

Unlocking the Path to International Expansion: Investigating the Impact of Managerial International Experience on SME Internationalization

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Abstract – This study explores the influence of a manager's international experience on small and medium-sized enterprises' (SMEs) internationalization. Contrary to common beliefs, we challenge the notion that international experience is the primary driver of firm internationalization. Using a research model and empirical data from SME managers, we find that a manager's aggressiveness in international markets plays a pivotal role in determining the degree of internationalization achieved by their SME. Aggressiveness in seeking opportunities emerged as a crucial factor for successful internationalization. Additionally, the manager's perception of risk associated with international expansion significantly impacts their level of aggressiveness. Managers with lower risk perceptions are more inclined to pursue international opportunities assertively. On the other hand, a manager's international experience directly affects their ability to recognize opportunities and develop confidence in international markets, driving aggressive behaviors. These findings challenge conventional assumptions and emphasize the importance of a proactive approach to international expansion. The study contributes to a deeper understanding of the complex relationship between a manager's international experience, aggressiveness, and SME internationalization. We encourage future research to further investigate the multifaceted process of international entrepreneurship, offering new perspectives to enhance SME success in global markets.

Keywords: internationalization level, small and medium-sized enterprises, international experience, manager's aggressiveness, perception of risk..

Introduction

As small and medium-sized enterprises or SMEs keep growing in foreign markets, the internationalization of SMEs has emerged as a topic of increasing significance for academic study (Javalgi & Todd, 2011; Musteen et al., 2014). Internationalization refers to the exterior engagement of an enterprise in overseas operations (Gangadhar & Manohar, 2018; Onkelinx et al., 2016) and the globalization of business operations across national boundaries (Luo & Wang, 2012; Batsakis & Singh, 2019).

Previous research has attempted to identify the primary factors of successful SME internationalization. For several of those examined factors, knowledge of foreign markets is deemed paramount (Tang, 2011; Musteen et al., 2014; Hilmersson & Johanson, 2015).

Knowledge of the international market refers to the information and understanding that a firm possesses about foreign markets, including their financial, cultural, social, and political conditions (Wu & Liu, 2018). Knowledge of the international market for SME owners or managers refers to the information, skills, and understanding that they possess about foreign markets and the process of internationalization. This knowledge is crucial for SMEs seeking to expand their operations beyond their domestic market and enter international markets (Sanyal et al., 2020).

One key element of knowledge for SMEs is learning about foreign market opportunities and understanding the potential risks and uncertainties associated with international expansion. Managers can acquire this knowledge through various means, such as the stage approach, which involves gradually increasing involvement in foreign markets and

developing the necessary skills and knowledge to operate abroad (Sanyal et al., 2020). This knowledge helps SMEs reduce risk and uncertainty, increase creativity, and make faster and more informed decisions (Sanyal et al., 2020).

Knowledge of international markets describes knowledge that is acquired solely through direct personal experience (Conconi et al., 2016; Jin & Jung, 2016). In order to manage the expansion of the enterprise's international business operations, international experience is regarded as crucial (Olmos & Díez-Vial, 2015; Xie et al., 2019).

Extensive empirical research indicates that the international experience of enterprise owners or managers has an effect on international achievements, such as international performance or the internationalization level (Eniola & Entebang, 2017; Nkemakonam & Wilfred, 2019). It has been extensively supported by empirical evidence as one of the primary factors leading to internationalization, and it is widely acknowledged to play an essential role in facilitating international expansion (Agnihotri & Bhattacharya, 2019).

One study by Mariotti & Marzano (2019) focused on the internationalization of state-owned enterprises (SDEs) and found that the selection of managers for SDEs may be influenced by political criteria, leading to a bias towards managers with national rather than international business experience (Mariotti & Marzano, 2019). This suggests that the international experience of managers may have an effect on the internationalization strategies and outcomes of SDEs.

Another study investigated the internationalization of gazelle firms in Lithuania and found that managerial experience significantly affects the propensity for internationalization (Korsakienė et al., 2019). However, the relationship between managerial experience and the intensity of internationalization was found to be mixed, with some studies not supporting a positive causal relationship (Korsakienė et al., 2019). This suggests that the impact of managerial experience on internationalization may vary depending on the context.

Furthermore, (2019) highlighted the importance of owner/manager characteristics, such as education, prior industry experience, and opportunity orientation, in the international expansion of high-growth firms (HGFs) (Korsakienė et al., 2019). The study emphasized the role of owners/managers in shaping the internationalization of HGFs based on their personal characteristics (Korsakienė et al., 2019).

In addition, Sobaih et al. (2020) examined the influence of green human resource management (GHRM) on environmental performance in small lodging enterprises (Sobaih et al., 2020). The study found that owner-managers' green ability, motivation, and opportunity had direct, positive, and significant influences on both enterprise green innovation and environmental performance (Sobaih et al., 2020). This suggests that the characteristics and practices of owner-managers can have an impact on the environmental performance of enterprises.

Nevertheless, there are still some study voids that must be filled. For instance, limited information has been discovered about the influence of international experience on the international level attained by a company (Zaefarian et al., 2016; Hietala, et al., 2019). According to scholarly research, acquiring and adapting the experience to new international efforts are understudied (Villanueva & Ramirez, 2018). Others emphasize that the arguments concerning how international experience facilitates the identification of business opportunities

in foreign markets are vague and insufficiently specified (Hsieh et al., 2019).

Irrespective of the theoretical concepts and empirical evidence supporting the advantages of international experience, its function as an important element in the internationalization of small and medium-sized enterprises (SMEs) is controversial (Brouthers et al., 2015). Certain critics have argued that many years of international experience in the past can result in a rigid focus on familiar clues, preventing managers from capturing new pertinent information and causing them to overlook emerging business opportunities (Musteen et al., 2014 ; Onkelinx et al., 2016). Some argue that international experience is not essential or crucial for successful internationalization, and they believe it is not a necessary requirement for the international expansion of businesses (Asemokha et al., 2019; Bagheri et al., 2019).

Moreover, the majority of existing research on SME internationalization emphasizes the immediate precursors of internationalization outcomes (Hartnell et al., 2011; Bagheri et al., 2019). After conducting an extensive review of articles on international entrepreneurship (IE), numerous studies have primarily focused on establishing direct causal connections between potential precursors and an enterprise's international outcomes. These outcomes may include factors like revenue growth, the extent of international expansion, export intensity, or export performance. However, limited attention has been given to exploring the interconnected relationships between various boosters that enhance an enterprise's international outcomes. This emphasis on research has some drawbacks (Keupp & Gassmann, 2009). Failure to consider potential interrelationships between factors that could influence a company's outcomes during studies may lead to hiding or overestimating their actual impact (Anwar et al., 2018).

Addressing these gaps in existing research, this study introduces a novel research model that challenges the commonly held belief that international experience is the primary direct precursor to a company's level of internationalization. Instead, the study proposes that a manager or owner's international experience indirectly influences the company's internationalization level by impacting two crucial factors: the perception of risk associated with international expansion and the manager or owner's aggressiveness towards international markets.

The study draws upon the theoretical framework of the human limits of strategic behavior under bounded rationality. It also incorporates insights from a comprehensive literature review on international entrepreneurship (IE) and export venturing to develop the proposed model. According to the theoretical framework, a manager or owner's accumulated experience and knowledge significantly shape their perceptions and decision-making processes. These factors serve as the fundamental basis for their strategic choices and ultimately influence the company's future accomplishments in the international arena.

The primary aim of this research is to deepen our comprehension of the mechanisms by which international experience impacts the level of internationalization observed in Small and Medium-sized Enterprises (SMEs). The study centers on two pivotal research questions:

1. To what degree does a manager's or owner's international experience directly contribute to the SME's level of internationalization?
 2. How does the international experience of a manager or owner influence the internationalization level of SMEs? In essence, can the international experience of the
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manager or owner indirectly influence the SME's internationalization level?

