

**The perceived importance of the changing
political environment on SME market entry:
New Zealand SMEs entering the United
States.**

Deborah Ward
Master of Business
2020

The perceived importance of the changing
political environment on SME market entry:
New Zealand SMEs entering the United States.

Deborah Ann Ward

A dissertation submitted to
Auckland University of Technology
Faculty of Business, Economics and Law

in partial fulfilment of the academic requirements for the
degree of Masters of Business (MBus)
Majoring in International Business

2020

Abstract

The central aim of this study is to explore the perceptions of New Zealand small-and medium-sized enterprises (SMEs) that have recently experienced internationalisation into the United States (US). The reason for this is to understand if changes to the political environment have been perceived to have an influence on these firms and their approach. Above all, the primary objective focuses on the importance of the changing political environment on New Zealand SMEs, specifically a notable rise in protectionism (Enderwick, 2011). Notwithstanding important research that exists within international business on the relevance of SMEs, and entry strategies that these firms adopt, a lack of understanding exists on current perceptions of political change and how firms are responding to this change. Therefore, this research topic explores: *The perceived importance of the changing political environment on SME market entry: New Zealand SMEs entering the United States*. Sub questions include: 1) *How do New Zealand SMEs perceive changes in the US political environment?* 2) *How do New Zealand SMEs change their approach to the US market, in light of the changing political environment?*

Theoretical frameworks included to give shape to the research are: the Resource-Based View (RBV), Dynamic Capabilities, Networking Theory, Adaption-Innovation Theory and Institutional Theory.

An interpretivist paradigm is adopted for this study, supported by a relativist ontology and a constructivist epistemology. This exploratory research follows a multiple case study methodology involving three cases. Primary data was collected through conducting semi-structured interviews, with one participant from each firm who was responsible for international business decisions. Moreover, secondary data was obtained for this research through a variety of documentation such as government websites and company reports. The analytical strategy adopts thematic analysis, in order to present the finding of this research. The findings from both within and across cases identified central themes related to use of intangible resources including market opportunities, high profile networking and relationships, institutional influences, and knowledge and experience related to adaptive capacity in social, political and regulatory aspects. They also identified perceptions of potential future reactions to political changes. The study concludes with the identification and interpretation of the emerging themes to present insights into the approach of SMEs within the changing US political environment. This research provides a valuable contribution to scholarship or academic literature and the New Zealand and international business communities, as well as including suggestions for future research.

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Deborah Ward

A handwritten signature in cursive script, appearing to read "D. Ward".

Acknowledgements

I would like to acknowledge and express thanks to Dr Fiona Hurd and Dr Swati Nagar for their ongoing support through this research project. Also this would not be possible without the experiences of the research participants, giving generously of their time, to share individual stories and perceptions of their business journeys in internationalising.

This dissertation would also not be possible if it were not for the support of colleague's within both my own business ventures and the wider business community. This includes thanks to my husband and business partner and our three children for their love, patience and support through this research learning process.

Chapter 1: Introduction

The United States is considered an important trading partner and ally to New Zealand (Stats NZ, 2018; New Zealand Foreign Affairs and Trade, n.d.). New Zealand small and medium enterprises (SMEs) are drawn to the US due to the opportunities that this large-scale market presents. The innovative characteristics of New Zealand SMEs make them a valuable contributor of goods and services within international markets, including the US (MBIE, 2014). However, entering international markets can present challenges for SMEs (Peng, 2013; Williams, 2016). Recent political changes in the international environment such as growing populist support for anti-globalist agendas, resulting trade restrictions, and Brexit (Kobrin, 2017), have had an increasing impact on global business transactions. The changing political environment with its influence on rising protectionist measures is particularly notable within the US (MarketLine, 2019).

Changes in the US political environment are considered a response to an increasingly interdependent global economy with outcomes such as reduction of manufacturing in developed countries and a perception of a loss of national sovereignty (Kobrin, 2017). These changing policies centre on measures such as immigration, innovation, trade barriers, and national security with protectionist repercussions, such as raising trade barriers and increased national security (Enderwick, 2011; Marketline, 2019; Bussiere, Perez-Barreiro, Straub & Taglioni, 2011). Nationalistic and protectionist policies are also increasingly observed within countries such as Germany, France and Russia (Kobrin, 2017; Enderwick, 2011; Sinkovics, Kurt & Sinkovics 2018). Such changes can increase political risk for businesses operating in, or considering entry into, these markets. Discriminatory global responses include Russia restricting international investment within the energy sector and countries such as France responding with increased nationalism (Enderwick, 2011). For the SME, mitigating such risk can prove a costly barrier, as access to market information is a known challenge (Abatecola, Cafferata & Poggesie, 2012; Blackburne & Buckley, 2019; Peng, 2013).

The purpose of this research is to gain insights into how changes in the United States political environment may be perceived by New Zealand SMEs operating in or entering the US market. This research aims to explore how the approaches adopted by New Zealand SMEs entering the US market may have been impacted by perceptions of political change within this market.

