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Faculty of Business Economics

Master of Management

Master's thesis

Managerial characteristic that matter for the internationalisation success of SMEs : An exploratory study of emotional and cultural intelligence.

Andreina De Wispelaere

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization International Marketing Strategy

SUPERVISOR :

Prof. dr. Allard VAN RIEL



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www.uhasselt.be
Universiteit Hasselt
Campus Hasselt:
Martelarenlaan 42 | 3500 Hasselt
Campus Diepenbeek:
Agoralaan Gebouw D | 3590 Diepenbeek

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Andreina De Wispelaere

Executive Summary

The digital developments have facilitated and provided more opportunities for Small and Medium-Sized Enterprises (SMEs) to expand across the EU and around the world. Besides the opportunities, the internationalization trend of SMEs has drastically changed the terrain for most businesses resulting in a dynamic market situation with severe competition for the companies. As the chief decision-maker shaping the future of the enterprise, the entrepreneur plays a fundamental role in its internationalization. Furthermore, in today's competitive business environment, nothing is more important than hiring the right people, especially the right managers, to perform in an international context.

The SME internationalization requires from entrepreneur and managers, comprehensive global oriented leadership skills of business functions and extraordinary skills in setting up and maintaining effective global interpersonal relations. Surprisingly, only minor attention has been given to the characteristics an SME entrepreneur/manager requires when dealing with the internationalization of firms. Many academics papers are focused on the general approaches a firm can adopt for its internationalization process and on business structures, and CEO characteristics are focused on large multinational enterprises.

Therefore, the outline of this dissertation is to explore the entrepreneurial and managerial emotional and cultural characteristics and competencies for a positive global performance. This paper serves as guidance to both the SME entrepreneurs stepping into the global market and the international company's managers searching for performance enhancement. This study explores the various dimensions of EI and CI and investigates how these dimensions contribute to the initiation and/or success of the internationalization of SMEs.

This research is exploratory, using a qualitative method. Thirteen professionals working with or in culturally diverse environments were interviewed. This qualitative approach is intended to capture the interviewee's outlook on, and knowledge gained while working and performing in an international environment.

The findings demonstrated that SME founders see the internet as an essential tool to create networks, share their work, create new knowledge, and obtain inquiries from international customers.

The internationalization success of the SME depends on the entrepreneur's ability to build and maintain networks. Different governmental and non-governmental initiatives can serve as a bridge for the SMEs' growth and/or creation of new formal business networks. Emotional and cultural intelligence facilitate the route to create international networks and a trustful relation in a culturally diverse environment, which will eventually lead to the firm's success.

Identified in this study as an important entrepreneurial and managerial characteristic of successful international performance are:

- Self-awareness: Entrepreneurs who are self-confident know how to harness their inner strengths, innovate, and take more significant risks when pursuing their vision. Managers who can recognize their own emotions and their effect on others are able to learn from obstacles, improve themselves and develop stronger relationships with their culturally diverse team.
- Flexibility: Being flexible and adapting to the international environment, one can easily adjust themselves to situations they encounter and thus to be more effective in problem-solving.
- Patience, persistence, and optimism: Entrepreneurs embrace these characteristics to reach their goal. Managers see patience as tolerance towards other cultures and persistence as a determination to strive and achieve personal and organizational targets.
- Empathy: It will give the entrepreneurs and managers an understanding of diversity, allowing them to be more open-minded and enhance interpersonal relationships. Being empathic facilitates collaboration and increases productivity.
- Ability to inspire and influence: An entrepreneur must bring his/her team in line with his/her vision.
- Collaboration and teamwork: Managers need to align their team with the company objectives.
- Cultural awareness, cultural empathy, and cultural adaptability: It reduces uncertainty and allows them to make decisions better when operating in a new culture.

Entrepreneurs and managers can expand their emotional and cultural competences not only by working in an international environment and learning through experience but also through other paths. Cultural Intelligence can (1) be developed through multiple channels like books, newspapers, internet database. Once the primary knowledge is gained, the cultural skills can be acquired through (2) experimental learning in a culturally diverse environment. This learning experience can be further improved if (3) a person is mindful during intercultural interactions. Entrepreneurs and managers can additionally use proper company tools to share the gained knowledge with their peers and thus increase the company's cultural knowledge. A different path is through specific training programs offered by specialized external companies.

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1 Introduction

Business Economic Motivation

The telecommunication improvements, the reduction of trade barriers, and rapid market growth have enabled companies to enter a broader and more diverse set of markets, drawing nearly every company towards internationalization. Primarily the digital developments have facilitated and provided more opportunities for Small and Medium-Sized Enterprises (SMEs) to expand across the EU and around the world. According to a PayPal (2017) study, SMEs in the EU represent 99% of all businesses and employ two-thirds of the workforce. In the past five years, they have created around 85% of new jobs and provided a path to prosperity for millions of families. The internationalization trend of SMEs has drastically changed the terrain for most businesses resulting in a dynamic market situation with severe competition for the companies. The objectives of businesses to go for the international market are divers. Intensified domestic market competition, changes in consumer preferences, shorter product life cycles, and the drive to diversify are the primary triggers to pursue market potential abroad. However, many SME companies are striving, but the speed of internationalization is slower than they desired. Internationalization is more than an expansion of business from its home market into foreign markets. The decision to internationalize has a significant effect on all of the organizations, internal and external operations. As the chief decision-maker shaping the future of the enterprise, the entrepreneur plays a fundamental role in its internationalization. Furthermore, in today's competitive business environment, nothing is more important than hiring the right people, especially the right managers to perform in an international context. Baird, Lyles, and Orris (1994, p. 48) point out that: "Small firm characteristics such as limited financial and managerial resources, personal objectives of owner/managers, and informal centralized planning and control systems, indicate that global strategies and structures of small firms may differ from those of larger firms". The complexity of skills needed to interact effectively with people and to solve problems is directly proportional to the growing complexity of the working environments.

Academic Motivation

Many academic papers highlight that SMEs face different challenges in the process of internationalization in comparison to larger enterprises (Baird et al., 1994; Davis & Harveston, 2000; McDougall & Oviatt, 2000). Additionally, Gabrielsson, Kirpalani, Dimitratos, Solberg, and Zucchella (2008) discussed that most studies on business structures and CEO characteristics are focused on large multinational enterprises. Like other researchers, Davis and Harveston (2000) and Zahra (2003) noticed that the internationalization of active SMEs remains underexplored. Moreover, only minor attention has been given to the characteristics an SME entrepreneur/manager requires when dealing with the internationalization of firms. Many academics papers are focused on the general approaches a firm can adopt for its internationalization process. Wach (2014) sums up those holistic

models, starting from the 70s, with the Uppsala Model, Resource-Based View (RBV), Network Model, and Business Strategy Model.

According to Oviatt and McDougall-Covin (2005, p. 540), an “individual with a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value for the organization” is seen as an International Entrepreneur (IE).

While limited definitions are found for the term International Managers (IM), this paper will use the definition of O’Connell (1998, p. 320) cited by Mead and Andrews (2013) as “an individual who organizes the planning, staffing, and control of international business activities”. Their business operations fields are located in several countries, ranging from joint venture partners, headquarters and subsidiaries, principals and agents, suppliers and customers (Cross & Travaglione, 2003).

Problem Statement

The SME internationalization requires from IE and IM, comprehensive global oriented leadership skills of business functions, and extraordinary skills in setting up and maintaining effective global interpersonal relations. Therefore, the outline of this dissertation is to explore the emotional and cultural intelligence dimensions for a positive global performance.

Researchers Salovey and Mayer (1990) and then Goleman (1995) presented the concept of Emotional Intelligence (EI). It was defined as the ability to detect and cope with your own emotions and the emotion of others. EI is found to be a decisive factor affecting decision making at strategic, operational, and even functional levels. It distinguishes an individual’s emotional awareness, control, and maturity that ultimately has an impact on the decision-making. At the management level, EI is a crucial dimension in predicting business success .

In the early 2000s, pushed by the contemporary view of EI, Earley and Ang (2003) introduced the Cultural Intelligence (CI) concept. CI is described as the capability to interact and communicate effectively with people from other cultures. It is referring to a person’s behavior, motivation, skills, and strategies to deal with people and situations influenced by cultures dissimilarity from his/her own dominant culture Fakhreldin (2018). Crowne (2008) points out that CI is becoming an essential concept for business leaders and researchers for the reason that there is a rise in diversity in the workforce. Crowne (2008) found that certain types of exposures to other cultures like education, employment, and experience abroad increase cultural knowledge.

Main Research Questions

- What are considered critical EI characteristics and competences an IE and an IM should have when performing successfully in an international environment.
- What are considered critical CI competences an IE and an IM should have when performing successfully in an international environment.

Sub Research Questions:

The sub-questions are developed to understand (1) what approaches an SME founder or manager may use to enter the international market, (2) explores the dimensions of EI and CI, as parts of human capital, and its importance in the success of SMEs' internationalization.

- What are the approaches an SME may use as a model to develop their businesses in an international market?
- How does EI relate to IE and IM human capital?
- How does CI relate to IE and IM human capital?

Contribution

This paper seeks to contribute to the field of business management, serving as guidance to both the SME entrepreneurs stepping into the global market and the international company's managers searching for performance enhancement. This study explores the various dimensions of EI and CI and investigates how these dimensions contribute to the initiation and/or success of the internationalization of SMEs. Additionally, the study seeks to explore and compare the characteristics and competences present in both the IEs and the IMs.

Approach

The study has seven chapters, including this introductory chapter. The literature study, which is in chapter two, looks for internationalization models an SME may use to bring their business from a local into an international market. Additionally, chapter two explores the dimensions of emotional and cultural intelligence, as parts of human capital, and its importance in the success of SMEs' internationalization. The third chapter is detailing the exploratory research methodology used for this study. Chapter four analyzes the results of interviews from November and December 2019. The fifth chapter discusses the results found and compares them with previous related studies. Conclusions and recommendations are the subjects of chapter six, while the last chapter has the limitations of the study and suggestions for future research directions.