Literature review

International Experience

International experience refers to the knowledge, skills, and understanding that small and medium-sized enterprises (SMEs) gain through engaging in international business activities (Muharam et al., 2020). It encompasses the exposure to different markets, cultures, regulations, and business practices that SMEs acquire when operating beyond their domestic borders (Li et al., 2018). International experience is crucial for SMEs as it enables them to develop a global mindset, adapt to diverse environments, and effectively compete in the international marketplace (Muharam et al., 2020).

Defining international experience for SMEs involves highlighting its significance and providing guidance on how SMEs can acquire and leverage it. SMEs need to recognize the importance of preparing for both domestic and international competition (Sitharam & Hoque, 2016). Collaboration between SMEs can be a way for them to confront competition and gain exposure to international markets (Sitharam & Hoque, 2016). Additionally, SMEs should focus on developing their internationalization strategies and business performance by considering factors such as product adaptation, knowledge transplantation, and reducing business uncertainty through experience (Muharam et al., 2020).

However, SMEs may face challenges and barriers when engaging in internationalization due to their internal disadvantages, such as small size, lack of resources, knowledge, and experience (Zhu et al., 2020). These challenges can be overcome by developing the international orientation of entrepreneurs within the firm, as their proactive nature and previous experience play a significant role in determining the early internationalization of SMEs (Santhosh, 2019).

To gain international experience, SMEs can adopt various strategies. One approach is to actively scout for international opportunities, which is influenced by the firm's international experience (Hilmersson & Papaioannou, 2015). SMEs can also consider forming alliances and collaborations with international partners to gain exposure to different markets and learn from their experiences (Li et al., 2018). Furthermore, SMEs can leverage enterprise resource planning (ERP) systems to enhance their international operations and improve their supply chain management (Zaied & Mohamed, 2020).

Internationalization level of an enterprise

The internationalization level of an enterprise, particularly in small and medium-sized enterprises (SMEs), refers to the extent to which the enterprise engages in international business activities and operates beyond its domestic borders (Lahiri et al., 2020). It is a measure of the enterprise's involvement in global markets, the degree of international market penetration, and the level of international business operations.

Several factors contribute to the internationalization level of SMEs. One important factor is the availability and utilization of resources. Resource-based factors, such as financial resources, technological capabilities, and managerial expertise, play a significant role in facilitating SMEs' internationalization efforts (Lahiri et al., 2020). SMEs with greater resource

endowments are more likely to engage in international activities and achieve better international performance (Torkkeli et al., 2012).

Institutional factors also influence the internationalization level of SMEs. Home-country-level and host-country-level institutional factors, such as government policies, regulations, and support systems, can either facilitate or impede SMEs' internationalization endeavors (Lahiri et al., 2020). SMEs operating in supportive institutional environments are more likely to have higher internationalization levels compared to those facing institutional barriers.

Industry-based factors also play a role in SMEs' internationalization. The characteristics of the industry in which SMEs operate, such as market demand, competition, and technological advancements, can influence their internationalization strategies and outcomes (Lahiri et al., 2020). SMEs in industries with high global demand and favorable market conditions are more likely to have higher internationalization levels.

Additionally, network competence, which refers to the ability of SMEs to manage business relationships and networks, is a crucial factor in determining the internationalization level (Torkkeli et al., 2012). SMEs with higher levels of network competence are more likely to become international and achieve better international performance. Building and leveraging networks with international partners, suppliers, and customers can provide SMEs with valuable resources, knowledge, and market access, thereby facilitating their internationalization efforts.

Perception of risk

The perception of risk in internationalization for SMEs refers to how SMEs perceive and evaluate the potential risks and uncertainties associated with expanding their business operations into international markets (Handrito et al., 2020). It involves the subjective assessment of the likelihood and potential impact of various risks, such as financial risks, market risks, regulatory risks, cultural risks, and operational risks, that SMEs may encounter when engaging in international business activities.

The perception of risk in internationalization is influenced by various factors. One important factor is the implicit need for achievement, which refers to an individual's inherent motivation to set and accomplish challenging goals (Handrito et al., 2020). SMEs with a higher implicit need for achievement may perceive internationalization risks differently compared to those with a lower need for achievement. The perception of risk can also be influenced by the level of risk-taking behavior exhibited by SMEs. Research suggests an inverted U-shaped relationship between risk-taking behavior and SME internationalization, indicating that a moderate level of risk is needed to optimize SME performance (Handrito et al., 2020).

Furthermore, the perception of risk in internationalization can be shaped by the level of experience and knowledge that SMEs have in international business. SMEs with prior international experience may have a more accurate and informed perception of the risks involved, allowing them to make better decisions and mitigate potential risks (Handrito et al., 2020). On the other hand, SMEs with limited international experience may have a higher perception of risk due to the unfamiliarity and uncertainty associated with international markets.

The perception of risk in internationalization has implications for SMEs' decision-making and strategic choices. SMEs with a higher perception of risk may be more cautious and conservative in their internationalization efforts, opting for slower and more gradual market entry strategies (Handrito et al., 2020). Conversely, SMEs with a lower perception of risk may be more willing to take on higher levels of risk and pursue more aggressive international expansion strategies.

Aggressiveness

The aggressiveness of SMEs to internationalize refers to the extent to which SMEs exhibit proactive and assertive behaviors in pursuing international business opportunities and expanding their operations into foreign markets Sanyal et al. (2020). It is characterized by the willingness to take risks, the drive for innovation and competitiveness, and the ability to seize and capitalize on international opportunities.

Research suggests that entrepreneurial orientation (EO) factors play a significant role in determining the aggressiveness of SMEs to internationalize (Chandra et al., 2020). EO factors such as risk tolerance, proactiveness, competitive aggressiveness, and innovation orientation support entrepreneurs' ability to undertake international ventures and pursue international growth opportunities (Chandra et al., 2020). SMEs with a higher level of EO are more likely to exhibit an aggressive approach to internationalization.

The perception of risk also influences the aggressiveness of SMEs to internationalize. SMEs with a lower perception of risks and barriers associated with internationalization are more likely to adopt an aggressive approach and stay focused on their internationalization journey (Chandra et al., 2020). This perception is influenced by factors such as the entrepreneur's self-efficacy, cognitive ability, and determination (Chandra et al., 2020). SMEs with a strong belief in their capabilities and a positive mindset are more likely to exhibit an aggressive stance towards internationalization.

Furthermore, industry-based factors can influence the aggressiveness of SMEs to internationalize. The characteristics of the industry in which SMEs operate, such as market demand, competition, and technological advancements, can shape their internationalization strategies and level of aggressiveness (Lahiri et al., 2020). SMEs operating in industries with high global demand and favorable market conditions are more likely to adopt an aggressive approach to international expansion.

The level of human capital within SMEs also plays a role in determining their aggressiveness to internationalize. Human capital refers to the knowledge, skills, and capabilities of employees within the SME (Onkelinx et al., 2016). SMEs with higher levels of human capital are more likely to exhibit an aggressive approach to internationalization, especially when following a strategy of accelerated internationalization (Onkelinx et al., 2016). Human capital that is aligned with the SME's internationalization strategy can enhance its ability to pursue international opportunities effectively.

Hypotheses

International experience and internationalization level of the enterprise

Extensive research has been conducted, and evidence supports the notion that a

manager's or owner's international experience positively impacts an enterprise's export intensity and level of internationalization (Olmos & Díez-Vial, 2015; Mudalige et al., 2018). In general, the knowledge gained from past experiences is stored in an individual's memory and can be accessed and applied to effectively address new situations or challenges. This ability to retrieve and utilize past knowledge is instrumental in problem-solving and decision-making (Madore & Schacter, 2014; Kassim et al., 2018). The source of competitive advantage is acquiring experience through participation in international market exchanges. It is categorized as a distinctive asset because of the difficulty in acquiring, replicating, and replacing it (Wach et al., 2018). Managers or owners with international experience can compensate for the enterprise's deficiency in international new ventures. Global experience leads to better identification of international business opportunities. As an enterprise accumulates more experience, its engagement in international business naturally expands (Milanov & Fernhaber, 2014). Another example would be that accumulating international experience leads to better recognition of foreign investment prospects (Muttakin et al., 2015).

