


## **Roles of Manager and Firm Attributes in the International-Client Diversification of Small Enterprises in Peru**

Roles del gerente y los atributos de la empresa en la diversificación de pequeñas  
empresas hacia clientes internacionales en el Perú

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### **Abstract**

*Small firms exporting from Peru present a limited diversification of international clients and this could reflect an underdeveloped global mindset of their managers. We also asked whether the manager's generation, status in the firm, and firm's size and ownership were involved. Sixty-seven firms with international experience, randomly sampled among affiliates of the Lima Chamber of Commerce, participated in the study. The global mindset of the managers emerged significantly related to their firms' level of international-client diversification, which increased from baby boomers to generation X to millennials. Hired managers outperformed owner managers in the global market, larger firms outperformed smaller firms, and firms with heterogeneous ownership outperformed firms with concentrated ownership. The limited international-client diversification of small firms exporting from Peru is attributable to an incomplete development of their managers' global mindset, presence of baby boomers, problems in the dual role of owner and manager, small firm sizes, and concentrated ownership.*

*Keywords: Small exporting firms, international diversification, global mindset, manager status in the firm, firm size, ownership structure, Peru.*



## Resumen

*Las pequeñas empresas que exportan desde Perú presentan una diversificación limitada de clientes internacionales y esto podría reflejar una mentalidad global subdesarrollada de sus gerentes. También preguntamos si estaban involucrados la generación del gerente, el estatus en la empresa y el tamaño y propiedad de la empresa. En el estudio participaron sesenta y siete empresas con experiencia internacional, seleccionadas aleatoriamente entre afiliadas a la Cámara de Comercio de Lima. La mentalidad global de los gerentes surgió significativamente relacionada con el nivel de diversificación de clientes internacionales de sus empresas, que aumentó desde los baby boomers hasta la generación X y los millennials. Los gerentes contratados superaron a los gerentes propietarios en el mercado global, las empresas más grandes superaron a las más pequeñas y las empresas con propiedad heterogénea superaron a las empresas con propiedad concentrada. La limitada diversificación de clientes internacionales de las pequeñas empresas que exportan desde Perú es atribuible a un desarrollo incompleto de la mentalidad global de sus gerentes, la presencia de baby boomers, problemas en el doble rol de propietario y gerente, tamaños de empresas pequeñas y propiedad concentrada.*

*Palabras clave: Pequeñas empresas exportadoras, diversificación internacional, mentalidad global, estatus de gerente en la empresa, tamaño firme, estructura de propiedad, Perú.*

## Introduction

In the 2003-2013 period, small and medium-sized enterprises exporting from Peru moderately widened the spectrum of their exports to foreign countries. Nonetheless, they did not seem to make major use of Peru's new commercial agreements and administrative simplifications for exporting. In this period, a marked tendency to continue exporting to the same market and maintaining a limited portfolio of international clients was observed. Non-traditional exporters who initiated international operations in 2003 had a 12% probability of remaining active in the global market in 2013, which

suggested short periods of internationalization executing simplistic roles in traditional international markets (MINCETUR, 2016).

To explain this situation, we address the concepts of manager's global mindset (Do managers lack the necessary global mindset to succeed in international business?), manager's status in the company (Does being the owner of the business represent an advantage or a disadvantage?), manager generation (Does being a baby boomer, generation X, or millennial make a difference?), and firm's size (Are the companies too small?). Interactions between these variables were of especial interest.

## **Global mindset**

Specific attributes of the manager may make the difference between a firm's success and failure in international settings (Kunisch et al., 2019); his/her global mindset is believed to be one of such attributes in firms of any size (Nummela et al., 2020). The concept was originally formulated as a capacity for evaluating the differences, managing the complexity, and identifying commercial trends in multicultural environments (Perlmutter, 1969) and there has been much speculation and research on what can promote it in individuals (Javidan, & Teagarden, 2011; Kyvik, 2018). The domain is complex. Two conceptual approaches have resulted in distinct cultural and strategic perspectives. The cultural perspective implies moving away from an ethnocentric mindset and applying self-awareness, openness to, and understanding of other cultures; this outlook has generated interest in the cosmopolitanism of the manager (Ng et al., 2011). The strategic perspective focuses the increased complexity caused by globalization and emphasizes the study of the manager's cognitive complexity (Boyagigiller et al., 2017).

Andresen and Bergdolt (2017) categorized four classes of definitions of the global mindset from 25 unique statements identified in the literature: (a) personal attributes, (b) knowledge and skills, (c) motivation, and (d) resources for adapting behaviour. A synthesis was obtained by defining the global mindset as

...the capacity to function effectively within environments that are characterized by high cultural and business complexity. In order to function effectively (...), it is vital to possess—in addition to cognitive and motivational prerequisites—a specific attribute (mindset) characterized particularly by openness and cosmopolitanism. (p. 183)