2 Theoretical Background

2.1 The Internationalization Theory Models

Academics and practitioners have shown an increasing interest in SMEs' internationalization. However, internationalization literature has traditionally accentuated the internationalization process of large multinational firms. Despite the increasing interest, a significant inadequacy in the literature is still present as there is growing consensus among researchers that SMEs differ from their larger counterparts in terms of their managerial style, independence, the scale of operations, and decision-making characteristics (O'Cass & Weerawardena, 2009).

Nerveless, there is an emerging consensus that SMEs internationalization is an entrepreneurial activity (Knight, 2001). The literature emphasizes, for example, that international business processes can be enhanced when the firm is internationally market-oriented and entrepreneurial. The IE, whether in 'born global' or in established companies, take considerable risks as they pursue opportunities in international markets. Understanding the factors that lead to variations in organizational success in international markets is an important topic in international entrepreneurship research. The personal and interpersonal characteristics of entrepreneurs are one of these factors.

A. Zucchella, Gabrielsson, Kirpalani, Dimitratos, and Solberg (2008) presented two approaches to young SMEs seeking internationalization: Internationalization following the 'traditional path' and the 'born global'. The traditional path starts with offering a variety of products or services in a domestic market. The international expansion occurs at a later stage when the business is established, adapted, and has gained a competitive advantage in the local market. This classic view of internationalization is based on the accumulated experience that results in incremental and sequential learning. These firms usually start with occasional exports before committing resources to any foreign market. Later, when knowledge is gained, their resources are adapted to the international market.

The 'born-globals' are entrepreneurial firms that internationalize shortly after start-up. An organization that, from its conception, seeks to obtain a competitive advantage by using its unique resources and sale of products and services in multiple countries (Davis & Harveston, 2000). Born-globals' view the world as their marketplace from the outset. According to Zhou, Wu, and Luo (2007), born-globals' gain knowledge by discovering opportunities. Born-globals usually conceive of foreign markets as places where they can explore and create new knowledge. The decision for internationalization of young SMEs is hampered by the availability of resources in market knowledge, technological knowledge, and entrepreneur human capital. Market knowledge implies information about institutional structures, norms and rules, local suppliers, competitors, and clients' behavior in the host markets. Technological know-how refers to what is needed to design and/or adapt products to new markets.

Entrepreneurial human capital relates to the entrepreneur's education, experience, and skills to explore and influences organizational performance. These three elements are relevant for developing a competitive advantage in international markets (O'Cass & Weerawardena, 2009).

There is a tendency toward using a 'holistic' approach to study internationalization. Based on the recognition that internationalization is too complex, dynamic and broad to be explained by using any single theory, Wach (2014) summarized four main models, an SME founder and manager, may use as a model to develop their business into the international market.

Firstly, the 'Stage model' a.k.a. the Uppsala model by Johanson and Vahlne (1977). The Uppsala model identifies chronological and learning patterns of internationalization. In the chronological dimension, the firm first accumulates experience in the domestic market and then begin exporting. While as a learning dimension, those firms initially start expanding into the markets closest to them in terms of culture, before expanding into culturally or geographically remote markets.

The second model is the resource-based view (RBV), by Barney (1991). This perspective gives us an understanding of how firms can gain competitive advantage and sustain it over time. Sustainable Competitive Advantage (SCA) is described as a firm's capability to create more value than its competitors on a sustained basis. The underlying logic of RBV is that firms should first look inward and discover their resources and capabilities (certain unique and intrinsic features of the firm itself) and then discover the markets where these resources can be exploited. The firm's resources rely on both tangible and intangible assets. Both enable the firm to conceive development and implement strategies that improve its efficiency and effectiveness. Tangible resources are assets that can be seen and quantified. Intangible resources are typically embedded in the company culture, accumulated and rooted deeply in the firm's history, i.e., knowledge, credence between the owner and employees, ideas, innovation, managerial skills, organizational routines, the firm's reputation for its goods or services, and how it interacts with people (employees, customers, and suppliers). As these resources are relatively difficult for competitors to analyze and imitate, the entrepreneur should understand the strategic value of their firm's tangible and intangible resources fully to meet the demanding standards of global competition.

Thirdly, Network Theory Mtigwe (2006) has been utilized by many academics in various disciplines. Applied to the internationalization of SMEs, it accentuates the firm's network with suppliers, customers, and businesses. Sometimes the network opportunities are seen as more viable than a well-build strategy Wach (2014); here, entrepreneurs take advantage of existing networks and arising business opportunities and the use of the bridge function of their networks. Entry to foreign markets is the process of creating opportunities in the foreign markets network. In markets in which a firm or its products are not known (due to no entry being made), a successful market entry depends on the management's ability to build networks and promote market development. In particular, due to the shortage of resources, information, and skills that are typical of SMEs (Wach, 2014).

Lastly, the IE model has developed in recent years in strategic management, international business, and marketing. Entrepreneurship is now a promising research stream focusing on how SMEs can

meet the criteria of a strategic internationalization process. The IE focuses on how the internationalization of new SME ventures can prosper. Furthermore, entrepreneurship is related to the IE's personal and interpersonal cross-border relations, which are found as one of the dominant factors for the organization's international performance. International entrepreneurship is related to the entrepreneur's personal and interpersonal cross-border relations, which are found as one of the dominant factors for the organization's international performance (Wach, 2014).

Therefore, the focus of this dissertation is to explore and add those entrepreneurial personal and interpersonal characteristics to the International Entrepreneurship model.

2.2 The Human Capital of the International Entrepreneur and International Manager

There is a consensus among academics that IE stands at the intersection of two significant areas of knowledge – International Business and Entrepreneurship (A. Zucchella, Scabini, P. , 2007). IE is defined as "the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services (Oviatt & McDougall-Covin, 2005, p. 540). Likewise, McDougall and Oviatt (2000, p. 903) built the IE model on a mixture of innovative, proactive, and risk-seeking behavior that crosses national borders and is projected to create value in organizations. Overall, these studies link IE to three elements: (1) opportunities assessment, and (2) creating a competitive advantage (3) in a cross-border market.

In 2018, Martin and Javalgi (2018) summarized the top-ten characteristics most usually regarded as critical success factors for newly established, highly export-involved entrepreneurial firms. The characteristics can be divided according to three viewpoints (1) historical, (2) organizational, and (3) strategic, as seen in Table 1 below.

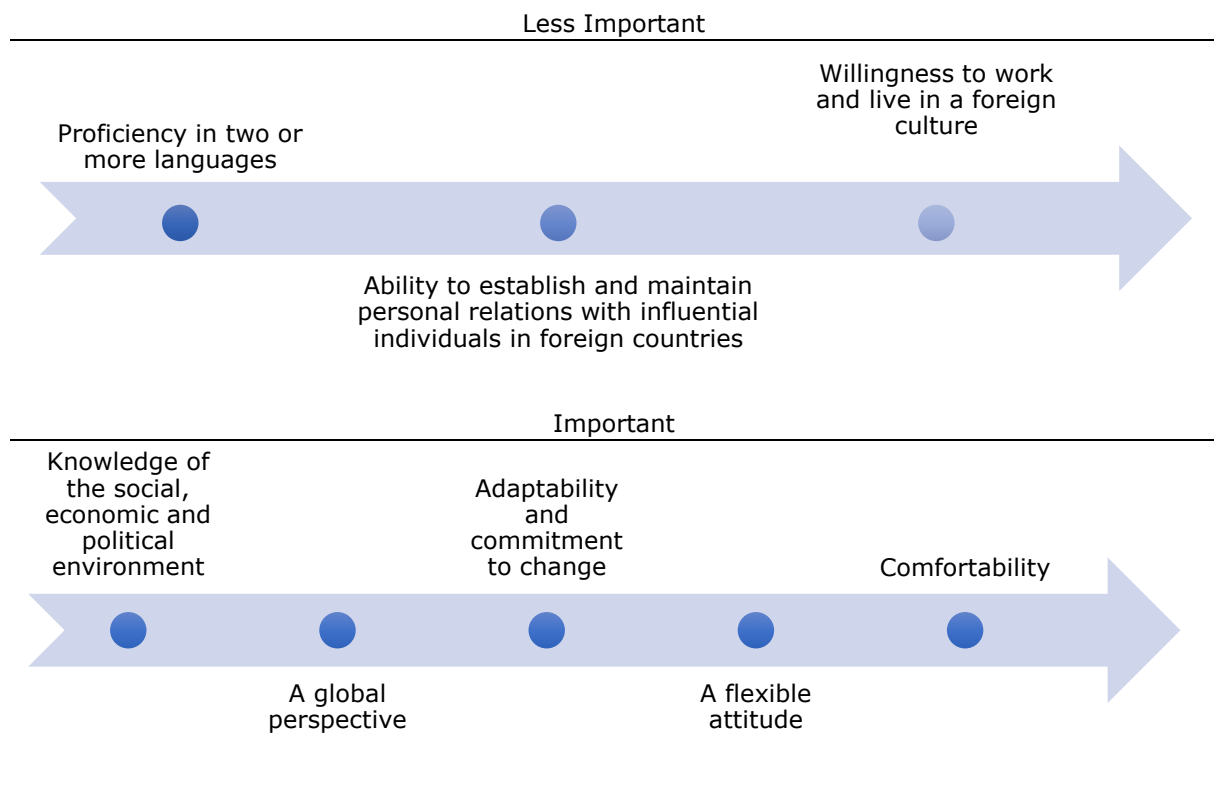
Ali and Camp (1996), published a paper in which they discuss that in today's global economy, it is not appropriate to make a separation between domestic and international managers. In today's business, when working either in a home or foreign market, managers need certain similar qualities. Cultural empathy is highlighted to be very important. Therefore, global managers, as IMs, are labeled by Ali and Camp (1996), need to think and act with an open mind with social diverse events occurring at home and abroad. The results of the study are summarized in a list (Figure 1) of skills and qualities needed for managers dealing with people from a culturally diverse environment.