Previous empirical studies have provided evidence to support the notion that a manager's international experience has a notable and positive impact on the international outcomes of small and medium-sized enterprises (SMEs). These results include export aptitude (Asemokha et al., 2019), the pace of internationalization (Hånell et al., 2020), international performance (Francioni et al., 2016), and export effort (Rubino et al., 2017).

In SMEs, where key strategic decisions are often centralized in the hands of the owner-manager, their previous international experience plays a crucial role in the company's performance in international markets (Brouthers et al., 2015). The owner's prior international experience shapes the success of global ventures since they decide on international activities and market expansion (Hsu et al., 2013; Musteen et al., 2014). In light of the preceding explanation, we would like to submit the following hypothesis:

Hypothesis 1 : The international experience of the manager or owner is linked positively with the internationalization level of SMEs.

International experience and perception of risk

A fundamental aspect of internationalization is the acquisition of market information. It is necessary to be knowledgeable about rivals, market size, rule and regulation, marketing channels, distribution networks, and customer demand and standards in international markets (Musteen et al., 2014; Zhou & Li, 2012). Insufficient knowledge, perceived differences in business practices, marketing, legal regulations, and language barriers contribute to heightened uncertainty in international markets (Petrou et al., 2020; Musteen et al., 2014). Market knowledge plays a crucial role in generating business opportunities and serves as a sustainable source of competitive advantage for companies (Fletcher & Harris, 2012).

Risk perception involves an individual's subjective evaluation of the level of risk in a situation, considering the balance between uncertainty and perceived controllability (Sharma et al., 2020). It is closely related to an individual's assessment of the level of risk associated with a specific circumstance. Prior experience and knowledge in international markets can influence how people perceive their level of control in uncertain situations (Winsen et al., 2014; Lazo et al., 2015). Gaining experience in international business can reduce the

perceived uncertainty in conducting global operations (Handrito et al., 2020).

Managers with prior experience in international markets have a better overall impression of their ability to control internationalization. To put it another way, employees with a longer and more consistent track record of serving international markets are in a better position to deal with any issues that may arise during export operations than persons with comparatively lower levels of international expertise. Our research leads us to believe that frequent travel to other countries can result in a greater understanding of how international markets operate and can improve one's level of preparedness to cope with multinational undertakings. As a consequence of this, managers' improved perception of control over international activities reduces the perceived uncertainty in overseas markets. In light of this, the following is the hypothesis that we put forth:

Hypothesis 2: The international experience of a manager is negatively associated with international expansion risk perception.

International experience and aggressiveness

The current field of literature on international business has, for some time now, distinguished between two fundamental strategic "orientations" or behaviors that might be chosen by businesses interested in international expansion: aggressive actions and conservative behaviors (Krzakiewicz & Cyfert, 2019; Tolstoy, 2018; Ahi et al., 2017). The term "aggressive behavior" refers to a forward-looking approach characterized by anticipation, proactively seeking information, and actively seizing opportunities in the market. It entails a deliberate and proactive stance towards taking initiative and making bold moves to capitalize on potential opportunities (Sadeghi et al., 2018; Escandon-Barbosa et al., 2019). It manifests itself by persistently looking for new opportunities to export goods, continuously releasing innovative products onto global markets, and adopting a combative stance toward other businesses in the same industry.

The tendency toward conservatism indicates a reactive stance toward export markets, in which the incentive to export is more closely related to the pressures and commercial threads of the local market (Chung, 2012). Managers that use a conservative approach sit around waiting for export possibilities, accept unasked-for export orders, and do not place much emphasis on formal planning or active research abroad. In addition to this, they believe that the external environment is unmanageable and fixed. In actuality, managers do not always behave in an entirely aggressive or reactive manner concerning export; instead, they incline to either the aggressive or reactive mode (Feenstra et al., 2014).

Managers with international experience tend to aggressively seek opportunities in international markets, even though reactive strategies can also be effective in achieving export sales (Roxas et al., 2016). The idea is that managers with more international experience have developed specialized skills and confidence to identify business opportunities in other countries, giving their companies a competitive advantage. This is supported by research showing that individuals with prior international experience are more likely to pursue international opportunities and economic prospects in other countries actively. On the other hand, managers with less international experience may be less proactive in considering

exporting for company growth (Roxas et al., 2016).

The extensive international experience prompts an active pursuit of international business opportunities. It promotes a keen awareness of formulating formal strategies to support export endeavors, reflecting an aggressive approach towards global markets. In conclusion, recent empirical studies indicate that managers with international experience are more proactive in establishing contacts and relationships overseas, enhancing their strategic positioning and generating greater potential for international growth. In light of this, the following hypothesis is one that we propose:

Hypothesis 3. The international experience of manager or owner correlates positively with the manager's aggressiveness in international markets

Perception of risk and internationalization level of enterprise

Scholars in the field of international entrepreneurship have suggested that identifying opportunities for international companies and evaluating the risks inherent to these chances requires active cognitive engagement on the part of the businessperson (Chandra, 2017; Ray et al., 2018). An in-depth study is needed to understand how managers cope with the uncertainty of internationalization (Ramayah et al., 2020). The decision-making process concerning the development of new opportunities for international business and expanding a company's commercial activities overseas involves substantial risk and complexity (Lim et al., 2016).

The ability of the decision maker to assess potential dangers is an essential component that must be taken into account before considering whether or not to engage in international business activities (Javadian & Singh, 2012; Stocker & Abib, 2019). The desire to increase exports and drive change depends on the key decision maker's positive perception and support. (Vătămănescu et al., 2019). Consequently, there is a higher likelihood of capitalizing on foreign possibilities when there is an overall perception of a lower risk of failure.

Empirically, several studies indicate that an enterprise's engagement in export ventures is associated with lower risk assessments by its management (Miocevic & Morgan, 2018). Similarly, the capacity of an enterprise's senior manager to successfully navigate the high degrees of ambiguity and complexity that frequently define international settings is directly proportional to the company's success in those settings (Wang et al., 2017). In conclusion, recent research conducted on SMEs has provided data showing a correlation between the perception of risk in exporting and "export commitment." Export commitment is defined as the proportion of sales made overseas in relation to the total sales of the company (Soomro & Shah, 2019). As a result, we will propose that:

Hypothesis 4. Perception of risk in international expansion is negatively related to SMEs' international level.

Perception of risk and aggressiveness

The evaluations and analyses of the information available for specific circumstances performed by a company's senior decision-makers typically serve as the basis for the plans and tactics the company ultimately chooses to implement (Maitland & Sammartino, 2015;

Carvalho et al., 2016). However, senior executives are constantly faced with large amounts of information that is often difficult to understand and may even be contradictory. In these situations, managers can only filter a small amount of the information at their disposal, to which they can then apply their interpretation (Zhang & Cao, 2020). Managers use cognitive functions to filter and interpret information, analyzing complex situations based on familiarity and novelty. It supports decision-making and problem-solving. The cognitive characteristics of managers can be seen as potential processes for refinement, which could aid in explaining internationalization practices (Maitland & Sammartino, 2015).

Cognition involves thoughts and perceptions. Studies show that an individual's risk perception is crucial in understanding their engagement in risky behaviors (Aguilera-Caracuel & Ortiz-de-Mandojana, 2013). The research concluded that the most effective strategy to change risky decision-making behaviors is by addressing individuals' perception of the riskiness associated with the various option choices (Aguilera-Caracuel & Ortiz-de-Mandojana, 2013). This was the conclusion reached by both of these sets of studies. In a similar vein, other academics have underlined that a company's decision-makers are more inclined to enter a specific business position if they believe that there is a more negligible probability of experiencing a financial loss due to being in that condition (Hanoch et al., 2016).

