me that we manage to show that there are other and better ways to do things in accordance with our values

XV. Value System (Bosch, D. A. 2013).

Rate each value below according to its importance as a guiding principle in your life. (Each value is described by the sample behavior it produces).

VS1: **Power**, that is, social power, authority, wealth.

VS2: **Achievement**, that is, success, capability, ambition, and influence on people.

VS3: **Hedonism**, that is, pleasure, and enjoying life.

VS4: **Stimulation**, that is, daring, a varied life, an exciting life.

VS5: **Self-direction**, that is, creativity, freedom, independence, curiosity, choosing your own goals.

VS6: **Universalism**, that is, broadminded, wisdom, social justice, equality, a world at peace, a world of beauty, unity with nature, protecting the environment.

VS7: **Benevolence**, that is, being helpful, honest, forgiving, loyal, responsible.

VS8: **Tradition**, that is, humble, accepting my portion in life, devout, respect for tradition, moderate.

VS9: **Conformity**, that is, politeness, obedient, self-discipline, honoring parents and elders.

VS10: **Security**, that is, family security, national security, social order, clean, reciprocation of favors.