Table 1. Critical success factors for newly established entrepreneurial firms.

Source: (Martin & Javalgi, 2018)

Historical viewpoint	Organizational viewpoint	Strategic viewpoint
<ul style="list-style-type: none"> • Prior international experience • Prior to market knowledge and market commitment 	<ul style="list-style-type: none"> • Flexibility capabilities to adapt to the external environment • Strong management commitment • Strong personal and business networks • Unique intangible managerial resources and capabilities • Strong focus on customer orientation and relation 	<ul style="list-style-type: none"> • Entrepreneur global vision from the foundation • Creating value through product differentiation, technological innovativeness, and leadership quality • The niche-focused and proactive international strategy around the world from creation

Figure 1. Ali and Camp (1996) list of "less important" and "important" skills and qualities needed for managers operating in a culturally diverse environment.



Drawing upon the studies conducted by Martin and Javalgi (2018) and Ali and Camp (1996), entrepreneurial and managerial human capital plays its part on the road to an internationalization success. Researchers as Unger (2011) have argued that human capital may play an even more significant role in the future because of the increasingly knowledge-intensive activities in most work environments. As part of human capital, they specified a broad spectrum of variables, among others, knowledge, experience, education, and training. Unger (2011) found a significant but small relationship between human capital and success ($r = 0.098$). The relationship between human capital and success was more significant for (1) knowledge and skills, which is considered as an outcome of human capital investments, in contrast to experience and education, which is considered as a direct human capital investment; for (2) human capital directly related to entrepreneurial tasks opposed to human capital with low entrepreneurial task-relatedness; for (3) young compared to old businesses. Additionally, the relationship between human capital and success was more pronounced when success was measured as size compared to growth and profitability.

An inspection of the literature shows that studies differ in their conceptualizations of human capital, and in their choices of success indicators. Thus, it remains unclear what kind of human capital should be related to success and under what circumstances. Therefore, the following chapter explains the role and importance of emotional and cultural intelligence, as parts of human capital, in the success of SMEs internationalization.

2.3 Emotional Intelligence un Human Capital Resource

Psychologists such as Thorndike, Salovey and Mayer, Bar-On, Daniel Goleman explained the EI Theory. In 1920 Thorndike, the founder of Intelligence Quotient (IQ), stated that EI is part of Social Intelligence (SI). He argues that intellectual abilities are bound to social settings and interactions that go beyond one's IQ.

Salovey and Mayer (1990, p. 189) defined EI as the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions". It entails the ability to control, to separate, and to guide one's thinking and actions. Later they stretched their model by explaining the EI as the ability of an individual to recognize, to evaluate, and to express their emotions accurately.

Bar-On (2000, p. 14) defined EI as "an array of emotional, personal, and social abilities that affects one's overall ability to cope effectively with daily demands and pressure". This ability is based on the core capacity to be aware of understanding, control, and express effectively. Once you make an inner analysis on how to connect, adapt, and cope, we will be more successful in dealing with environmental demands.

Goleman (1995, p. 34) views EI as a measurable emotional competency. He termed EI as "the ability to motivate oneself and survive in the face of obstructions; to control instinct and delay gratification; to cope with one's tempers and keep distressed from the ability to think; to empathize and to hope".

Hence, EI is characterized as the capacity for recognizing our feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and our relationships. Goleman emphasized that leaders with a high EI level are crucial to organizational success. They can seize employees' feelings related to their work environment, solve the issues that arise, manage their own emotions to gain the staff confidence, and understand the political and social agreements within a company. Goleman states that a person with EI has the talent to relate with people and comprehend their emotions, an important quality for the management of employees, attraction of customers, and investors. Furthermore, he discussed that emotional competencies are not intrinsic talents but rather learned capabilities that can be trained and acquired. Those characteristics are (1) self-awareness, (2) self-management, (3) social awareness, and (4) relationship management.

This study aims to analyze Goleman (1995) leadership competences deeply and to understand whether there is a link between these leadership competences and the personal and interpersonal competences of IEs and IMs when performing successfully in an international environment.

2.3.1 Self – Awareness

Self-awareness is a crucial dimension of EI and is defined as the ability to understand one's own emotions and accurately acknowledge their impact on others (Goleman, 1995).

Goleman (1995) provided three competencies of self – awareness characteristic:

- Emotional self-awareness – the ability to recognize one's emotions and their effects.
- Accurate self-assessment – the ability to accurately identify one's strengths and limitations.
- Self-confidence – the ability to know and understand one's ability and self-value.

Diggins (2004), for example, argues that high self-awareness allows leaders to recognize and control the effects of their emotions on their behavior and thoughts, and therefore allows them to develop stronger personal relationships with followers to become more effective leaders subsequently. Furthermore, Butler, Kwantes, and Boglarsky (2014) contend that highly self-aware leaders should be better able to recognize their mistakes and meet organizational objectives. J. Freedman (2004) emphasizes that the managers' own resources are at the origin of their success. An emotionally dangerous routine that threatens the overall potential can become a problem when the self-awareness of leaders does not mature. Reilly (2009) argues that self-awareness requires a deep understanding of one's emotions, strengths, weaknesses, needs, and purposes, and how they affect others. The attributes of self-awareness consist of self-confidence, realistic self-assessment, and a self-deprecating sense of humor.

2.3.2 Self - Management

Self-management, another dimension of EI, is the ability to control or redirect impulses and moods, the tendency to suspend judgment and to think before acting. It is the power to manage emotions through strategies and stress in unexpected situations (Goleman, 1995).

Goleman (1995) grouped self-management in two clusters: one is self-regulation the other is motivation. The self-regulation includes managing and controlling one's impulses, while motivation includes stimulating and driving an individual's behavior (see Table 2).

Table 2. Self-management clusters based on (Goleman, 1995).

Self - Management	
Self-Regulation	Motivation
<ul style="list-style-type: none"> • Transparency – the ability to carry a genuine openness to others about one's feelings, beliefs, and actions. • Adaptability – the ability to be flexible, handle multiple demands, and deal with change. • Initiative – the ability to identify, create, and act on opportunities. 	<ul style="list-style-type: none"> • Achievement – the drive to continually seek high personal standards and performance improvements. • Optimism – the ability to stay positive despite setbacks.

Giorgi et al. (2016) demonstrated that self-management is linked to sales success, claiming that individuals with this attribute understand which emotions to display in their work with clients and do it in a relaxed and organized method. Moreover, they argued that an individual who can manage himself could easily sustain relationships and accomplish personal and professional objectives, heading for success. Therefore, understanding the benefits of self-management is crucial for the benefit of both an individual and an organization.

2.3.3 Social Awareness

Social awareness is the capability to notice the emotions of others accurately and 'read' situations correctly. It is about identifying what other people think and feel. Individuals with high social awareness can comprehend, sense, and react to other's feelings within social networks. Goleman (1995) provided three competencies of social – awareness:

- Empathy – the ability to be aware of a person's or group's emotions, needs, concerns, and the ability to get along with people with diverse backgrounds and cultures.
- Organizational awareness – the ability to be politically astute and detect crucial social networks and key power relationships.
- Service – the ability recognizes and meets other's needs.
- Developing others – the ability to cultivate growth in others.

In their research, Men and Stacks (2013) indicated that individuals with a high level of empathy better serve clients and customers and have a high cross-cultural sensitivity and expertise in building and retaining talents. Empathical managers understand better other's needs, listen to their subordinates, and seize the reactions of others and can inspire their employees to stay with them when faced with difficulties.

2.3.4 Relationship Management

Relationship management, the final trait of EI, is the ability to manage relationships, built networks, inspire, influence, and develop others while managing conflict. Those traits involve effectiveness in leading change, persuasiveness, and expertise in building and leading teams (Goleman, 1995).

Goleman (1995) provided six competencies of relationship management necessary to successfully manage interactions with others:

- Inspiration – the ability to create resonance and move people toward a vision.
- Influence – the ability to persuade others.
- Change catalyst – the ability to recognize the need for change, challenge the status quo, and champion the transition.
- Conflict management – the ability to understand different perspectives and find common ground.
- Teamwork and collaboration – the ability to generate a friendly and collegiality atmosphere for groups. Besides, this skill includes drawing others into an active, enthusiastic commitment to the collective effort to reach a shared group goal.

Table 3 summarizes the four above discussed Goleman (1995) competencies.

Table 3. Emotional Intelligence Characteristics and Competencies, according to (Goleman, 1995).

Personal competence			Social Competences	
Self-Awareness	Self-Management		Social Awareness	Social Skills
	Self-Regulation	Motivation		
Emotional self-awareness	Transparency	Initiative	Empathy	Ability to influence
Accurate self-assessment	Adaptability	Achievement	Developing others	Ability to inspire
Self-confidence		Optimism	Leveraging diversity	Collaboration and teamwork
			Understand others need	Ability to catalyze change
			Developing others	Conflict management

2.4 Cultural Intelligence as a Human Capital Resource

Cultural Intelligence is a relatively new term in the field of management, but it is built upon prior concepts of intelligence, namely the IQ and EI (Thomas & Inkson, 2003). CI concentrates on a specific domain – our intercultural relations. Studies substantiate that CI can forecast a range of important outcomes, for example, how we adapt and perform in the intercultural domain. Therefore,

CI is the power to read the map of beliefs, customs, body language, relational dynamics, and power structures inherent in a cross-cultural environment.