Kyvik et al. (2013) have formulated one of the most ambitious conceptualizations of the role of the global mindset in the internationalization of the firm. They defined a global orientation which would represent an empirical approximation to the global mindset; this construct would be more fully explained through structural equation modelling (SEM). In their global orientation scale, Kyvik et al. (2013) utilized four of seven Nummela et al. (2004) items maintaining the focus on specific attitudes and activities of managers. The items included belief that firm growth requires internationalization, pro-internationalization attitude, time dedicated to international planning, vision of the world as a single market, holistic global vision, openness to international ideas/cultures, and international professional propensity. Felicio et al. (2012, 2016) and Torkkeli et al. (2018), among others, have utilized similar scales. We tested

**Hypothesis 1.** *The higher the global orientation of the manager, the wider the firm's client diversification in the international market.*

### ***Manager status in the firm***

The manager of a small firm may be a hired asset or the owner of the business. Entrepreneurs' social and human capital elements appear to be marked by family protection and complicity while those of hired managers are more related to power and influence (Felício et al., 2012). In decision-making processes, entrepreneurs apparently start from a stronger predisposition to choose the intuitive action, although this does not necessarily imply that they will stay with their instant intuitive choice (Busenitz, & Barney, 1997; Koudstaal et al., 2017). A recent review and meta-analysis of personality traits revealed that «entrepreneurs are consistently found to be more open to experience than managers.... managers are often selected by their superiors for their ability to execute and deliver high-quality and low-variance results for a given set of directions» (Pekkala Kerr et al., 2017, p. 19). A study in Brazil found that «entrepreneurs allow themselves to question their own decision-making ability, by either regret or consulting an external agent, while managers hold themselves in conservative decisions» (Nobre et al., 2022).

Owning a firm does not necessarily imply being an entrepreneur, but there is evidence that owner managers behave differently than hired managers. Owner managers can exercise more authority; for example, they have greater power to legitimize the firm's internationalization among key stakeholders (Gavetti, 2012). Owner managers are likely to take risks

if they see potential increases in returns commensurate with the risk; the risk of termination if a strategic investment goes wrong is much higher for the hired manager (Adams et al., 2009). Chittoor et al. (2019) found in India that owner managers—aided by their strategic leadership, long-term orientation, and less restricted decision-making powers—facilitated their firms' internationalization through riskier decisions than those taken by hired managers. The present research tested

**Hypothesis 2.** *Owner managers achieve greater international-client diversification for their firms than hired managers.*

**Hypothesis 3.** *Managers' scores on global orientation explain the international-client diversification of firms regardless of their status as owners or hired managers.*

### ***Manager generation***

Considering data on self-employment in the U.S., Wilmoth (2016) and Liu et al. (2019) called attention on a seemingly declining entrepreneurial disposition of the U.S. population: the self-employed percentage decreased from baby boomers to members of generation X to millennials. In the popular literature, baby boomers have been characterized as hard-working, with centre in professional goals, independent, competitive, and adherent to hierarchical structures, traits that are typical of the successful entrepreneur (Baum, & Locke, 2004). In contrast, members of generation X are described as highly educated, cautious and pragmatic persons with a strong affiliative motive

that leads them to aspire to equilibrium between work and family. Millennials have great professional expectations, but they are impatient and demand instant gratification (Ng et al., 2010) and express narcissism (Twenge, & Campbell, 2012); they prefer making a life than making a living (Zhang et al., 2007) and are not prone to sacrifice their personal life for the sake of professional achievements (Twenge, & Campbell, 2012). The evidence contradicts some of the popular views but sustains others (Díaz-Sarmiento et al., 2017; Kurz et al., 2019; Ng, & Johnson, 2015; Ngotngamwong et al., 2019). On these grounds, a baby boomer > generation X > millennial hierarchy of global orientation can be expected.

On the other hand, there are reasons to expect that managers are more internationally oriented if they belong in younger generations. Generation X members and millennials have benefited from the emergence of novel digitalization, telecommunications, logistics, and transport technologies (Cavusgil et al., 2014; Luo, 2021). Baby boomers, too, were exposed to Apple and Internet, but at older ages; generation X members acquired digitalization and telecommunications skills earlier in life and millennials are born-communicators in virtual spaces (Graham, & Daniel, 2017). To discriminate between the two possibilities, we tested

**Hypothesis 4.** *The generation of the manager is related to the achievement of international-client diversification of the firm.*

**Hypothesis 5.** *Managers' scores on global orientation explain the international-client diversification of firms regardless of manager generation.*

#### **Firm size**

Resource-constrained small firms have difficulties in coping with the changes that occur in international markets; it has been shown that they obtain smaller benefits from total quality management (Terziovsky, & Samsom, 2000), have less propensity to innovate (Kleinknecht, & Mohnen, 2002), and are more susceptible to the impact that leverage has on firm's performance (Ibhagui, & Olokoyo, 2018). The relationship between internationalization and performance depends on size (Hosseini et al., 2018). Firm's size has already been addressed in global mindset studies (He et al., 2020; Miocevic, & Crnjak-Karanovic, 2012; Torkkeli et al., 2018). We tested

**Hypothesis 6.** *The larger the firm, the greater its international-client diversification.*

**Hypothesis 7.** *Managers' scores on global orientation explain the international-client diversification of firms regardless of the size of their companies.*

It was necessary to exert control on relevant variables for which specific hypotheses were not formulated. Analysis of conventional variables such as education and gender was mandatory. Firm's ownership concentration (Nashir & Gupta, 2020) and foreign ownership (Benfratello, &

Sembeneli, 2006; Corsi, & Prencipe, 2018) have been recognized to be sources of variance in international activities.