Based on the ideas and facts presented earlier, we argue that managers consciously take into account the risks linked to the opportunities for international expansion. Risk perception will inevitably play a crucial role in the decision-making process, ultimately influencing the managers' strategic stance. This behavior is essential in handling export expansion. Moreover, we hypothesize that a manager's readiness to address the implications of international expansion will directly correlate with their perceived level of risk associated with such growth. As a result, we conclude that a sense of high risk would deter them from acting upon choices of international expansion, and the same holds for the reverse.

Hypothesis 5. Perception of risk in international expansion negatively correlates with aggressiveness in international markets.

Aggressiveness and internationalization level of enterprise

According to the findings from previous studies, the internationalization level is both concurrent with and inherent within the export sales intensity (Dyduch & Krasodomska, 2017). Because of the resource limitations that are characteristic of SMEs and that limit their capacity for international expansion, export sales intensity is frequently tricky for smaller businesses (Brouthers et al., 2015). Export sales are volatile. Unanticipated occurrences have the potential to disrupt the level of export intensity that is reached (Azib et al., 2020). Consequently, the extent to which a company has internationalized its operations may be unpredictable and susceptible to the influence of environmental forces (Kovač & Labaš, 2019).

Achieving and maintaining a high level of international sales requires an aggressive approach due to the volatility of international markets. Studies on American high-tech companies show that managers who pursued international markets with greater vigor

achieved considerable revenues from non-domestic markets more quickly and successfully (Paul & Rosado-Serrano, 2019). Similar findings were observed among small and medium-sized industrial companies. Managers who adopted an aggressive approach in overseas markets reported higher international sales ratios for their company compared to their counterparts who chose a reactive approach. (Clercq et al., 2012).

Finally, it was demonstrated that businesses that put in more effort to find new markets and information experience fewer challenges regarding exports. Therefore, the more aggressive the posture demonstrated by the manager of an SME in the international context, the greater the success in pursuing overseas sales, leading to a higher level of export intensity. Given the above, we have the following hypothesis:

Hypothesis 6. The aggressiveness of management in foreign markets has a favorable association with SMEs' internationalization level.

Research Model

Figure 1 presents the research model, including all of the postulated components. It demonstrates direct and indirect correlations between the amount of international experience possessed by management and the level of internationalization an SME displays. The foundation of our model is founded on two primary premises. First, in a small to medium-sized enterprise (SME), the central management typically makes the critical decisions regarding whether to initiate or expand international activities, as well as determining the scope of the expansion (Alao-Owunna, 2018). Second, businesses directly reflect the personalities of the people who hold significant management positions within those businesses (Kowalkowski et al., 2015).

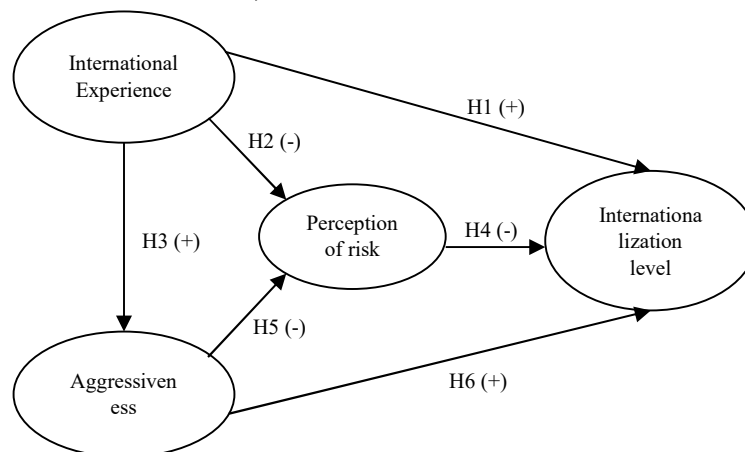


Figure 1. Conceptual Framework

According to the concept of the human limits of strategic action under bounded rationality, managers' experiences and backgrounds influence their perception and interpretation of reality, as well as the information accessible to them concerning specific events and situations (Johnsen, 2016; Cristofaro, 2017). Consequently, this influences the behavior and strategic decisions made by the management, ultimately impacting the outcomes of the organization (Cristofaro, 2017).

A manager's entrepreneurial cognition is also shaped by their beliefs and the experiences they have collected throughout their career. Entrepreneurial cognition pertains to

the perceptions and thought processes of managers and how they approach entrepreneurial decision-making and problem-solving. It is technically described as "knowledge structures people use to make assessments, judgments, or decisions involving opportunity evaluation and venture creation and growth." (Mousa et al., 2020). This area of study focuses on managers' perceptions and thought processes. The manager's risk perception in international expansion is the cognitive component of our approach (Alao-Owunna, 2018). The amount of the manager's aggressiveness concerning overseas markets is the final component of the strategic conduct, which represents the strategic behavior (Mousa et al., 2020). Strategic choice refers to the actions of senior managers and shows either their action or inaction in response to a specific event.

According to Yeoh (2004), maintaining an international presence necessitates gathering and digesting much information regarding innovative market opportunities and dangers, which might lead to an information overload. Managers must thoroughly examine only some of the information when faced with such circumstances. They are more inclined to utilize the prior information gained from experience when confronted with unexpected and challenging situations (Jones & Casulli, 2014).

Methodology

Research sample

This study refers to BPS-Statistic Indonesia's (2019) definition of SMEs by number of employees (5 to 99). Despite its applicability, it is essential to note that this definition has flaws. Most notably, the SME definition based on employee count may be biased toward industries with high capital requirements.

As a direct result of the emphasis of our inquiry, we decided to add three new criteria to the selection process for SMEs. We chose exporting enterprises regardless of their export intensity, which are actively pursuing international sales. Second, we limited our search to enterprises where the decision-making authority rests solely with the enterprise's top executive, who possesses the authority to act free of any legal or management shackles imposed by a more powerful entity.

The Ministry of Cooperatives and SMEs Republic of Indonesia estimated 678,415 SMEs in 2017. Approximately 60% of the SMEs in the country are concentrated in only three islands; Java, Madura, and Bali. This uneven SME distribution reflects Indonesia's economic agglomeration pattern, which concentrates economic activity on three closely adjacent islands. Seven provinces comprise the three islands, which comprise only 7.07% of Indonesia's geographical area but are home to 57.5% of the population and create almost 58% of its GDP/value added (BPS-Statistics Indonesia, 2019). Our study focuses on Java SMEs due to Indonesia's economic and SME agglomeration characteristics. The island has stronger transportation and communication infrastructure than the rest of the country, making it easier to survey many SMEs within time and budget restrictions.

Merging four databases into one list of SMEs from which samples were selected created the sample frame. Because of the huge target population (SMEs in the study area), the sample size is predicted to be less than 5%. Thus, the sample size formula for the infinite population is appropriate:

$$n = \left(\frac{(Z_{\alpha/2})\sigma}{MOE} \right)^2$$

n = sample size, $Z_{\infty/2}$ = two-sided confidence interval in normal distribution, σ = variable variance, and MOE = intended margin of error (Hair et al., 2010; Crossley, 2008). The sample size is 385 based on $Z_{\infty/2} = 1.96$ (95% confidence interval), $\sigma = 0.5$ response distribution, MOE = 0.05, and $N = 590,683$ Java SMEs. Our study sample should include SMEs in non-oil gas export sectors to capture their internationalization processes and determinants. SMEs were randomly selected from the sample frame using quota random sampling. The sample size of this study comprised data from the Indonesian Ministry of Cooperatives and Small and Medium-Sized Enterprises. Finally, the sample size of this study consists of 412 owners of enterprises who serve as critical managers, 30 general managers, and 12 export managers.

Data Collection

The data was collected in Indonesia, particularly on Java island, with a few volunteers' assistance. We surveyed SME owners or managers, considered the most knowledgeable on SME internationalization (Musteen et al., 2014). Furthermore, participants are the ones who typically make decisions concerning the beginning and growth of an enterprise's export activity (Javalgi & Todd, 2011). The empirical data were gathered using questionnaires, which were then delivered through a collected directly and through email.