Lewis (2006) explained that CI is not only about broadening one's horizons by living in other countries, by learning foreign languages, by reading books on history, philosophy, other cultures. It is about practicing empathy, understanding what motivates a person to behave in a particular way by taking into account the geographic, cultural, historical positions. Moreover, Earley and Ang (2003) have adopted a broader perspective and argue that CI is a specific form of intelligence focused on capabilities to grasp, reason, and behave effectively in situations characterized by cultural diversity.

So, CI entails a person's ability to adapt to new cultures and the ability to interact effectively with other people with whom he or she does not share a common cultural background and understanding.

Thomas and Inkson (2003) point out that CI is not a linear process in which a person moves from one stage to another. However, it requires experiential learning, resulting in an increased behavioral repertoire with each new learning experience and each new cycle of learning.

The researchers Earley and Ang (2003) created a four-dimensional structure of CI consisting of the metacognition, the cognition, the motivation, and the behavioral, as mental capabilities inhabited in us, driving our actions in a culturally diverse environment.

2.4.1 Motivation

The motivational CI dimension reflects the capability to be involved and self - motivated in learning about other cultures and the will to adapt in situations culturally different from its own. Motivational CI is explained as a mental capability to monitor and direct power towards performance within the intercultural environment in a real problem-solving situation. People with high motivational CI are positive about the intercultural interaction as they see the benefits of the activity and are confident in their capabilities to operate within the situation successfully (Earley & Ang, 2003).

The motivational CI focuses on instinctive and extrinsic self-efficacy subdimensions and goal setting as motivating factors. Self-efficacy refers to the decision of one's capacity to realize a specific level of performance. Highly efficacious people can continue and carry on without external rewards for their actions and are able to engage in problem-solving and strategic thinking in defeating obstacles.

- As instinctive motivation is biological or genetically driven, the evaluation of experiences gained from intercultural interactions and the fulfillment received when collaborating with people from different cultural backgrounds is part of this theoretical process. Human's curiosity is something new and different; other cultures included, is coming from inside us and is not driven by external factors. For example, the desire to interact with locals, to learn about others, or to be confident to operate in a culturally diverse environment is biological or genetically driven. Individuals with a low level of self-efficiency will be discouraged from engaging with others.
- As extrinsic motivation is driven by external factors, valuing personal benefits when interacting with a culturally diverse environment is part of this process. Being interested in

intercultural work experiences with the purpose of increasing one's reputation is an example of such extrinsic motivation (Earley & Ang, 2003).

2.4.2 Cognition

The cognitive CI dimension is gained from educational and personal experience and builds on the knowhow of norms, practices, and conventions of different cultures. This knowledge brings an understanding of how the system organizes models of behaviors and interactions within a culture, and why these models of behaviors and interactions differ across different cultural environments. Cognitive CI knowledge is subdivided into two main areas:

- **Culture-general knowledge** explained as knowledge of the cultural environment. It gives an important organizational framework for thinking about possible ways of comparing different cultures and getting an understanding of similarities and differences.
- **Context-specific knowledge** deals with informative knowledge about the manifestation of cultural characteristics in a specific environment and the procedural knowledge of how to be effective in that environment.

The individuals working in a multicultural business or diplomatic environment should possess detailed cultural knowledge about the norms and expectations of these subcultures to perform effectively. Context-specific knowledge, on the other hand, is directed to the specific insider's understanding of how to operate in a specific environment (Earley & Ang, 2003).

2.4.3 Metacognition

The Metacognitive dimension within the CI structure is an individual capability to acquire and understand cultural diversity and is focused on higher-order cognitive processes with the capability to create a plan, monitor, and revise mental models of cultural norms for countries or groups of people. The two dimensions of CI Metacognitive are awareness and monitoring of cognitive processes. Individuals with high CI metacognitive have a high awareness of how their own culture determines their behavior and their understanding of intercultural situations.

The nature of metacognitive CI includes self-regulated mental processes like planning, awareness, and checking. Planning occurs before the interaction with another culture. Awareness should be during the whole process from the initial planning until the end of the interaction, while checking takes place during and after the communication.

- **Awareness:** is knowing about culture; it represents the degree to which people have a real-time understanding of how cultural influences: their own and others' mental processes and behaviors. An individual is capable of linking their cultural habits with those of another culture and suspend some judgment until sufficient information is accumulated to interpret intercultural interactions.
- **Planning:** picturing short - long-term objectives and design action plans for each step to be taken in specific cultural environments. Planning can be self-reflecting (What can I do to

achieve what I want?), can be related to others (What might they do to achieve what they want?), and be related to both (How might our actions affect what we can achieve in this situation?).

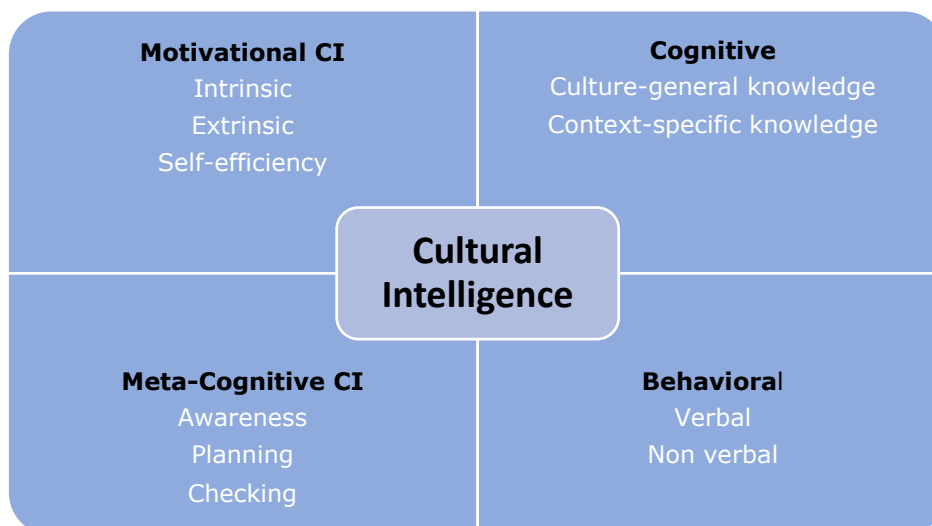
- **Checking:** It includes reviewing assumptions and adjusting mental maps when the actual experience is not the same as expectations. It uses the method of comparison between the expected outcome and the outcome of intercultural communication. Checking it leads to communication adjustment during the real-life situation (Earley & Ang, 2003).

2.4.4 Behavioral

The behavioral CI dimension is defined as an unaccountable behavior in a certain cultural context and is stemmed from the knowledge obtained through the metacognitive, cognitive, and motivational of CI. In other words, through the natural ability to read correctly the message sent by a stranger and applying all three other dimensions of the CI in a real-life situation. Communication behaviors can be placed into two main categories: verbal and nonverbal.

- **Verbal Behavior** refers to flexibility in vocalization. A person can adjust his or her behavior by changing the pace of the speech, the amount of warmth or enthusiasm, the use of pauses, or silence as in different cultures, they are treated differently.
- **Nonverbal Behavior** is defined as flexibility in communication by using gestures, facial expressions, and body language. Some cultures are more expressive in the usage of non-verbal means of communication than the others (Earley & Ang, 2003).

Table 4. Earley and Ang (2003) four-dimensional structure of CI.



2.5 The Link Between Emotional Intelligence and Cultural Intelligence

Throughout this paper, the importance of both emotional and cultural intelligence as a key success factor a leader needs in today's business is discussed. This view is supported by Earley and Ang (2003) and (Moon, 2010). A broader perspective was given by Moon (2010) where he inspects the

relation between EI and CI. His findings demonstrated strong support that the EI characteristics , particularly the ones related to social competences like social awareness and relationship management are related to CI competences. Moon (2010)'s findings are summarized and explained below.

The EI characteristic "self-awareness" is positively aligned with metacognitive CI (an individual's cultural consciousness and awareness during cross-cultural interactions). Those individuals with high self-awareness, who can identify their own and others' emotions, tend to look for feedback and new perspectives about themselves (Moon, 2010).

The EI characteristic "self-management" was positively related to all three facets of CI except motivational CI. An individual might rate high on the self-management scale of his or her original culture, but that does not necessarily translate into success when committing to adapt one's behavior and when to manage one's and others' emotions in different cultural settings. While self-management being positively related to metacognitive, CI can relate to those individuals with high conscientiousness as they are more likely to take responsibility for personal performance, commitments, and promises. The self-management individuals approach their work in a playful, organized, and purposeful manner. As "self-management" was positively linked with "cognitive CI", it might explain why individuals with high achievement drive and initiative are more likely to expect obstacles and take calculated risks when pursuing a goal. Moreover, they are well-prepared and knowledgeable about specific aspects of other cultures (Moon, 2010).

The EI characteristic "social awareness" was positively related to motivational CI, and behavioral CI, but not to metacognitive CI. The Moon study argued that those who are high in social awareness within their own culture are not necessarily skilled in interpreting people's feelings or non-verbal cues or comprehending the implications of interacting with individuals from other cultures (Moon, 2010).

The EI characteristic "relationship management" is positively related to all three facets of CI except cognitive CI. Since cognitive CI refers to an individual's knowledge of other cultures' particular norms, customs, traditions, practices, and conventions, relationship management within a single culture would not be closely related to cognitive CI even with the most complex and highest level of abilities among the four EI competencies (Moon, 2010). Moon (2010) EI - CI correlation overview is given in Table 5.

Table 5. Moon (2010)'s four-factor CI correlation model.

Emotional Intelligence	Cultural Intelligence	Correlation
Self-Awareness	Metacognitive	Yes
Self-Management	Behavioral	Yes
	Metacognitive	Yes
	Cognitive	Yes
	Motivational	No
Social Awareness	Motivational	Yes
	Behavioral	Yes
	Metacognitive	No
Relationship Management	Motivational	Yes
	Behavioral	Yes
	Metacognitive	Yes
	Cognitive	No

This chapter has presented briefly four models of how young SMEs pursue the international market. Additionally, this empirical study goes deeper into the importance of IE and IM human capital on the road to internationalization success. The various dimensions of EI and CI as parts of human capital are also investigated, and how these dimensions contribute to the initiation and/or success of the internationalization of SMEs.