## Materials and methods

### Setting

The research was conducted in Lima, Peru's capital city. Peru's main exports include mining products of little elaboration that make about 50% of all exports (Urbina, & Rodríguez, 2022), followed by fruits and vegetables (Shimizu, 2022). Entrepreneurial activity is mostly concentrated in the retail, hotel and restaurant sectors (Ruti et al., 2021).

### Population and sample

Economically, Peru is a highly centralized country with its core in Lima despite its decentralized political structure. The Lima Chamber of Commerce, with 15,000 SME affiliates (Chacón-Pichón, 2020), offered a relevant population from which to draw a sample. We sought to enroll 200 firms among which as many as 50% could be exporters. But there was evidence that only 5-10% of managers or entrepreneurs asked to participate in a study accept to fill in a questionnaire (Felício et al., 2016). Assuming that this owed to the value managers assign to their time, we designed a 5-minute questionnaire accepting the challenge of obtaining the desired sample size at the cost of getting limited information from it.

A survey firm estimated a 20% response rate for our short questionnaire, randomly

drew firms from the list of affiliates provided by the Chamber, and started collecting data in the second week of November, 2019. The survey firm invited the selected managers to participate in the research online and followed-up the process through phone calls. The expected 20% response rate did not materialize and further firms had to be randomly drawn. When fieldwork was stopped due to a government decree ordering a quarantine to contain the COVID-19 pandemic on March 16, 2020, a total of 106 completed questionnaires had been obtained after contacting 1,932 firms of 149 business sectors (7.7% response rate). One respondent with 71 years of age and a firm with 150 employees—a medium-sized firm—were discarded. Of the 104 remaining firms, 37 had never entered the international market and were excluded from the study.

### Questionnaire

The items of the Kyvik et al. (2013) global orientation questionnaire were translated into Spanish and back to English to assure semantic correspondence; scores of 1 (disagree), 2 (indifferent), and 3 (agree) were assigned. As for international-clients diversification, the firm's current percentage of foreign clients, categorized in the questionnaire as none, up to 20%, from 21 to 50%, and more than 50%, were scored 0, 1, 2, and 3. Other items were scored as follows: gender (male = 1, female = 0); age = number of years lived; education (secondary = 1, technical = 2, university = 3, post grade = 4); owner manager = 0, hired manager = 1; firm size = total number

of employees; a single owner has more than 50% of the firm's shares (Yes= 0, No= 1); and more than 50% of firm's shares are owned by foreigners (Yes= 0, No= 1).

### ***The case of generations***

Having doubts concerning the universality of the limiting years of the Anglo-Saxon definition of generations (1944, 1963, 1982) (see Srinivasan, 2012), we adapted to Peru the Caballero and Baigorri (2019) framework developed for Spain. In Peru, the key historic events of the 20th century were set by General Velasco's 1968 coup d'état and the national agrarian reform that followed as part of a socialist government that ended in 1979, when a Constitutional Assembly returned the country to democracy and the laws of the market. Social tensions were probably deflated by the populism of the military dictatorship and its hostility towards free enterprise (Niedergang, 1974), but its corruption and the damage done to the economy had lasting effects (Quiroz, 2013). Hence, we defined as baby boomers the managers born between 1949 and 1967; generation X, between 1968 and 1979; and millennials, between 1980 and 2000.

### ***Power and analyses***

We calculated achieved power in regressions using the case of  $R^2$  increase (Faul et al., 2009) given  $N= 67$ , an intermediate effect size  $f^2= 0.15$ ,  $\alpha$  error probability= .05,

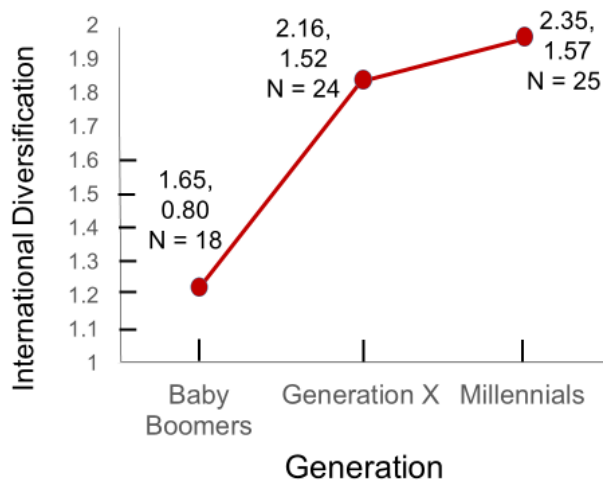
numerator  $df= 1$ , and number of predictors= 8. The yielded power was .88. In regression analysis and general linear models, we utilized bootstrapping with 1000 samples. In mediation modelling, minimal model fit to the data was set as follows: chi-square divided by degrees of freedom ( $\chi^2/df$ ) < 2 or 3 (Schreiber et al., 2006), standardized root mean square residual (SRMR)  $\leq .07$ , comparative fit index (CFI)  $\geq .93$ , Tucker-Lewis index (TLI)  $\geq .92$ , and root mean square error of approximation (RMSEA)  $\leq .07$  (Bagozzi, & Yi, 2012).