To increase participant response reliability, we implemented several measures. First, we included control questions to ensure the returned surveys met our SME selection criteria. Additionally, we employed reverse-scales in the questionnaires to avoid response patterns that could affect result accuracy. We pre-tested the instrument with managers from four small and medium-sized businesses, using their feedback to improve the data collection instrument before distributing it to all participants.

Table 1. Key demographic of enterprises

The characteristics of enterprise	Mean	S.D	Range
Age (years) of enterprise	13.17	4.555	5-35
Number of Employee	20.76	14.928	6-85
Year of Experience	7.67	2.966	3-25
Scope of abroad sales (number of countries)	4.51	0.998	2-8
International sales to total sales	18.35	15.258	10-80
Managers characteristics	Mean	S.D	Range
Age (years)	43.69	7.199	25-68
Age experience in exports	5.91	2.985	3-25
Day spent in abroad in a year	3.16	1.962	0-10
	Total	%	
Prior experience before joining the firm	125	27.53%	
Live or study abroad	66	14.54	
Education level			
High senior school	182	40%	
Undergraduate degree	173	38%	
Master degree	99	22%	

Source : Author computation

A letter of invitation was enclosed with each questionnaire. The letter emphasized the need for frank and open responses to ensure accurate reflection of the manager's personal

characteristics, experiences, and perceptions. Participants could respond anonymously to the questionnaire for confidentiality and openness (Colton et al., 2007).

The information was gathered by an online questionnaire sent to the decision maker in charge of the export activity in Indonesian SMEs. The Statistical Package for the Social Sciences (SPSS) and Structural Equation Modelling (SEM) are utilized to conduct univariate and multivariate analyses to treat quantitative data empirically.

Variables and measures

Multi-item instruments were used to assess the variables of interest in the research. Time accumulation was used to evaluate the international experience (Glavas et al., 2019). We inquired as to the total number of years the participants had spent working in international business activities, taking into account the period before they either joined or established their current enterprise. A manager's duration of involvement in international business is a commonly employed metric in research for assessing their accumulated international experience (Pettit et al., 2013; Gruenhagen et al., 2018).

Aggressiveness is the behavior of the owner or manager of SMEs that actively seeks information or opportunities to engage in the international market. The measurement of the variable of aggressiveness utilized indicators created by Zhou et al. in 2010. The indicators were captured as the owner or manager's aggressiveness level. Participants were requested to rate five statements on a 5-point Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree). These statements pertained to actively exploring business opportunities abroad, seeking contacts and clients, monitoring export market trends, spending time on international affairs, and attending to overseas matters. The high reliability and internal consistency of the construct were evidenced by Cronbach's α value of .90..

To gauge the perception of risk regarding the enterprise's international expansion, we utilized a scale that Sitkin and Weingart (1995) validated and Acedo & Jones (2006) updated. Participants responded to four statements on a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). These statements were related to selling in international markets, the likelihood of success in international markets, and export potential. The construct demonstrated high reliability and internal consistency, as indicated by Cronbach's alpha value of .81.

Previous studies often measure the internationalization level of enterprises as export intensity, which represents the proportion of international sales to total sales (Radicic & Djalilov, 2019; Lecerf & Omrani, 2019; Olmos & Díez-Vial, 2015; Onkelinx et al., 2016; Wei et al., 2019; Narteh & Acheampong, 2018; Gonzalez-Perez et al., 2016; Almodóvar et al., 2016). We adopted a more comprehensive and multidimensional measure of the internationalization level for SMEs from Cerrato et al. (2016). It includes three dimensions: the ratio of international sales to total sales, the percentage of employees engaged in international activities, and the geographic scope of international sales using a cultural psychic-distance approach.

Concerning the geographical scope of an enterprise's export sales, we followed the approach suggested by Zucchella et al. (2007), which involves enumerating the number of countries rather than employing the psychic-distance method. The concept of psychic

distance, introduced by Johanson and Wiedersheim-Paul (1975), refers to the factors that create a sense of dissimilarity or differences between countries. However, empirical reexaminations have shown that the cultural psychic-distance approach can lead to imprecise and paradoxical results (Tihanyi et al., 2019). The values of the three dimensions were normalized and averaged to create a single index score. Table 2 provides a summary of the constructs, measurement scales, and scale characteristics.

This study adjusted for potential confounding factors such as business size, years spent serving international markets, sector of industry, and impression of domestic market saturation. It has been suggested that some industries are more international than others. According to Lu & Beamish, 2001 and Revindo et al., 2019, larger enterprises are more likely to engage in international business because of the more significant resources available. We measured enterprise size by the total number of employees in each enterprise, using the approach adopted by Brouthers et al. (2015). Fuchs & Köstner (2016) state the time an enterprise has been supplying international markets is a factor in determining how committed it is to exporting its products. In the vein of Ruzzier & Ruzzier (2014), we conceptualized the age of a company as the number of years that have passed from its initial export assignment. Last, but not least, it has been observed that managers who see substantial commercial potential in the domestic market are less likely to be interested in expanding their company's presence in international markets. According to Aaby and Slater (1989) and Cavusgil (1984), the pursuit of international markets may be motivated by a sense that the native market has become oversaturated. In the same vein based on study of Plakoyiannaki et al., 2014, we controlled for domestic market saturation by inquiring of the participants as to the degree to which they believe the regional market for the primary items they either manufacture or sell is already saturated. A five-point Likert scale was utilized, from one (very saturated) to five (not saturated).

Table 2. Reliability and Validity Assessment

Variable Construct	Load score	p-values	Cronbach α	CR	AVE	VIF
Aggressiveness			.90	.91	.69	
<i>5- point Likert scale: 1 =strongly disagree; 5=strongly agree</i>						
The export market is routinely monitored by the manager or owner.	.787	***				
The manager or business owner actively investigates international business opportunities.	.878	***				
Usually, the manager or owner has traveled abroad.						
The manager/owner seeks international connections with suppliers and clients actively.	.845	***				
The manager or owner has a history of attending local and international trade shows.	.944	***				
	.663	***				
The perception of risk			.085	.85	.59	
<i>5- point Likert scale: 1 =strongly disagree; 5=strongly agree</i>						
International activities are beneficial to my company.						
Selling products in international markets entails a significant level of risk.	.739	***				
Exports are a significant prospect for my company.	.767	***				
My company has a great chance of success in international markets.	.742	***				
	.789	***				
The internationalization level	n/a	n/a				1.892
International sales ratio relative to total sales.						
Percentage of employees substantially dedicated to overseas initiatives.						
Geographical sales reach (countries).						
Benchmark:						

Item consistency					>.70
Construct reliability					>.70
Convergent reliability (loadings)	>.50	<.05			>.50
Non-Multicollinearity					<.5.0
Discriminant validity					>.34

Notes:

a) For p-values, *** indicates statistical significance at the level of $p < 0.001$.

b) During the data depuration process, certain items were dropped to enhance data quality.

c) (d) VIF-values represent the highest correlation among the interitems within the formative variable.

d) The average variance extracted (AVE) must exceed the squared correlation of all possible pairs of constructs to ensure discriminant validity.

n/a = Not applicable; used when certain measures or comparisons are not relevant or feasible in the context

Analysis and results

This study conducted various checks before validating our model and hypotheses. These included examining the convergent validity, discriminant validity, and construct reliability of variables and assessing multicollinearity and data quality by checking for multivariate normality and outliers.

We used structural equation modeling (SEM) to test the hypotheses, which is well-suited for our investigation with self-reported data (Byrne, 1996). SEM allows simultaneous estimation of relationships, highlighting their significance (Hair et al., 2010).