3 Research Methodology

3.1 Introduction

The research design was undertaken to discover the personal experiences and characteristics of managers and entrepreneurs working internationally with culturally diverse teams, partners, customers, and suppliers is reflected in this chapter. Firstly, it will present the aim of this research and the methodological approach. Secondly, the selected method used for data collection, along with the sample selection, will be explained. Finally, it will discuss the ethical issues associated with this study.

3.2 The Aim of the Research

The purpose of this research is to explore the personal and interpersonal characteristics of entrepreneurs and managers when interacting in a culturally diverse environment and to understand how they use those competences to result in a successful outcome for their companies.

In the initial stage of the interview, the questions to SME entrepreneurs and managers were focused on the internationalization approach of their company, specifically how they enter the international market and how they build and maintain relations with their international partners and/or customers. More precisely, what are the approaches and the strategies they use to develop their business in the international market.

In the second stage of the interview, sub-questions related to capturing their EI and CI dimensions were asked. With the intention of understanding what is considered critical characteristics and competences an IE and an IM should have for a successful international performance (see appendix 1).

This study aims to understand those professionals' characteristics and competences when working internationally or with culturally diverse teams within their organization and how they develop and preserve relationships in an international environment.

3.3 Qualitative Approach

This research is exploratory, using a qualitative method. The research is built upon secondary data derived from literature reviews and through formal interviews. The population interviewed were professionals working with or in culturally diverse environments. This qualitative approach is intended to capture the interviewee's outlook on, and knowledge gained while working and performing in an international environment.

3.4 Data Collection

The data for the qualitative research were collected by applying a semi-structured interview method. This method allows participants to elaborate more on specific questions, yet it still provides an excellent structure to code and subsequently to compare. Additionally, the replies provide more flexibility and range and have a higher capacity to elicit additional information from the participant. Kumar (2005) views an interview as the most suitable approach for studying complex and sensitive areas, as the interviewer can prepare the participant before asking sensitive questions and explaining complex ones to them in person. Interaction between the interviewer and the participant can differ as each interview is unique, and the quality of the responses obtained from different interviews may vary significantly.

Data collection took place in November 2019. The process started with forwarding to the selected participants an information topic memo together with the interview request and a consent form (see appendix 2). The actual interview was always preceded by rechecking their consent approval. All participants were contacted through emails and private messages on social media. A Dictaphone was used to record the interviews, and all interviews were transcribed accurately. The interviews were carried out in the participant offices or through cloud-based conferencing services.

At the start of the interview, the participants were asked about their position in the company and their experiences working internationally. Once their position in the company was clarified, companies' founders and entrepreneurs were asked how their company entered the international market, their internationalization process. Managers were asked how the company obtained the current position in the international market and what entry modes were used. This subdivision, founders, and entrepreneurs on the one hand and managers, on the other hand, was made because the latter were not always the ones involved in the decision making on entering the international market.

The second phase of the interview used structured interview questions, both for entrepreneurs and managers, on how they manage emotions in a culturally diverse environment.

In the last phase of the interview, an open question had to assess the behavioral characteristics they gained while working internationally or what can be behavioral characteristics that play a significant role while performing in an international market.

3.5 Sampling and Selection

This study was conducted in the context of an international business environment. Company founders and company managers of different SMEs, covering a wide range of industry fields, were interviewed. All worked in or with culturally diverse environments. The participants were sought through personal contacts of the researcher and social media accounts (LinkedIn and Facebook).

The sampling population holds thirteen respondents, male and female, between ages twenty-two and sixty-five. The purposive sampling list below in Table 6 gives an overview of the respondent's

position in the company, the type of business, the location of the main office, and their area of operation.

3.6 Ethical Considerations

In conducting any type of research, the researcher must at all-time be aware of the impact which their research will have on participants and on society as a whole and must, therefore, act according to ethical considerations. Kumar (2005) acknowledges that it is unethical to accumulate information without the knowledge of participants, and their expressed willingness and informed consent. The used consent form stipulates that the participants could withdraw at any time or refuse to answer any question without any consequences of any kind. Additionally, confidentiality and anonymity throughout the process were guaranteed. The purpose and nature of the study were explained upfront, and an opportunity to ask questions about the study subject was given. Prior to the interview, the participants were also informed that the interview was being audio - recorded.

Table 6. Sampling List.

International Entrepreneurs				
	Interviewee position	Type of Business	Location	Main market
IE1	Founder	Marketing software	Bahrain	Global
IE2	Founder	Social network software	Kosovo	Global
IE3	Founder	Engineering software	Kosovo	Global
IE4	Founder	Social platform	Belgium	Global
IE5	Founder	Marketing software	Kosovo	Global
IE6	Founder	Engineering services	Albania	Global
IE7	Founder	Telecom	Belgium	Global

Managers - CEO				
	Interviewee position	Type of Business	Location	Market
IM1	Director	Utilities	UAE	Asia - Africa
IM2	Customer Experience Manager	Hospitality	UAE	UAE
IM3	Project Manager	Engineering	Bahrain	Bahrain
IM4	HR Business Analyst	Engineering	Netherlands	Global
IM5	Sales Manager	Safety Equipment	Italy	Global
IM6	Regional Sales Manager	Analytical Instrumentation	Switzerland	Asia

3.7 Qualitative Data Analysis

Once the interview data collection was obtained, a big challenge was analyzing a large mass of material. Questions elicited the respondents to elaborate on their emotions and international experiences.

Malhotra, Birks, and Wills (2012) paper was used as a reference for the data analysis approach. As a first step, the data were transcribed in a text form and reviewed. Secondly, the data were coded and labeled in a structured manner. Repetition of keywords and/or key ideas were the most common identifiers when coding. Thirdly, the recurrent keywords and/or key ideas are then divided into the different identified EI dimensions. This allows to identify structures and allows quantifying the different elements. A deductive logic was utilized based on Table 3 and Table 4.

4 Results

4.1 Internationalization Approach

In the first phase of the interviews, the professionals were asked to describe the company's approach and strategy used to enter international markets. IEs described that at the outset, experience in the domestic market was accumulated and subsequently exporting their products or their services abroad begun. Three of the IEs applied at first the Uppsala Model and later on the Network Model. The founder IE2, provider of a social network software, remained for a short period in the domestic market, utilizing his network as an advertising strategy, and once they understood their service had potential, the app was introduced in multiple countries. In this study, SME founders identified that the most frequently used internationalization approach was made through networks. It confirms the statement from the literature review that the Network Theory for SMEs is a vital internationalization strategy. Wach (2014) highlighted that an entrepreneur's ability to build networks and promote market development is an important skill for internationalization success.

Also, in this study, interviewees see further developing and maintaining networks as a very important strategy used for their internationalization approach. Different platforms are used for building and maintaining these networks (and personal bonds): blogs and communities, trade shows, business hubs, conferences, and workshops. These platforms also ensure the systematic growth of the nodes in the network. Once the network is built, and work-trust is gained, the respondents provided different approaches to build up an interpersonal relationship with their customers, partners, and suppliers.

Research question: What are the approaches SMEs may use as a strategy to develop their business into the international market?

Statement 1: The internationalization success of the SME depends on the entrepreneur's ability to build and maintain networks.

IE's explained how those networks are built. For them, the usage of the internet plays a fundamental role in the creation of international opportunities and relations. The internet is not only used as an advertisement platform but as well as a knowledge exchange platform.

IE5: 95 % of our clients are abroad. Clients that we have never met, but we got trust online. We get those clients mostly through referrals, but we also get a lot of projects and potential clients from attending different conferences and participating in online communities where people can see our work, and we have results to show it.

Another approach to build networks is through participation in tradeshow, conferences, seminars and business platforms. Those platforms facilitate the creation of networks for entrepreneurs and make the world smaller for SMEs.

IE4: We got introduced to the US market by a local governmental organization supporting SME with their internationalization process. They organized a trade mission, where we were introduced to a lot of people in the health care sector. This was the basis for some partnerships.

IM6: We used a business hub, provided by the embassy, to enter the market in Brazil and to connect with our peers.

IEs highlighted the importance of sharing their culture; doing so, they remove cultural misperceptions or cultural barriers. IE3 and IE1 explained, in particular, this approach is needed for countries like Kosovo and Bahrain. Those emerging countries have potential and talented people, but they are ignored by the international market.

IE3: People usually are not very well updated, and they see the region of Kosovo as unstable. We remove those perceptions from our partners by inviting them to visit our offices, and then they see we are no different.

IE1: Bahrain is an unknown country; international markets think it is desert. Many international markets do not know that we work in the same way as in Europe, we provide high-quality work; we take extra steps to deliver more.

IEs stressed the importance of creating and maintaining informal interpersonal relationships with their international associates and allowing them to build lasting relationships with their international associates.

IE5: Two-three times a year, we travel to the US and meet clients in person. An after-work informal lunch, dinner, and/or social function are always part of the program.

IE4: We bring our US partners, two to three times a year, to Belgium for a face to face meeting. We combine these meetings with team building activities. In the US, our organized conferences or trade shows, always include an after-work dinner and allowing them to have informal communications. Informal communication is very important; it does not always have to be a white shirt and tie.

IM6: Once a year, close to the Christmas period, we organize a general meeting at the Swiss head office. Everybody is invited. And I mean everybody, even the guy who makes the tea for the guy who makes the coffee. Sometimes we customize a local employee's needs. This can be in the form of a bonus or even through the funding of a specific training course. Our budget for maintaining our network is substantial.