### **Results**

Most respondents were male and had university education. A slight majority of the managers were owners and a slight minority were hired managers. There were no significant differences in education between owner and hired managers. Similar was the distribution of firms which had a single owner with more than 50% of the firm's shares. On the other hand, only a small minority of the owners were foreign. Firm's international-client diversification was more predictable than global orientation and gender was the only variable unrelated to all the others. In a general linear model, a curvilinear relationship was observed between manager generation and international-client diversification; baby boomers presented a lower global orientation than generation X and millennials (Figure 1).



**Figure 1.**  
*Relationship between generation of the manager and international-client diversification of his/her firm (N= 67)*



### **Reliability and evaluation of biases**

The global orientation scale presented a reliability level ( $\alpha = .68$ ) that can be described as satisfactory, reasonable, and adequate (Taber, 2018). As for sampling bias, when the Chamber assessed the impact of the 2020 COVID-19 pandemic on activities of its affiliate firms, it reported that 7,806 had exported products to foreign markets by November 2019 (El Comercio, 2020). We simulated a 2 x 2 contingency table with 60 and 44 cases in one line (representing our % of firms with and without foreign exports) and 7,806 and 7,154 cases in the other (representing the Chamber's report on exports). The resulting  $\chi^2 = 0.317$  with  $p = .573$  indicated an absence of selection bias.

To obtain information on likely common-method variance (Podsakoff et al., 2012), we recurred to exploratory

factor analysis using all the questionnaire items. The KMO score reached 0.591 and Bartlett's test of sphericity yielded  $\chi^2 = 585.18$  ( $df = 136$ ,  $p < .001$ ), but the factor accounted only for 22% of the variance and the commonalities ranged from .001 to .426. That is, evidence of common-method bias was very weak.

### **Stepwise regression and mediation modelling**

In the stepwise regressions shown on Table 1, global orientation emerged positively and significantly related to international diversification of clients (step 1) and this relationship tended to be robust to the effects of the control variables of the study (step 2). Firm size and ownership heterogeneity emerged significant at both steps of the stepwise regression. Then, we explored several mediation models until the one with best fit to the data was



identified. In this model, global orientation was related to manager’s generation, whereas international-client

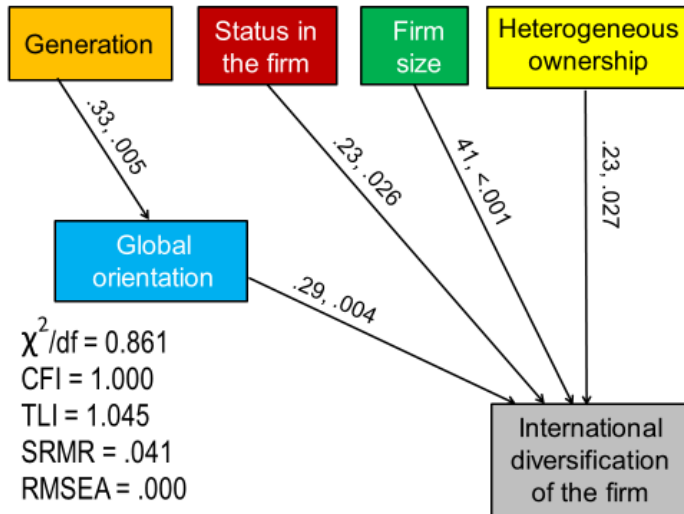
diversification was to global orientation, status in the firm, firm size, and heterogeneous ownership (see Figure 2).

**Table 1.**  
*Results of stepwise regressions predicting firm’s international diversification (N = 67)*

Variables	Model 1			Model 2		
	b	95% CI	p	b	95% CI	p
Manager global orientation	0.29	.05; .57	.019	0.22	-.01; .51	.058
Manager status in the firm	0.15	-.06; .33	.219	0.18	-.03; .38	.119
Dichotomized manager generation	0.04	-.37; .52	.755	0.12	-.17; .58	.351
Firm size	0.37	.13; .52	.001	0.36	.10; .53	.003
Manager gender				-0.12	-.26; .06	.159
Manager education				0.15	-.06; .41	.171
Firm heterogeneous ownership				0.27	.01; .04	.014
Firm national ownership				-0.19	-.38; -.11	.193

**Notes.** Bootstrapping with 1000 samples was performed in this and subsequent tables. The generation dichotomy was scored as follows: baby boomer = 0, generation X and millennial = 1.

**Figure 2.**  
*Path coefficients, significance, and indicators of fit to the data from mediation model predicting international-client diversification (N= 67)*



### General linear models

The next analyses focused likely interactions, which, in some instances, demanded dichotomizing variables as close to the median as possible. In the case of dichotomized variables, the low level of a dichotomy (smaller firm size) was represented by 0 and the high level (larger firm size) by 1. In the first general linear regression (Table 2), the between-subject analysis yielded significant results for the global orientation  $\times$  status in the firm interaction ( $F= 2.82, p= .047$ ) and main effects of generation ( $F= 4.01, p= .050$ ), firm size

( $F= 11.84, p= .001$ ) and heterogeneous ownership ( $F= 10.63, p= .002$ ). In bootstrapped parameter estimation (Model 3 in Table 2), the combination of high global orientation with hired manager emerged associated with a diversification of the firm's international clientele which was significantly higher than that of any other combination of the two dichotomies; the interaction is depicted on Figure 3A, showing that global orientation potentiated the diversification of clients of hired managers but not of owner managers. Firm size and heterogeneous ownership presented significant effects, too.