Reliability and validity

Construct reliability refers to the internal consistency of multiple items within a construct, indicating how consistently these items represent the underlying concept (Hair et al., 2010). Composite reliability (C.R.) was calculated for the items to assess this consistency. According to Nunnally (1978), C.R. values above 0.70 provide significant evidence of multi-item consistency. The obtained C.R. values of 0.85 for risk perception and 0.91 for proactiveness indicate an extremely satisfactory level of construct reliability.

Convergent validity, as defined by Hair et al. (2010) and Byrne (2016), refers to the extent to which items of a specific variable correlate with each other. To confirm convergent validity, we conducted confirmatory factor analysis (CFA) and found that all item loadings for the reflective factor were statistically significant at $p < 0.001$.

Furthermore, following the recommendations of Hair et al. (2010), we evaluated the average variance extracted (AVE) to ensure standardized estimates of the items were above the suggested threshold ($AVE > 0.50$, preferably close to 0.70). The AVE values for the constructs exceeded 0.50, and the majority of standard estimates were close to the ideal 0.70, indicating a high proportion of shared variance among items within each construct. Overall, these results strongly support the convergent validity of the items related to each construct.

We conducted tests to assess discriminant validity, which determines construct distinctiveness (Hair et al., 2010). According to Fornell and Larcker (1981), discriminant validity is confirmed when squared correlations between constructs are lower than AVE values. In this study, aggressiveness had an average value of 0.68, perception of risk had an average value of 0.59, and their squared correlation was 0.34. Both concepts had higher AVE values than their squared correlation, indicating their distinct and unrelated nature. This confirms discriminant validity between the variables.

To avoid significant correlations between predictor variables, we checked for

multicollinearity, following the recommendation of Hair et al. (2010). This study's correlation between prediction factors was ≤ 0.52 , well below the threshold of 0.80, indicating no significant multicollinearity issues. Furthermore, confirmatory factor analysis (CFA) confirms non-multicollinearity when composite reliability values (C.R.) exceed 0.70 (Hair et al., 2010). In our analysis, C.R. values were higher than 0.70, proving that multicollinearity is not a concern in our study.

Hair et al. (2011) state that internal consistency, reliability, and convergent validity evaluations are ineffective for the internationalization level variable due to its indicators predominantly representing various features. Bagozzi et al.'s (1991) research suggest treating this variable as a composite construct derived from the sum of its indicators. The main concern with this variable is the significant multicollinearity between its indicators. We calculated the variance inflation factor (VIF) for each pair of indices to check for multicollinearity. VIF scores above five indicate redundancy among indicators (Hair et al., 2010). In our study, VIF values for the degree of internationalization ranged from 1.19 to 1.89, confirming no multicollinearity issues among the three indicators.

We examined the normality of multivariate data and the presence of outliers following Byrne's (2016) guidelines. Multivariate outliers refer to cases with significantly different scores from the rest in a dataset. We used Mahalanobis squared distance (d^2) to detect multivariate outliers, and one case stood notably apart from others, indicating its outlier status. Per recommendations (Kline, 2005), we excluded this outlier before conducting structural equation modeling (SEM) to avoid significant impacts on the findings, such as errors in standard deviations and coefficient estimation.

When using SEM methods that rely on covariance structures, the crucial consideration is determining whether the data meets the assumption of multivariate normality. According to Byrne (2016), conducting SEM analysis with multivariate non-normality can be problematic. Severe departures from multivariate normality can lead to biased test statistics, inflated model test statistics, and attenuated parameter standard errors (Nevitt & Hancock, 2001), making interpretation challenging. Mardia's normalized coefficient was calculated to assess multivariate normality, as recommended by Byrne (2016), resulting in a value of 4.62. According to Byrne's standard, values of five or lower indicate multivariate normality and our finding confirms that the data does not violate this assumption. Therefore, the impact of multivariate non-normality on the results is not expected to be substantial.

In structural equation modeling (SEM), we utilized the maximum likelihood method to estimate model parameters. Mindrila (2010) recommended that the maximum likelihood technique is suitable for estimating test statistics when data is either multivariate normal or when the deviations from multivariate normality are minor.

Assessment of model fit

The minimal discrepancy in our study was $\text{CMIN/d.f.} = 1.36 (77.9 / 57)$, below 3, indicating a satisfactory model fit (Carmines, 1981). However, Chi-square values can be sensitive to sample size and model complexity. Therefore, it is recommended to use a combination of fit indices for more reliable assessments (Li et al., 2006; Weiber & Muhlhaus, 2014). In our analysis, we employed a group of six indices suggested by Weiber and Muhlhaus (2014), considering sample size, model complexity, and multivariate normality

assessment. Table 3 summarizes these indices and their corresponding benchmarks. The findings indicate that our model is a good fit for the data.

Table 3. Goodness-of-fit statistics assement

Indication of Fix	Threshold	Score Value
Comparative Fit Index (CFI)	$\geq .95$.964
Incremental Index of Fit (IFI)	$\geq .95$.977
Relative Non-Centrality Index (RNI)	$\geq .95$.977
Tucker-Lewis Index (TLI)	$\geq .95$.978
Standardized Root Mean Square Residual (SRMR)	$\leq .08$.048
Root Mean Square Error of Approximation (RMSEA)	$\leq .06$.051

Note: Mix of indices and thresholds. Source: Hair et al., (2010) and Weiber & Mühlhaus (2014)

Hypothesis test results

The study model found no statistically significant correlation between prior international experience and the enterprise's internationalization level ($\beta = -0.02$, $p > 0.05$). There is insufficient evidence to support Hypothesis H1. However, a negative association was observed between previous international experience and the perception of risk associated with international expansion, supported by a standardized regression coefficient of -0.28 and a significance level of less than 0.01 . This supports Hypothesis H2. Furthermore, a positive correlation was found between international experience and aggressiveness concerning overseas markets ($\beta = 0.22$, $p < 0.01$), confirming Hypothesis H3.

The hypothesis that SMEs' degrees of internationalization are influenced by their perceptions of the risks associated with international expansion was not statistically significant ($\beta = -0.11$, $p > 0.05$). Thus, the evidence does not support Hypothesis H4. On the other hand, the findings indicate a significant relationship between managers' levels of proactiveness in foreign markets and their perceptions of the risks associated with international expansion ($\beta = -0.61$, $p < 0.001$), validating Hypothesis H5.

Furthermore, the degree of internationalization achieved by SMEs is significantly affected by their active role in pursuing opportunities in other markets ($\beta = 0.59$, $p < 0.001$), supporting Hypothesis H6. Overall, the model explains 52% of the variance in the degree of internationalization. The results of the hypothesis test are presented in Figure 2.

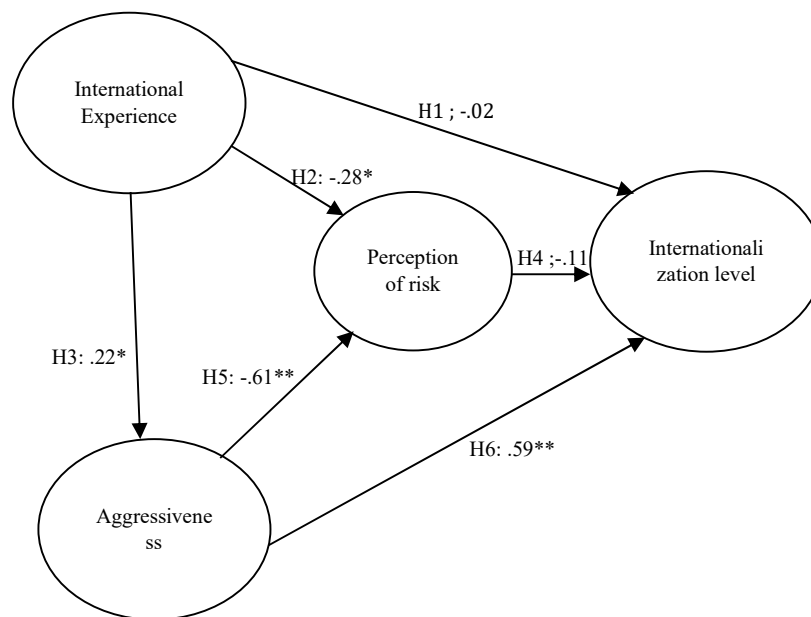


Figure 2. Result Model Test

Notes: ** $p < .001$ * $p < .05$

Robustness Checks

Bootstrapping is the preferred method for small to medium sample sizes, as recommended by Shrout and Bolger (2002) and Byrne (2016), providing a reliable and accurate assessment of significance levels for standard errors and parameter estimations. While some studies suggest that 250 bootstrap iterations are adequate for parameter estimations, they may not yield precise p-values and confidence intervals (Nevitt & Hancock,

2001).