4.2 Emotional Intelligence

In the second phase, the professionals were asked questions related to their emotions. This while interacting with culturally diverse groups and cross borders interactions within and outside their organization. The questions were related to emotional aspects when dealing with colleagues, with their international partners, suppliers, or customer. The aim of those questions was to understand what are considered critical success factors, personal and interpersonal while performing in the international environment. Those questions are built upon the background given in section 2.3.

The interviewees are divided into two groups: the IE and IM. This division was made as both groups have different responsibilities within their professional matrix, and showed different perspectives related to their emotions. The managers showed a set of emotional characteristics and competences to accomplish a task, while entrepreneurs, thinking mostly in a strategic way, showed different emotional characteristics and competences.

4.2.1 Personal Competences

In order to capture the interviewees' EI dimensions, they were asked to describe their personal characteristics, their emotions, and how do they implement those emotions to obtain a successful international performance. The results were summarized and categorized according to Table 3. Emotional Intelligence Characteristics and Competencies, according to (Goleman, 1995).

According to the researcher's perception and understanding, IEs and IMs expressed what the personal and interpersonal characteristics or skills that best describe them were. Then, patterns were identified: what characteristics and skills are mostly used to perform in the international environment successfully. The table in Appendix 3 gives the frequency interviewees clearly made statements related to the corresponding EI dimensions.

Research question: What are considered critical EI characteristics and competences an IE and an IM should have when performing successfully in an international environment.

4.2.2 Self-awareness

To understand the world in which they act, professionals need to know and guide their strengths and vulnerabilities to perceive how they react to culturally diverse environments.

IEs show an ability to detect their own strengths and limitations and transform those limitations into opportunities. Once they are confronted with obstacles, they seek ways to turn them into opportunities. IEs who are self-aware, they know how to harness their inner strengths, innovate, and take bigger risks. They explained that they feel a strong sense of self-confidence when taking risks and pursuing their vision.

Statement 2: Ability to transform limitations into opportunities and be self-confident is an important entrepreneurial characteristic towards a successful international performance.

Opposite from the IEs, the IMs were more concerned with understanding their emotions their effect on others. IMs explained that they improve what they consider cultural limitations in order to attain a positive outcome for themselves and others. Therefore, they showed characteristics as being able to understand their own emotions, learn from obstacles, improve themselves and develop stronger relationships with their team. Butler et al. (2014) indicated that self-awareness increases relationships in the company and work quality.

Statement 3: Ability to recognize their own emotions and their effect on others an important managerial characteristic towards a successful international performance.

Bellow their viewpoint on self-emotions, the recognition of how these emotions affect the thinking and the reactions.

International Entrepreneur

IE2: Even though the idea of immediately going global could work for us, we also knew we were not yet ready to expand. Starting local and then growing into what we liked to be. Not starting big and then failing.

IE3 Working internationally has changed my perception. Especially in terms of turning a disadvantage into a strength. An example: Kosovo is a small country that used to have low mobile network coverage. The younger generation barley used the existing landlines. This generation, however, eager to learn, adapted and adopted very fast all new technologies — for example, wireless technologies. The lack of expertise with technologies was quickly turned into an advantage.

IE4: We Belgians are shy, reluctant. Well, don't be. Do not be shy to enter a new world, be more assertive, be more open, and show yourself. We entrepreneurs like to jump from the mountain and then build a parachute instead of first building a parachute and jump.

International Manager

IM3: As a result of my cultural background, I lacked in strictness following up on tasks. Working in an international environment helped me in leaving that behind.

IM4: Self-awareness is important. As South African, working locally for a global company, I thought I knew how to work in an international environment. However, upon arriving in the Middle East, I understood it was not true. I had to learn again; learn how to address people, learn how to phrase my questions; I had to adjust myself.

IM5. When you have the sensitivity to look into yourself, understanding self-awareness is just a matter of being comprehensive.

IM2: I could never imagine I was able to work with so many nationalities together. Now I know that merging all different opinions to a single strategy is a daily learning process. I know I am going to make mistakes, but I also know I am going to learn from my mistakes and add value to my life.

4.2.2.1 Self-management

To effectively manage relations in a culturally diverse environment, "self-management" of own emotions is paramount. The professionals provided information on how they reduce impulsive responses when dealing with unexpected, culturally diverse behaviors. About "self-regulations", interviewees explained how they handle those emotions. The respondents also provided information on how they use self-control to channel emotions toward the goal. Both IEs and IMs empathized that it is very important to be flexible when dealing with cultural change. Crucial is flexibility in culture adaptation, time management, negotiation, and task accomplishment. IEs explained, with flexibility they can easily switch their behavior when slow responding or fast responding is needed while IMs make usage of flexibility to anticipate problems that might occur when their team does not deliver in time. Therefore, being flexible and adapt to the international environment for both IEs and IMs is an important competence. It means adjust themselves to a situation they encounter and to be more effective in problem-solving.

Statement 4: Flexibility in managing change and adapting to a culturally diverse environment an entrepreneurial and managerial competence towards a successful international performance.

Self-regulation

International Entrepreneur

IE2: You have to be very flexible because people from other cultures can have another view on things. Try to adapt to situations. Go for the solution, not the confrontation.

IE4: A challenge working internationally is time-management. Especially operating within hugely different time zones. You need to adapt your organization. Be flexible and have the right people who want to do that. An email that needs a reply within the hour also needs it when you are in an 8 hours different time zone. Doing business with the US puts you in a higher gear.

IM5: In Germany, quality goes above price; in the US, all is negotiated; it is in their culture. Be prepared for negotiations and be a bit flexible if you are targeting customers in the US.

International Manager

IM2: With all the unique cultures we have around the table, we know there are different views and disagreements. But being flexible is key. We learn and adapt very fast, so our daily operations can continue with a smile.

IM5: Time management – A 10:00 am meeting in Switzerland starts at 10:00 am, no matter if there is a traffic jam or not. A 10:00 am meeting in some countries can also start at 2:00 pm. Be patient, calm, relax, and adapt to their speed. Otherwise, you feel stress and do not behave as you should.

IM4: I am very accented, driven, and pushy about project deadlines. I must revise myself, slow down, ask the right question, and be more tolerant of slow responses. Be tolerant, accept what you can't change.

Their time management style, depending on where they grew up, is sometimes a problem

IE5: When you are doing planning, set objectives, be realistic, do not overpromise. What we do is "under-promise". We deliver well before the set delivery date. This makes our customers happy.

IE6: Being available throughout the day when doing business across the globe is not an easy task, but I understand that it is needed. Additionally, anticipate that there are not only different time zones but also the different workweek starts days: In the Middle East, they start the week on a Sunday.

for me. I must accept that this is my problem, not theirs.

IM5: Flexibility is the best characteristic that a negotiator must-have. Increasing your knowledge about another culture might be useful when confronted with an unknown cultural situation.

IM1: "Anticipate more the local circumstances." Cultural differences can also result in different organizational layers. Something that you expect to be completed today might, therefore, only be completed tomorrow in, e.g. South Africa.

Motivation

According to Goleman (1995), a person is motivated when they show the emotional tendency to guide or facilitate their feelings when reaching the goal. IEs explained that a lot of patient, persistence, and optimism are needed to reach their global vision. Moreover, IEs make clear that they are always eager to act on opportunities as they strive to meet an outstanding international performance. Patience for IEs means that even though they are self-confident about their idea, they don't get frustrated and give up when they do not see immediate results. They know it might take a considerable amount of time until their idea will be developed; therefore, through persistence and optimism, they pursue their goals. Along the way they adapt, they change strategy but always keeping their eye on their global vision.

While IMs, see patience as being tolerant towards other cultures and persistence as a determination to strive and achieve personal and organizational targets. IMs use those skills to improve themselves and stay positive when facing cultural challenges through commitment and discipline.

Statement 5. Patience and persistence are important entrepreneurial and managerial characteristics towards a successful international performance.

International Entrepreneur

IE2: At the start, it was a little bit crazy, the challenges were huge, but it was our strong will and keeping our eye on the vision that pulled us through.

International Manager

IM2: You need to be patient and persistent. The first month in this job, I asked myself how I will be able to handle this, the timing, the discipline, everything was a challenge.

IE3: I tackled the challenges with persistence. Our country does not have a culture of investments or financial support. You need to have a personal startup capital to launch your business and grow. The process is long, but you will enjoy and appreciate the end result even more.

IM1: My experience tells me that there are local cultural specifics. The influence of these differences on the development of a task does not make me nervous anymore. I'm motivated by the fact that the task will be completed in time through my mediation.

4.2.3 Social Competences

4.2.3.1 Social Awareness

"Social awareness" requires humbleness and the capability to engage with people having different cultural personalities. Interviewees explained how they understand the emotional clues, needs, and power dynamics of both individuals and their organizations. Both IEs and IMs explained that it is essential to be open-minded when confronted with a culturally diverse situation in order to find a common goal and achieve their vision. Moreover, when working internationally, it is very important to understand that people have different cultural and personal perspectives, interests, and concerns. Therefore, recognizing those diversities, being tolerant, and finding common ground is key. IMs showed that they are more concerned about fully understanding the cultural problems of their teams with the aim of creating bonds. Empathy increases collaboration, enhances interpersonal relations, and accelerates productivity and innovation.

Statement 6: Empathy is an important entrepreneurial and managerial skill towards a successful international performance.

International Entrepreneur

IE2: Be empathic, understand that people are different and that we do not all have the same background. Find common ground. Understand the needs of others. If it does not suit you, it does not suit you. It is ok, you tried.

IE7: If you do not grasp something about another culture, inform yourself. If you are confronted with something that you do not understand, you study, you inform yourself, you communicate with the counterparty. This is my advice.

International Manager

IM1: I lead teams in the Middle East with divers' nationalities. Do they want to have just a safe salary to maintain their family, or do they want to build a carrier? What is their target? These are the elements that I seek from the man behind the employee.