**Table 2.**  
*Bootstrapped parameter estimation from general linear models explaining effects of global orientation  $\times$  status in the firm, global orientation  $\times$  generation, and control variables on international client diversification (N= 67)*

Variables	Model 3			Model 4		
	B	95% CI	p	B	95% CI	p
Glob. orient. = low * status = owner	-0.46	-1.25; -0.13	.021			
Glob. orient. = low * status = hired	-0.44	-1.31; -0.07	.043			
Glob. orient. = high * status = owner	-0.60	-1.18; -0.04	.038			
Glob. orient. = high * status = hired	0					
Glob. orient. = low * gener. = baby boomer				-0.87	-1.77; 0.02	.035
Glob. orient. = low * gener. = generation X				-0.51	-1.37; 0.26	.167
Glob. orient. = low * gener. = millennial				-0.07	-0.86; 0.66	.849
Glob. orient. = high * gener. = baby boomer				-0.19	-1.26; 0.76	.713
Glob. orient. = low * gener. = generation X				-0.11	-0.65; 0.48	.719
Glob. orient. = low * gener. = millennial	0			0		
Generation	0.29	0.00; 0.58	.084			
Status in the firm				0.30	-0.19; 0.95	.226
Gender	-0.36	-0.85; 0.12	.107	-0.34	-0.80; 0.16	.160
Education	0.33	-0.04; 0.71	.107	-0.37	-0.06; 0.75	.126
Firm size	0.02	0.01; 0.04	.004	-0.02	-0.01; 0.04	.004
Heterogeneous ownership	0.73	0.28; 1.18	.001	0.61	0.08; 1.10	.018
National ownership	-0.63	-1.29; 0.03	.150	-0.60	-1.73; 0.40	.022

Model 4 was concerned with the global orientation  $\times$  generation interaction. In this instance, the between-subject analysis

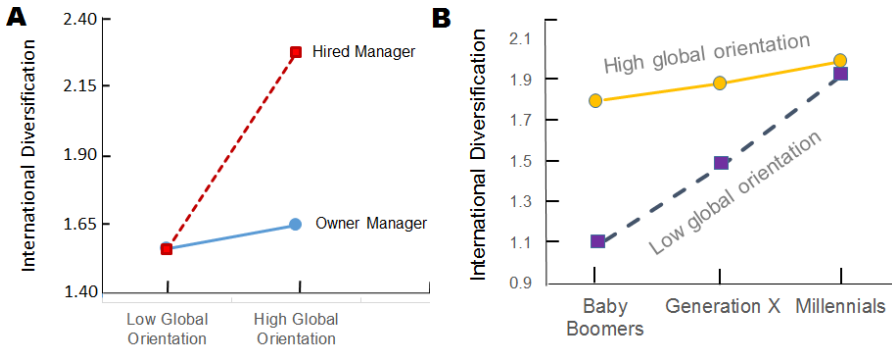
yielded only two significant results, involving firm size ( $F= 11.67, p= .001$ ) and heterogeneous ownership ( $F= 6.11, p= .017$ ).

However, three results were significant in parameter estimation (Model 4 in Table 2): a significant simple difference was observed between the low global orientation x baby boomer combination and the

combination of high global orientation with millennials. Figure 3B depicts the estimated means. Other significant effects were those for firm size and heterogeneity of ownership.

**Figure 3.**

*Estimated means from general linear models predicting international diversification of the firm. (A) Global orientation x status in the firm. (B) Global orientation x generation (N= 67)*



The global orientation x firm size interaction of Model 5 approached significance in the between-subject analysis ( $F= 2.62, p= .059$ ), whereas the results for generation ( $F= 4.93, p= .030$ ) and heterogeneous ownership ( $F= 7.76, p= .007$ ) were clearly significant. However, in parameter

estimation, Model 5 emerged with significant coefficients for the simple difference between low global orientation combined with smaller size and high global orientation combined with larger size (see Table 3 and Figure 4A). Generation and heterogeneous ownership also achieved significance.