To ensure robust results, we employed 1,000 bootstrap iterations to examine the consistency of p-values associated with parameter estimations. The findings in Table 4 reveal that the parameter estimates (coefficients) remained unchanged, and none of the confidence intervals for supported hypotheses included a value of zero. This provides strong evidence of statistically significant relationships between variables, supporting hypotheses H2, H3, H5, and H6. The bootstrap estimates, confidence ranges, and p-values for each hypothesis and control variable are presented in Table 4.

Table 4. Robustness checks

Relationships	H	estimates	Lower	Upper	p-value
Industry Sector		.128	-.049	.311	.158
International experience	H2*	-.280	-.406	-.134	.001
Enterprise Size		-.164	-.286	-.051	.007
Branch		-.015	-.170	.146	.868
Perception of Risk	H5*	-.606	-.768	-.458	.000
International Experience	H4*	-.221	.061	.365	.006
Market Saturation		.086	-.060	.225	.235
Enterprise Size		.041	-.102	.186	.593
International experience	H1	-.021	-.237	.187	.781
Aggressiveness	H6*	.590	.395	.776	.001
Industry Sector		.105	-.054	.249	.208
Enterprise age in exports		.154	-.077	.366	.189
Enterprise Size		.079	-.123	.283	.460
Perception of Risk	H4	-.107	-.305	.059	.203

Loadings of Standardized β -estimates and Confidence Intervals (Based on 1,000 bootstrap samples)

Notes: H= Hypotheses, * = supported hypotheses

Testing for mediating effect

After analyzing the findings, we have observed that aggressiveness in international markets might be the primary factor that explains the connection between the perception of risk and the level of enterprise internationalization. We have concluded that being proactive in international marketplaces acts as a mediator. According to Field (2013), a mediator is an intervening variable that explains the relationship between an independent variable (often a predictor) and an outcome variable. Baron and Kenny (1986) explain that a mediator can answer the question, "Why and how do some effects occur?"

According to De Carolis and Saporito (2006), the perception of risk associated with entrepreneurial efforts encourages individuals to pursue entrepreneurial opportunities, irrespective of the subsequent outcomes. Frese and Gielnik (2014) conducted meta-analytic research on the psychological constructs of entrepreneurs and their impact on business success, survival, and growth. They found that while an entrepreneur's motives, cognitive factors, and personality are beneficial for identifying and evaluating business opportunities, these factors indirectly affect the company. The actions of the entrepreneur ultimately determine the company's growth and survival. Based on these findings, we conclude that the perception of risk from managers in export expansion is related to the internationalization level of the enterprise. Their aggressiveness in international markets can explain this relationship.

We followed the strategy outlined by Holmbeck (1997) to test for mediating effects

using SEM techniques. First, we assessed the significance of the direct path, representing the connection between perception of risk and internationalization level. This link was statistically significant and aligned with our hypothesis ($p = -0.45$, $p < 0.001$). Next, we examined whether the model's goodness of fit improved when comparing our initial model (model 1) to a second model (model 2), where the direct path was constrained to zero. If model 2 did not significantly improve the goodness of fit over model 1, it would indicate evidence and relevance of the mediating effect (Holmbeck, 1997).

In simpler terms, we tested for mediation by examining whether the inclusion of the mediating variable weakens the direct relationship between the predictor (perception of risk) and the outcome variable (internationalization level) (Field, 2013; Holmbeck, 1997). The results of the mediation tests are presented in Table 5. Model 2 did not significantly improve the goodness of fit indices compared to Model 1. When "aggressiveness concerning international markets" was not constrained in the model, the strength of the direct effect was significantly reduced ($\beta = -0.11$, $p = 0.330$). This indicates that the indirect path in the model fully explains the influence of perception of risk on the internationalization level, as demonstrated by its presence in the model.

Table 5. Results of the test for mediation effect

	χ^2	d.f.	$\Delta\chi^2$	IFI	TLI	CFI	RMSEA	β_1 (p-value)	β_2 (p-value)	β_3 (p-value)
Direct effect a/	159.20 0	59	-	.895	.832	.891	.113	.45***	-	-
Model 1	77.867	57	81.33	.978	.964	.977	.531	-.11(.330)	.61***	.59***
Model 2	78.804	58	0.937	.978	.965	.977	.529	-	.67***	.66***

Notes: Incremental Index of Fit (IFI) TLI: Tucker- Lewis Index, CFI: Comparative Fit Index, RMSEA: Root Mean Square Error of Approximation, a/ Parameter assessments after constraining the indirect path. Model 1: Assessments without constraining the direct path. Model 2: Assessments constraining the direct path. β Standardized regression coefficients: β_1 : risk perception to degree of internationalization (direct path). β_2 : risk perception to proactiveness plus β_3 : proactiveness to degree of internationalization (indirect path).

Discussion and Conclusion

In international entrepreneurship, the international experience of managers or owners is considered crucial for the global expansion of enterprises, particularly for small and medium-sized enterprises (SMEs) (Sommer & Haug, 2010; Brouthers et al., 2015). However, the precise nature of the relationship between international experience and internationalization level, especially for SMEs, remains not fully understood. Previous studies have primarily examined direct causal links between potential causes and the level of internationalization. However, according to Eriksson et al. (2015), this approach may overlook the true impact of the factors by neglecting the potential connections between them.

Researchers investigated to understand how international experience influences the internationalization of SMEs. The study model was based on the theoretical framework called the human limits of strategic behavior under limited rationality, combined with a thorough review of existing literature on international experience (IE). The researchers assumed that companies tend to reflect the qualities and perspectives of their top managers (Flynn et al., 1994). To validate the model's assumptions, empirical data from managers of SMEs were collected. Structural equation modeling (SEM) techniques were applied to assess the relative significance of each relationship in the model. This approach aimed to address gaps and

deficiencies in previous research.

This study's findings provide a fresh perspective on the importance of a manager's prior international experience in determining the degree to which a small or medium-sized enterprise (SME) exhibits characteristics of globalization. Our study shows that managers with previous exposure to international markets are more inclined to be proactive in those markets, which subsequently impacts their enterprise's level of internationalization. This finding supports the assertions made by Dai et al. (2014), suggesting that individuals with more international experience are more likely to be aggressive in pursuing international opportunities.

Contrary to the prevailing treatment in international entrepreneurship (IE) and export venturing literature, this study reveals that a manager's prior international experience has no direct influence on the enterprise's level of internationalization. Instead, an SME's internationalization level is directly linked to the managers' aggressiveness in international markets. This challenges the widely held notion that international experience is a crucial direct precursor to firm internationalization, contradicting the ample evidence from previous studies that showed a positive direct association between international experience and the level of enterprise internationalization.

The findings also align with the conclusions drawn from multiple case studies by Musteen et al. (2014). These studies demonstrated that SMEs can achieve and sustain rapid international growth, even with limited or no prior experience in international markets. The authors suggest that these companies can successfully dominate new markets and expand globally by developing well-thought-out strategic plans, actively seeking niche opportunities, and adopting an aggressive approach to dealing with international markets.