IM6: I work with different cultures and different people from different fields. The most important is that you see the human behind it, no matter where he or she is from, religion, or work he or she has. I do not mind stopping the meeting when it is prayer time.

IM6: I know all my overseas employees, how their family's situation is, if they have children

IE4: Be open-minded with different cultures, views, and visions. This is crucial when stepping into an international business environment. I share my culture, and I understand that other cultures also want to learn.

and if they still go to school. I support them to build a career with us. So real interest in other people.

4.2.3.2 Social Skills

“Social skills” sum the other three dimensions (self-awareness, self-management social awareness) where emotional understanding is applied. This requires a genuine desire to develop relationships of trust. The interviewees gave their perspective on how they build confidence in a culturally diverse environment and how they empower and inspire their employees. IEs showed leadership skills as a change catalyst. Mostly concerned about inspiring, influencing, and mentoring their employees toward a change. IEs explained that it is important that their team is empowered, and all have the same synergy and the same vision.

Statement 7: Ability to inspire and influence their team is an essential entrepreneurial competence towards a successful international performance.

Contrarily, the IMs are more focused on conflict management, trying to understand what the team’s problematics are and finding ways to solve them, so they can reach their Key Performance Indicators. They show an ability to comprehend different perspectives and find common ground engaging in teamwork and collaboration.

Statement 8: Ability to understand different perspectives through collaboration and teamwork an important managerial attribute towards a successful international performance.

International Entrepreneur

IE3: I empower my employees through, e.g., one on one talks where they are open to share, without hesitation and in total freedom, their constructive opinion about everything and everyone.

IE2: I try to create an environment where colleagues can perform and be themselves. They get the needed freedom, but they have to deliver.

IE4: The nature and the culture of the company motivate us all to work

International Manager

IM2: Keeping all co-workers motivated is a challenge in the hospitality business, especially in a luxurious environment. We are working so the guest can have a great leisure time. We are working on that by inviting motivational speakers addressing this issue, and we organize fun activities for our employees.

IM1: I give my oversea employees autonomy. They get their objectives and related deadlines. When I see they have difficulties in attaining these targets, I contact them

internationally. We do not incentivize our employees. They know they are working in a scale-up company that wants to be the first in the world. This alone is very motivational and triggers flexibility greater than in other corporations. Our future vision and transparency make that everybody feels he or she is a part of the success.

IE5: We do not like comfort zones for our employees. We favor a continuous learning path. Our business is a continuum. Through specific internal communications channels, we encourage everybody to share novelties and educate colleagues.

through a conference call or by going to the site. Only after hearing their side of the story, I formulate proposals, mediate between them and other departments, etc.

Leonie: I build a personal relationship with my partners. For me, it is important that people see me as a team member and not as a manager.

IM6: Our company builds the job around the specific skills of the individual. We do not search for people who have the same skills.

The identified characteristics and skills for IE and IM when interacting in an international environment are given in Table 7.

Table 7. Found characteristics and skills for IE and IM when interacting in an international environment.

Entrepreneur Characteristic	Managerial Characteristic
<ul style="list-style-type: none"> Self-awareness • Exploration and exploitation of opportunities • Global vision • Self-confident 	<ul style="list-style-type: none"> Self-awareness • Recognition own emotions and their effect on others • Improve own limitation
Entrepreneurial and Managerial Competence	
<ul style="list-style-type: none"> • Flexibility • Empathy • Adaptability 	
Entrepreneurial and Managerial Characteristics	
<ul style="list-style-type: none"> • Patience • Persistence 	
Entrepreneurial Competence	Managerial Competence
<ul style="list-style-type: none"> • Inspire • Influence 	<ul style="list-style-type: none"> • Teamwork • Collaboration

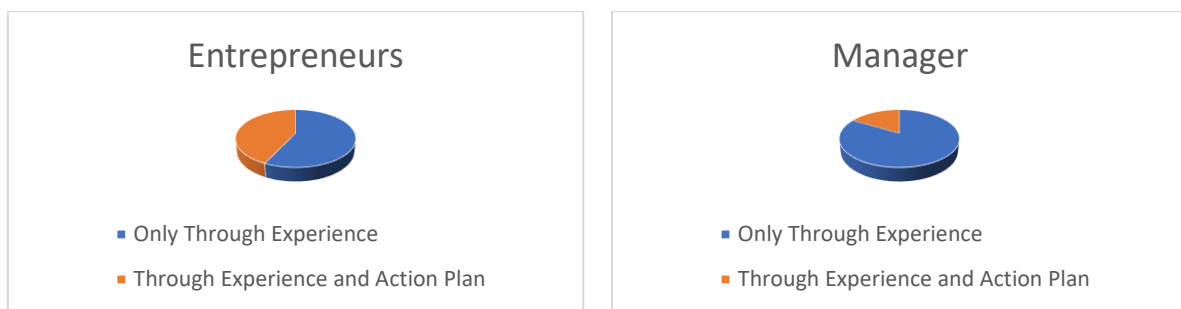
4.3 Cultural Intelligence

In the third phase of the interview, questions on understanding the professional's focus on the two dimensions of cultural intelligence were asked. The first question was related to the meta-cognitive dimension. If the professionals learned and prepared themselves before taking part in a cross-cultural environment. The second question was related to the behavioral dimension. If professionals, when interacting with people from other cultures, modify their verbal and nonverbal communication.

4.3.1 Meta-Cognitive Cultural Intelligence

Both charts in Figure 2 show how the professionals gained knowledge of the cultures they were going to be exposed to. "Experience" consisted of knowledge gained working internationally, while "Action Plan" stand for a well-developed preparation before entering the international environment. Five out of seven IEs explained that they developed an action plan before entering the international market. The main reason why IEs were motivated to gain knowledge of different cultures was mainly driven by business purposes. This stands for extrinsic motivation. Only two respondents from the entire sample explained that they were instinctively motivated to learn about other cultures. They explained that they are self-motivated to gather cultural knowledge, and they do this by talking to the locals not only to their teams. This might indicate that being an active learner about other cultures in a work environment is personal.

Figure 2. How Entrepreneurs and Managers Gain Meta-Cognitive Knowledge on the Different Cultures



IE3: As an entrepreneur, I do my homework, e.g., when meeting with people from India or other Asian countries, I do my share of reading to avoid cultural misunderstandings, avoid religious topics etc. Even so, it allows me to carefully choose the meeting place and even the lunch spots and meals.

IE4: I read and prepared myself on what I like to call "the hard facts" rather than the "soft skills", like "what is the dress code", how to greet people". I learned, however, that I could do better when also informing myself on the "soft skills" and adapting my behavior.

The IMs, however, sees it differently. For them, it is a learning process, an experience they gain while being in the international market.

IM1: I learned by going into the field, dealing with people. Sometimes it worked out, sometimes it did not, and other times, I ran into a wall. The most important is to learn how to get the job done.

4.4 Behavioral-Cultural Intelligence

Figure 3 shows that most of the professionals adapt their verbal and non-verbal way of communication when interacting with culturally diverse environments. Nine interviewees out of the thirteen explained the importance of it.

IE4: "I changed a bit, not on purpose, because the culture in the US is different. Americans are always overpolite, overfriendly, and over-enthusiastic; therefore, you have to act in the same way. If you only stay in your own comfort zone, your own culture, you create a barrier".

IM2: Yes, body language is something we have to adapt to. There are do's and don'ts. In Dubai, shaking hands is different and approving also.

What was surprising in this study, both IEs, providing digital marketing service, explained that in their work environment, they see no need to adapt their verbal and nonverbal communication. The most important thing when it comes to digital marketing is to deliver professional communication. This might occur due to the type of service they provide.

Figure 3. Entrepreneurs and managers: adapt or not adapt the verbal and non-verbal way of communication when interacting with culturally diverse environments



Research question: What are the most critical CI competences towards a successful international performance?

Cultural adaptability is the highest level of cultural intelligence, and for this level competences of IE dimensions take place like flexibility and empathy. Overall, there seems to be evidence that indicates that CI dimensions, as expected, are linked with the EI dimensions, in particular with social awareness and relationship management. In this study, when analyzing the results, only three

respondents out of the total sample highlighted that CI is seen as a key success competence for the internationalization process of the SME. However, the majority of respondents explained that cultural awareness, cultural empathy, and cultural adaptability are important skills when performing in the international environment. CI is for both EIs and IMs an important bridge to create productive relationships with partners, customers and employees who act and think differently. Moreover, IEs enlightened that, when they do cultural research and planning, it helps them reduce uncertainty when operating in a new culture. Therefore, they were able to take better decisions, adapt their sales to that culture and gain better international performance.

Statement 7: Cultural awareness, cultural empathy, and cultural adaptability are important entrepreneurial and managerial competences towards a successful international performance.

IE7: Prior to getting into the Japanese market, I read some books on how to communicate. From this, I learned that what you consider important, you best repeat it three times. Failing to do so will lower the importance of my Japanese counterparts. Therefore, my advice is (1) to learn to most important communication skills and (2) first and foremost be a proactive learner before it is too late.

IE 2: Short before launching the marketing campaign, we were notified that our app could be considered as inappropriate and illegal for the targeted market. A lesson learned is that now we look deeper into the local cultural legislation.

IE4: Once we are anchored in the US market, only then we intend to enter the Asian market. Why? For our product, Asian customers tend to follow the US trend.

IE6: When starting a subcontractor job for a large enterprise in a South American country, I got an email with plenty of useful information. That information even contained a chapter about the local cultures, habits and behaviors. Apparently, these types of emails are always sent out and proved to be very helpful.