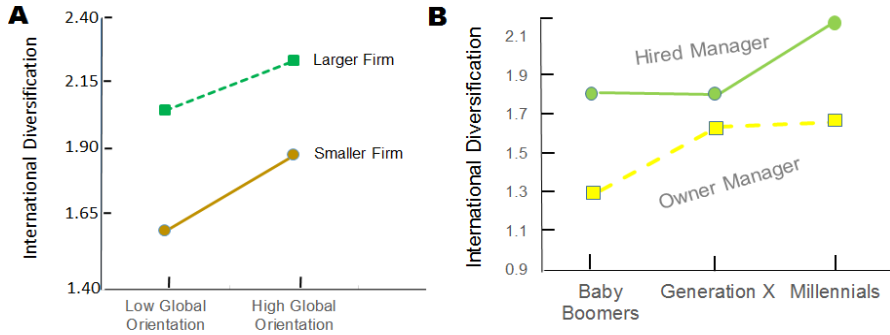
**Table 3.**  
**Parameter estimation from general linear models explaining effects of global orientation x firm size, status in the firm x generation, and control variables on international client diversification of the firm (N= 67)**

Variables	Model 5			Model 6		
	B	95% CI	p	B	95% CI	p
Glob. orient. = low * firm size = smaller	-0.81	-1.43; -0.16	.011			
Glob. orient. = low * firm size = larger	-0.24	-0.89; 0.47	.467			
Glob. orient. = high * firm size = smaller	-0.45	-0.97; 0.14	.137			
Glob. orient. = high * firm size = larger	0					
Status in firm = owner * gener. = baby boomer				-0.87	-1.67; -0.16	.034
Status in firm = owner * gener. = generation X				-0.54	-1.23; 0.08	.151
Status in firm = owner * gener. = millennial				-0.52	-1.28; 0.07	.221
Status in firm = hired * gener. = baby boomer				-0.37	-1.67; 1.50	.598
Status in firm = hired * gener. = generation X				-0.38	-0.88; 0.20	.200
Status in firm = hired * gener. = millennial	0			0		
Global orientation	0.33	0.03; 0.62	.047	1.06	-0.03; 2.00	.076
Status in the firm	0.36	-0.15; 0.90	.162			
Gender	-0.36	-0.86; 0.21	.122	-0.29	-0.77; 0.25	.242
Education	0.38	-0.02; 0.68	.067	0.29	-0.10; 0.56	.207
Firm size				0.02	0.01; 0.04	.001
Heterogeneous ownership	-0.61	0.22; 1.04	.008	0.60	0.11; 1.06	.014
National ownership	-0.63	-1.46; 0.27	.150	-0.60	-1.75; 0.72	.239

Model 6, which addressed the status in the firm x generation interaction, only yielded significant results for the main effects of firm size and ownership structure in the between-subject analysis. However, in parameter estimation, a significant simple

difference was observed between baby boomer owner manager and millennial hired manager (see Table 3 and Figure 4B). Again, the firm size and heterogeneous ownership main effects emerged significant.

**Figure 4.**  
*Estimated means from general linear models predicting international client diversification of the firm. (A) Global orientation x size of the firm. (B) Generation x status in the firm (N= 67)*



**Table 4.**  
*Parameter estimation from general linear models explaining effects of status in the firm x firm size, generation x firm size, and control variables on international diversification of the firm (N= 67)*

Variables	Model 7			Model 8		
	B	95% CI	p	B	95% CI	p
Status = low * firm size = smaller	-0.86	-1.39; -0.36	.010			
Status = low * firm size = larger	-0.24	-0.90; 0.34	.452			
Status = high * firm size = smaller	-0.33	-0.91; 0.17	.274			
Status = high * firm size = larger	0					
Firm size = lower * gener. = baby boomer				-0.97	-1.77; -0.15	.011
Firm size = lower * gener. = generation X				-0.48	-1.88; 1.01	.408
Firm size = lower * gener. = millennial				-0.96	-1.57; 0.04	.028
Firm size = higher * gener. = baby boomer				-0.19	-0.76; 0.45	.528
Firm size = higher * gener. = generation X				-0.33	-1.04; 0.36	.394
Firm size = higher * gener. = millennial	0			0		
Global orientation	0.96	-0.17; 1.95	.074	0.99	-0.10; 1.88	.071
Status in the firm				0.40	-0.10; 1.10	.124
Generation	0.27	-0.06; 0.59	.155			
Gender	-0.34	-0.82; 0.20	.148	-0.38	-0.84; 0.10	.112
Education	0.36	-0.01; 0.65	.074	0.34	-0.04; 0.65	.100
Firm size						
Heterogeneous ownership	0.62	0.16; 1.03	.013	0.63	0.06; 1.13	.015
National ownership	-0.60	-1.45; 0.33	.151	-0.55	-1.37; 0.35	.198

The status in the firm x firm size interaction of Model 7 emerged significant in the between-subject analysis ( $F= 2.88, p= .044$ ),

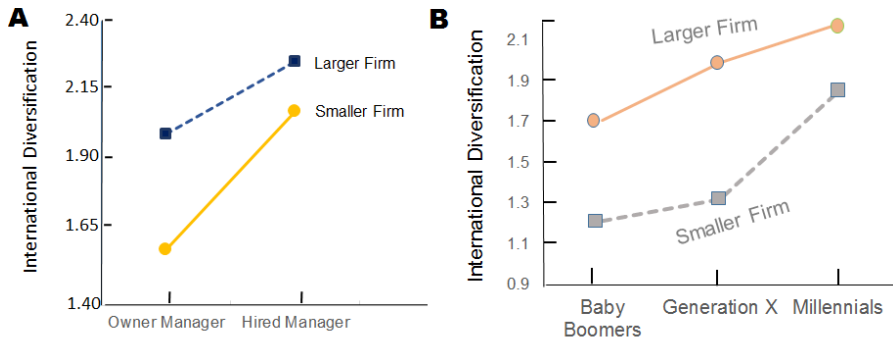
as well as the main effect of heterogeneous ownership ( $F= 6.98, p= .011$ ). In parameter estimation, the owner x lower

firm size combination differed significantly from the other three combinations of the status in the firm x firm size interaction, whereas the heterogeneous

ownership main effect also achieved significance. Fig. 5A depicts the status in the firm x firm size interaction.