Based on the findings of this study, it is evident that small and medium-sized enterprises (SMEs) cannot achieve significant international expansion without actively and aggressively pursuing opportunities in international markets. This holds regardless of the amount of international experience the SMEs may have. This finding aligns with earlier multi-case studies that highlighted how the natural progression of enterprises through the stages of internationalization is not guaranteed. Even as they gain more experience over time, many enterprises tend to maintain their involvement at the experience level (e.g., Fletcher & Harris, 2012).

By emphasizing the crucial importance of a manager's aggressive approach when seeking internationalization for their enterprise, which may outweigh the significance of experience in international markets, this study contributes to advancing knowledge in international entrepreneurship (IE) research, particularly concerning SMEs. This insight sheds light on the factors that truly drive successful internationalization in the context of small and medium-sized enterprises, providing valuable guidance for their strategic decisions in pursuing global growth.

This study contributes to international entrepreneurship (IE) in several ways. Firstly, we provide empirical evidence showing that a lower perceived risk of exporting drives a manager's aggressiveness in international markets. This supports the idea put forth by Douglas and Fitzsimmons (2012) that incorporating the cognitive characteristics of entrepreneurs and firm founders is a promising avenue to explore in international

entrepreneurship. Cognitive elements can complicate the mechanisms that mediate how founders' international experience influences subsequent firm internationalization behavior. The findings also align with Grégoire et al. (2009), who argue that cognition elements can offer insights into the consequences of prior experience on entrepreneurial behaviors. Despite these contributions, it is noteworthy that the cognitive approach is still relatively underrepresented in IE research (Martins et al., 2015).

Secondly, the findings indicate that while perceived levels of risk in international expansion significantly influence a manager's aggressiveness in pursuing opportunities in international markets (i.e., managerial behaviors), the perception of risk does not directly affect the degree to which an enterprise is internationalized (i.e., firm outcomes). This finding differs from previous research that has shown a direct impact of risk perception on the level of internationalization (e.g., Ruzzier et al., 2014; Krauss et al., 2015). One possible explanation for this difference may be related to the previous research's focus on direct correlations between risk perception, internationalization level, and export intensity. At the same time, our study explores the mediating role of proactiveness in the relationship.

This study also addresses the "black box" issue in IE research, as highlighted by Chen et al. (2016). Many previous studies have investigated the interrelationships between presumed drivers of a firm's performance in foreign markets without considering potential connections between these drivers. In contrast, our study demonstrates the importance of a manager's aggressiveness concerning foreign markets as the crucial factor mediating the relationship between risk assessment and the enterprise's international involvement level. This sheds light on the underlying mechanisms that drive successful internationalization and contributes to a more comprehensive understanding of international entrepreneurship.

The findings support the idea that action, rather than cognition, is a driving force behind the success and expansion of businesses (e.g., Newman et al., 2017). This emphasizes the importance of managerial behavior in influencing the internationalization level of enterprises. Furthermore, we demonstrate that the theoretical framework of human limits of strategic choice under limited rationality is well-suited for explaining the effect of managerial traits and cognitive thinking patterns on the internationalization level of an enterprise. This approach sheds light on why some enterprises choose to internationalize. In contrast, others do not, and it contributes to the research on the internationalization of small and medium-sized enterprises (SMEs) by focusing on sequential logic in "antecedent-behavior-outcomes" relationships and proposing comprehensive models rather than solely concentrating on direct associations.

This study addresses the need for a more in-depth analysis of the interrelationships between factors that influence the level of internationalization in SMEs (e.g., Martins et al., 2015). Many previous studies have not given enough attention to this aspect of research. Additionally, we recognize the vital role of international experience in fostering managers' aggressiveness in international markets and reducing their perception of risk associated with international expansion. The international experience exposes managers to situations and scenarios similar to those encountered in the international marketplace, contributing to their aggressiveness.

In conclusion, this study provides valuable insights into how previous overseas experience impacts SMEs' internationalization levels. It highlights that the amount of

international experience SME management possesses indirectly influences the internationalization level. The degree of aggressiveness exhibited by managers in international markets is a significant factor in explaining the varying levels of internationalization among SMEs. Ultimately, a manager's level of aggressiveness is influenced by their perception of the risks involved in international expansion.

Implication and Limitation

The research findings from this study also have practical applications for SME management. Obtaining knowledge and experience in foreign markets requires significant time and effort. Therefore, it would benefit SME managers to travel internationally more frequently. Regular international travel allows managers to gain firsthand information, acquire relevant knowledge, identify business opportunities faster, and reduce their perception of risk in export ventures (e.g., Zhou & Li, 2012; Guo et al., 2019). Targeted travel to specific international markets can facilitate these benefits and aid in expanding the scope of international activities.

Additionally, SMEs looking to expand their international presence should adopt a proactive approach in foreign markets. Unlike innate characteristics, aggressiveness is a behavior that can be taught and developed (see, for example, Grant (2000) and Stuart (2006). Encouraging aggressive behavior among managers can improve the company's position in international business. Rather than accepting the status quo passively, SME managers should take the initiative and actively seek opportunities to enhance the company's international presence. By implementing these practical recommendations, SMEs can enhance their competitiveness in the global market and achieve higher levels of internationalization. Aggressive international engagement and continuous learning from international experiences can be key factors in the success of SMEs' international expansion efforts.

The findings have important implications for SME managers. Regular international travel can benefit managers with firsthand information and relevant knowledge about international markets. This allows them to identify business opportunities faster and reduce their perception of risk in export ventures. By traveling frequently to specific targeted international markets, managers can enhance their understanding of global business dynamics and make informed decisions for international expansion (e.g., Zhou & Li, 2012; Fuchs & Köstner, 2016). Implementing a aggressive approach to international travel can lead to improved market positioning and increased competitiveness in the global arena.

Moreover, SMEs aiming to expand their international activities should adopt an aggressive approach in foreign markets. Aggressiveness is a learned behavior rather than an inherent personality trait, which can be cultivated and enhanced (Malca et al., 2019). For the benefit of SMEs, their managers should aggressively question the status quo in international markets. Instead of accepting circumstances passively, active involvement is essential for improving the company's standing in the global business landscape.

The findings are specific to Indonesian SMEs in certain economic sectors and may not apply to all SMEs or other contexts due to the study's limited scope. However, we ensured consistency in environmental circumstances for all included companies to enhance the study's internal validity.

This study mainly relied on self-reported questionnaires, which may introduce common method biases (Arain et al., 2018; Chang & Lee, 2020; Taheri et al., 2017). This poses a potential threat to the validity of the findings due to measurement errors. We utilized established constructs from previous research to mitigate these limitations and employed appropriate procedures during data collection. Despite these limitations, our study contributes significantly to international entrepreneurship (IE) research by elucidating how a manager's international experience affects the internationalization level of small and medium-sized enterprises.

Future research on the internationalization of SMEs should focus on the aggressive pursuit of overseas business opportunities, as elements of entrepreneurial orientation like proactiveness, innovativeness, and risk-taking are underrepresented in existing IE studies (Dai et al., 2014). Additionally, there is a need to explore other determinants of risk perception in the context of globalization beyond just a manager's previous international experience. Investigating the influence of cognitive elements like positive and negative affect and self-efficacy on risk perceptions would be valuable for understanding how individuals perceive the risks associated with international expansion.

In addition, cultural and ethnic backgrounds can impact risk perception. For instance, research in Singapore by Crick and Dana (2004) found that business owners of Indian descent are more risk-aware in global trade than their Chinese counterparts. This prompts further exploration into how cultures influence risk perceptions in international commerce. We emphasize the use of cognitive measurements in IE research for valuable insights. Moreover, some SMEs may have co-founders and co-managers, which warrants considering the management team in studies. Future research should examine how management team characteristics influence a company's internationalization degree.

In conclusion, the factors discussed in this article are just a part of what influences SMEs' internationalization levels. International entrepreneurship research is still developing, and further investigations from various theoretical perspectives are needed to understand this multifaceted subject. Our findings are intriguing, and we hope they inspire holistic approaches to explore IE further.

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