5 Discussion

In this study, Internet usage has been found to play a central role in the creation of international opportunities and relations. SME founders see the internet as an essential tool to create networks, share their work, create new knowledge, and obtain inquiries from international customers. Arenius, Sasi, and Gabrielsson (2005) demonstrated that firms could speed up their internationalization by using the internet as a sales channel resulting in a cost reduction when doing business abroad. Also, this study confirms the importance of the “network approach” explained by (Mtigwe, 2006). The internationalization of SMEs depends, among others, on the ability of the IE to build and retain networks. Additionally, those network opportunities can be reinforced through the government department of commerce export programs, serving as a bridge for the SMEs growth and/or creation of new formal business networks.

The characteristics IEs have revealed in this study are consistent with the definition of the IE model “the discovery, enactment, evaluation, and exploitation of opportunities across national borders in order to create future goods and services”. Based on the EI model, IE showed an accurate assessment of its strengths and limitations. They are self-confident about their strengths, have a clear goal, and whom they want to become looking for ways to turn those limitations into opportunities through exploration and exploitation. Clarifying that the IE has unique intangible capabilities to exploit opportunities in an external environment and a global entrepreneurial vision from the start of the company.

Different from the IE, the IM is more concerned about understanding their own emotions and the effect these emotions have on others. Once confronted with limitations, IMs seek ways to overcome them in order to have a successful performance abroad. “Successful IMs are becoming more aware of their emotional selves “as being a major characteristic for successful international management (Wills & Barham, 1994, p. 52). It is recognized as imperative when building a trustful relationship with their teams and become emotionally resilient. The background of this difference might lie in the fact that IE have more freedom to explore their emotional boundaries while IMs are bound by company policies.

When working internationally or with culturally diverse groups, both professional groups, IEs and IMs, demonstrated competences as flexibility, tolerance, and adaptability. However, the goal they want to achieve using these competences is different. The IE characteristics presented by Martin and Javalgi (2018) are in line with this study. IEs have flexible capabilities to adapt to the external environment. The IEs stressed that flexibility is mostly needed for (1) time management, and (2) while negotiating agreements. Boiral, Baron, and Gunnlaugson (2013) point out that an entrepreneur must have the ability to be aware of his or her emotions, especially when pursuing potential investors and partners to support their venture. Moreover, the study he conducted indicated that social competences (e.g., accuracy in perceiving others) were positively related to financial success.

The IMs use self-management to control their own impulses and understand complex cultural situations, when striving to achieve their Key Performance Indicators. The IMs highlighted that it is important to be flexible, tolerant and patient when dealing with task delivery problems. Not only for successful performance in an international market but even for personal growth. IEs explained that a lot of patient, persistence, and optimism are needed to reach their goal. While IMs, see patience as being tolerant towards other cultures and persistence as a determination to strive and achieve personal and organizational targets.

Ali and Camp (1996) findings are also in line with this study. They discussed that IMs need cultural empathy, integrity, and comfortability in dealing with people from different cultures. Consistent, with Martin and Javalgi (2018) findings, the IEs have a strong focus on customer orientation and relation, comprehending and coping with social networks. For both IEs and IMs, the characteristics that stood out as the most important to understand culturally diverse settings are empathy, open-mindedness, and respect for other cultures. In managing social skills within their company, the IEs were mostly focused on mentoring, empowering, inspiring and influencing their team toward their goals, while IMs showed abilities to understand a different perspective and focus on finding common grounds through collaboration and teamwork. This could stem from the fundamental difference in objectives; An IE must bring his/her team in line with his vision, where an IM needs to align his team with the company objectives.

6 Conclusion

The main goal of the study was to determine what can be considered critical personal and interpersonal success characteristics and skills for IEs and IMs while performing in an international environment. This study was undertaken to contribute to the field of business management, serving as guidance to both the SME entrepreneurs stepping into the global market and the international company's managers searching for performance enhancement.

Firstly, four main models an SME may use to develop their business into the international market were explained (Uppsala model, Resource-Based View, Network Model, and International Entrepreneurship Model). Secondly, previous researches on IE and IM were summarized, and, in this paper, it is also detailed why their human capital resources play a significant role on the road to internationalization success. Thirdly the study explored the various dimensions of EI and CI and investigated what those successful human capital resources needed in the international environment were.

The most significant findings that emerged from this study are that both IEs and IMs outline that it is crucial to develop personal competences as self-awareness and self-management, cultural awareness, and cultural empathy while performing in the international environment. Moreover, cultural understanding and cultural adaptability play an important role in the international context. Therefore, skills as flexibility, tolerance, patience, and persistence are seen as highly relevant. The findings, from this exploratory study, suggest that those human capital resources facilitate the path to create international networks and a trustful relation in a culturally diverse environment, which will eventually lead to the firm's success.

Some of the issues emerging from this research relate specifically to the CI dimension as a human capital resource. Entrepreneurs and managers discussed the importance of understanding cultural diversities and developing cultural competences for a successful outcome. It is surprising how so little attention is given to the development of CI. Entrepreneurs and managers can expand their cultural intelligence not only by working in an international environment and learning through experience but also through other paths. Cultural Intelligence can (1) be developed through multiple channels like books, newspapers, internet database. Once the primary knowledge is gained, then those cultural skills can be acquired through (2) experimental learning in a culturally diverse environment. For example, when you read up front that in the Middle East, the meeting can start 30 mins late, you will not be surprised, but you will be eased and tolerant. This learning experience can be further improved if (3) a person is mindful during intercultural interactions and analyze both his or her actions, as well as the counterpart's reaction. IEs and IMs can additionally use tools from within the company (training – experience platforms, etc.) to share the gained knowledge with their peers and thus increase the company's CI. This study underlines that there is a link between cultural and emotional intelligence. Therefore a program can be developed addressing both the CI and EI dimensions. An example here is using an external company to inform and train SME founders and their staff, and managers about the cultural specifics of the targeted country. Another example is a specialized outsourced training program to improve EI competences.

7 Limitations and Implication for Future Research

Qualitative research can, in its nature, be biased, and it relies on the interpretation and judgment of the researcher. The bias is minimized through data double checks and an independent assessment. The interviews were done through a semi-structured questionnaire to select data in the interest of the researcher; therefore, the capturing of external data was limited. Another limitation of this study derives from the time limitation. Time limitation in covering a broader literature and longer interviews sessions. The interviewees provided meaningful data, and the coding was done accurately. Future research would benefit by confirming the results of this study through quantitative research and thus capturing statistically meaningful results.

In the academic literature, there is a lack of studies related to two characteristics identified in this study as key critical success characteristics in the business field (particularly for international entrepreneurship model): patience and persistence. Those two characteristics are mostly mentioned in the psychology field. Therefore, further investigation is needed in identifying how those two specific characteristics contribute to SME internationalization success. Additional research is needed to measure the CI dimensions from the perspective of professionals who prepare themselves before taking part in culturally diverse encounters. To understand if this preparation helped them to obtain a positive outcome and success in the international environment.

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Appendix 1. Interview Guidance Form

Company Information Table	
Interview Date	
Company Name	
Company Type	B2C B2B
# of countries they operate	

Introduction

- What is your current position?
- Could you please tell me which division you belong to? For how long have you been working in this division?
- Could you describe your role, position, and responsibilities in the company?

Internationalizing approach

- Can you describe the company's process of internationalization? (different entry modes in different markets)
- Why were these markets chosen?

International entrepreneurial/CEO general characteristics

- According to you what characteristics an entrepreneur or CEO should have while performing in an international market or a culturally diverse group?

Emotional intelligence and cultural intelligence link

- When interacting with a new or diverse cultural environment do you believe that being aware of your cultural strengths and weaknesses is an important characteristic an entrepreneur / CEO should have?
- If yes what would be your advice on and how to overcome those weaknesses?
- Do you believe is important to prepare yourself before taking part in cross-cultural meetings /interactions? If so, how?
- In your opinion, and when thinking of your daily work, what is your main goal when working with a culturally diverse environment (team, customers, suppliers)? Your method to achieve these goals is different when working with a culturally diverse opposed to a similar-cultural environment?
- Do you believe an international entrepreneur or CEO should actively learn about other cultures or learn it on the fly? According to you what is must an international entrepreneur or CEO should know upfront when entering a new market?
- When interacting with people from other cultures do you believe is important to modify your verbal and nonverbal communication.

Social awareness – motivational

- What motivational attributes do you use when leading in a culturally diverse team towards success? Are these attributes different when you motivate an established team? What motivates you to lead a project successfully?

Social awareness – behavior

- When implementing the above-answered motivation attributes in a diverse cultural environment did you had to adjust your verbal and nonverbal communication?

Relationship management – metacognitive

- Do you believe when interacting with a diverse cultural environment you as an entrepreneur or CEO need to recognize and regulate your own behavior?
- How do you build a working relationship with employees, customers, and suppliers from other cultures?

Relationship management- motivational

- Next to the pure business-driven benefits, what other benefits international employees, customers, suppliers do you think they have when working with you?
- Next to the pure business-driven advantages, what advantages do you gain when working with international employees, customers, suppliers?

Follow up questions

- Would you like to add anything?
- Do you have any questions for me?

Appendix 2. Consent Form

Which CEO Characteristics Matter for Internationalization Success of SMEs

Consent to take part in research

- I..... voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within one week after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing, and I have had the opportunity to ask questions about the study.
- I understand that I will not benefit directly from participating in this research.
- I agree with my interview being audio-recorded.
- I understand that all the information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research, my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of the people I speak about.
- I understand that disguised extracts from my interview may be quoted in the master dissertation.
- I understand that signed consent forms and original audio recordings will be retained at my vault, accessible only by me until the exam board confirms the results of my dissertation.
- I understand that under freedom of information legalization, I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Student: Andreina De Wispelaere

Supervisor: Prof. Dr. Allard Van Riel

Signature of the research participant

.....

Signature of researcher

.....

Date Date

.....

Appendix 3. Frequency of interviewees statements related to the different EI dimensions