**Figure 5.**

*Estimated means from general linear models predicting international-client diversification of the firm. (A) Status in the firm x size of the firm. (B) Generation x size of the form (N= 67)*



Model 8, pertaining to the firm size x generation interaction, only yielded a main effect in between-subject analysis (heterogeneous ownership), but two simple comparisons for the interaction achieved significance in parameter estimation, as well as the main effect of heterogeneous ownership, achieved significance. Figure 5B depicts the firm size x generation interaction.

## Discussion and conclusions

Kyvik et al.'s (2013) opinion that the essentials of the global mindset are captured only through SEM, whereas global orientation is only an approximation, is contradicted by Torkkeli et al. (2018) and Nummela et al. (2020), who use items of the global orientation scale to measure the global mindset. In this section of the

article, we equate global orientation with global mindset and return to the use of the global mindset term to regain generality.

The study results were consistent with Hypothesis 1: the global mindset emerged significantly related to the international-client diversification of firms in stepwise regression controlling all the other study variables and the relationship also emerged in mediation analysis. The fact that managers with lower global mindset exhibited a limited diversification of international clients suggested the first conclusion of the study:

**Conclusion 1.** *The limited international diversification of clients of small firms exporting from Peru is attributable, in part, to an incomplete development of their managers' global mindset.*

Consistent with Hypothesis 4, millennial managers presented more developed global mindsets than Generation X managers, whereas the latter outperformed baby boomer managers. But the simple curvilinear relationship observed between generation and international client diversification indicated that baby boomers lagged considerably behind generation X and millennials in the international outcome. Whereas the entrepreneurial spirit of baby boomers has been celebrated, the present findings suggest that the digital and communications abilities of generation X and millennial managers are stronger bases for success in the global market. This led to

**Conclusion 2.** *The limited international diversification of clients of small firms exporting from Peru is attributable, in part, to the poor development of the baby boomer generation's global mindset.*

These are good news to Peru because the forthcoming extinction of this generation can be expected to improve the average global mindset score of local managers. Nonetheless, the observed differences may have been due to age and not to generation. Whereas generation reflects the culture of the time, age is a biological fact.

Although global orientation emerged as a major force capable of enhancing international-client diversification, the relationship needed qualifications. Hypothesis 5 was contradicted by the study results; a strong global mindset was associated with international-client diversification regardless of generation, but, whereas

millennials appeared to be effective with or without a developed global mindset, generation X and baby boomers exhibited constrained international diversification when the score in global mindset was low.

Organizational achievements were optimal when hired managers presented the highest score in global orientation. This contradicted Hypothesis 2. The global mindset score was not enough to improve the firm international-client diversification when the manager owned the firm in a context where lower global orientation scores were associated with poor organizational outcomes whether the manager was hired or owner of the firm. This contradicted Hypothesis 3. Furthermore, owner managers exhibited poorer results than hired managers whether the firm was larger or smaller. Hence,

**Conclusion 3.** *The poor diversification of international clients of firms exporting from Peru is attributable, in part, to owner managers, who tend to be less effective than hired managers.*

The observed complexity and direction of our study results are at odds with Chittoor et al.'s (2019) hypothesis that "firms with owner CEOs, particularly founder owner CEOs, are likely to exhibit a higher degree of internationalization as compared to firms with professional CEOs" (p. 42). The contradiction can be attributed to the different definitions of our and their definitions of international performance and limitation of our research to small companies versus Chittoor et al.'s (2019) inclusion of firms of any size in their



study. Owner managed firms which have been capable of growing and acquiring a large size may differ substantially in their behaviour in the global market from firms which remain small.

The reference in the literature to more intuitive owner managers and more analytic hired managers is consistent with this view (Koudstaal et al., 2017; Pekkala Kerr et al., 2017). There has been some confusion regarding the demonstrated general fact that founder-controlled family firms exhibit higher performance; it seems that concentrated ownership, not family control, is the key determinant of firm performance (Singal, & Singal, 2011). Our results contradict this tenet.

In mediation analysis, an unexpected contrast was observed between the observed generation → global mindset → international-client diversification chain of effects vis-à-vis the direct effects of status in the firm, firm size, and heterogeneous ownership. That is, generation did not seem to affect international-client diversification directly, but through the global mindset. In contrast, firm size emerged directly related to international-client diversification regardless of the observed interactions and the main effect was robust to the effects of global mindset, generation, manager status in the firm, and firm's ownership structure. This finding is consistent with hypotheses 6 and 7 and with the recent literature (He et al., 2020; Hosseini et al., 2018; Ibhagui, & Olokoyo, 2018; Torkkeli et al., 2018). In turn, heterogeneous ownership emerged as a positive factor regarding international-client

diversification, and this was summative with respect to firm size. It suggested

**Conclusion 4.** *The poor international client diversification of firms exporting from Peru is associated with the small size of firms and their concentrated ownership.*

The present findings suggest that, with a more reduced portfolio of international clients, smaller small firms of concentrated ownership strongly contributed to the 88% mortality rate in the global market revealed by the Peruvian study (MINCETUR, 2016). In the entrepreneurial decision-making perspective of Sarasvathy (2001), this could reflect an effectuation rather than causation logic. That is, a majority of smaller small firms with concentrated ownership would have “base(d) their decisions on affordable loss and act(ed) opportunistically and emotionally instead of following rational calculations” (Torkkeli et al., 2018, p. 11). The effectuation logic has been treated as ad-hoc decision making or lack of strategy (Hauser et al., 2020). The picture can be rounded up with the inclusion of a third variable: manager status in the firm. The literature points to more intuitive owner managers and more analytic hired managers (Koudstaal et al., 2017; Pekkala Kerr et al., 2017). It can be hypothesized that manager owned firms of smaller size and concentrated ownership exporting from Peru function with an effectuation logic whereas larger small firms with heterogeneous ownership and managed by hired managers function with a causation logic.

Can the global mindset be improved? Two types of promotional options have

been discussed in the literature, one dealing with managers and the other with students (Kyvik, 2018). The most practical means of enhancing the global mindset of current managers is providing them with experience in international networking, that is, letting them get involved in relationships with international customers, suppliers, competitors, financial institutions, and regulatory and other government authorities (Kyvik, 2018). The second type of options to improve the global mindset relies on the education of business students (Kyvik, 2018). Educational programs have included classroom lectures and discussion sessions, training in one or more foreign languages, short- or long-term study abroad, and overseas visits and internships (Aggarwal, & Zhan, 2016; García et al., 2023; Hasse et al., 2022).

### ***Study limitations***

Future research should overcome the limitations of the present study. The greatest cost was incurred by using a very short questionnaire which limited the measurement of international-client diversification to the percentage of foreign clients, easy to measure, but too relative. Paradoxically, the short questionnaire did not prevent the very low response rate. Although recent evidence suggests that low response rates do not necessarily bias results (Rutherford *et al.*, 2017) and our evaluation of nonresponse bias upheld the hypothesis of random variation of pressures for time as the reason why some managers

responded while the vast majority did not, future studies should obtain the sponsorship of the relevant institutions to overcome the generalized very small response rate (Bartholomew, & Smith, 2006).

We asked managers to report both whether they had attitudes and behaviors that are indicators of global mindset and the percentage of international clients of their firms, which posits a problem of common-method variance (Podsakoff *et al.*, 2013). There was also a problem of external validity. A number of Peruvian exporting firms which are part of Peru's Association of Exporters (ADEX) are not registered in the Lima Chamber of Commerce. (ADEX was not willing to share member data.) And there are Peruvian exporters outside Lima. New studies are needed to establish whether our findings reflected only what goes on in the Lima Chamber of Commerce or are generalizable to metropolitan Lima, Peru as a whole, Latin America, or the entire world.

The observation of restriction of range in responses to the global mindset scale suggests that the study findings could have been idiosyncratic to Peru compared to developed countries. Whereas managers of the present study yielded a mean 2.82 score on a 3-point scale and a range from 2.61 to 2.99 among the seven items of the scale, Croatians of the Miocevic and Crnjak-Karanovic's (2012) research exhibited a mean 3.99 score and a range from 3.87 to 4.31, both on a 7-point scale. The Peruvian restriction of

range may have reflected a response set of acquiescence that reduces the accuracy of a measure (Kam, & Meyer, 2015). This response set, which may owe to careless responding, would not have affected the Croatian research. This interpretation is consistent with evidence that Croatians are more effective intellectually than Peruvians (Becker, 2019).

Judgments of causality were also questionable. The literature has presented the general mindset mainly as an enhancer of firm's internationalization and performance in the global market. Torkkeli et al. (2018, p. 19), who measured the global mindset using Nummela et al. (2004)'s scale, concluded that their study supported "earlier research and current understanding of managers' global mindset as an antecedent of successful SME operations abroad". But Kyvik (2018, p. 322) recognized that the global mindset "is nurtured through an extended period of gaining experience and practical action". It is difficult to determine *a priori* whether managerial behaviours and attitudes sustain internationalization or are a result of it (Loué, 2018).

Did size of the firm owed to having a more diversified portfolio of international clients? Were non-family investors more attracted by firms which are more successful in the international market? Was the stronger global mindset of

some managers originated in dealings with more diverse international clients? New studies may respond to these questions.

On the other hand, our results in the stepwise regression and mediation analysis, demonstrating that participants in the present study behaved with respect to the global mindset like the Finnish and Croatians participants in the Nummela *et al.*' (2004), Torkkeli et al. (2018), and Miocevic and Crnjak-Karanovic (2012) studies, suggest that the global mindset preceded the achievements in the international arena. Experimental research is virtually impossible to conduct using small firms, but educational settings may be amenable to quasi-experimentation.

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### **Conflict of interest**

The authors report there are no competing interests to declare.

### **Data availability statement**

The data set utilized is available at DOI 10.6084/m9.figshare.22723679.

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