New Zealand is a useful field in which to study the SME, as a developed, open economy with SMEs encompassing a large proportion of firms (MBIE, 2014). New Zealand SMEs contribute significantly to the domestic economy (MBIE, 2014). Indeed, globally, SMEs play an important role in creating economic growth, market competition and innovative activities, as well as

providing employment in any given country (Aidis, 2005). However, in expanding to international markets, despite their innovative and entrepreneurial characteristics, SMEs and micro-enterprises encounter challenges. Resource constraints, such as lack of knowledge or finances, can significantly impede SMEs' success in entering foreign markets (Lin, Seidel, Shahbazpour and Howell, 2013; Wang & Poutziouris, 2010). These resource constraints can create difficulty in responding to customers' demands in changing environments (Barney 1991). For example, a lack of knowledge makes it difficult to respond to demands, due to limited understanding of what value can be derived from available resources (Sarkar, 2018). In addition, Oviatt and McDougall (2005) state how internationalisation speed can be reduced through lack of resources. In this way, a lack of resources required for competitive advantage, such as technological or material, may mean intangible resources can assume important implications (Sarkar, 2018). The phenomenon of internationalisation has been researched widely (Roy, Sekhar & Vyas, 2016). However, the ways in which protectionist policies are impacting the internationalisation of SMEs is still an emerging area of research. Therefore, it remains practically relevant to understand further the motivations, experiences and implications of SMEs entering the US market within the current political environment.

Considering the above discussion, this research aims to answer the following research question:
What is the perceived importance of the changing political environment on New Zealand SME market entry into the United States?

Sub questions include:

- a) *How do New Zealand SMEs perceive changes in the US political environment?*
- b) *How do New Zealand SMEs change their firm strategy approach to the US market, in light of the current political environment?*

This dissertation has seven chapters as outlined below:

Chapter one has presented the rationale and aim of the research, from both a practical and theoretical perspective.

Chapter two presents justification for undertaking this study, including a review of the literature on the importance and characteristics of SMEs, barriers, and strategic motivations in foreign market entry. This chapter also includes perspectives on protectionism as an institutional instrument. Theoretical frameworks that underpin this research include: the Resource-Based View, (Barney, 2001), Adaption Innovation Theory, (Chilton & Bloodgood, 2010), the Institution-Based View (Peng, 2013; Di Maggio & Powell, 1983), as well as network theory (Roy et al., 2016; Johanson & Vahlne, 2009) and dynamic capability theory (Barney, 1991).

Chapter three provides the contextual background for the research, focusing on the New Zealand SME contexts. This chapter also includes New Zealand's international trade status from a domestic and international perspective, the history of the New Zealand-US relationship and changes in the US political environment over the past four decades.

Chapter four introduces the methodology and methods applied to this research. An interpretivist paradigm with an inductive approach is taken for this study. A constructivist epistemology informs the theoretical perspective. The underlying philosophical assumptions and theoretical perspectives provide the basis for a case study methodology and a semi-structured interview method. Data analysis is supported through triangulation via multiple sources of secondary data content to support empirical research.

Chapter five presents the findings from this study. An introduction is presented, along with a case outline of participating firms. Information collected from the three firms studied is analysed and divided into emerging themes.

Chapter six presents a discussion of the key findings.

Chapter seven concludes the dissertation. A review of the study and research conclusions is presented. Research contributions, limitations and recommendations for future research complete the chapter and dissertation.

Chapter 2: Literature Review

2.1 Introduction

Chapter one outlined the research aims and rationale of this study. In particular, the chapter highlighted the role of SMEs and the importance of internationalisation for these firms. However, SMEs also face a number of barriers to internationalisation, which are potentially heightened by increased protectionism. This chapter will outline the theoretical frameworks underpinning the research, by reviewing the extant literature on SME characteristics, SME internationalisation, barriers to internationalisation, and the impact of national-level institutional environment (in particular political) on SME internationalisation.

2.2 Characteristics of SMEs

Small and Medium Enterprises (SMEs) are different in their international activities from Multi-National Enterprises (MNEs) (Hutchinson, Alexander, Quinn & Doherty, 2007). Moreover, SMEs have been observed to have specific characteristics, which makes them a useful distinct focus for this research (Morrison, 2011). The SME accounts for the majority of global companies within the Organisation for Economic Cooperation and Development (OECD); SMEs account for 99% of all firms, and range in category from micro to large scale, oftentimes based on number of employees (OECD SME, 2019; Morrison, 2011). However, definitions of SMEs differ across country contexts (Paik, 2011). For example, the United States defines an SME as having fewer than 500 employees, while the European Union indicates fewer than 250 employees (Paik, 2011). In New Zealand, SMEs are classified as all business operations with fewer than 50 employees (Ministry of Business, Innovation & Employment, 2014). In New Zealand, firm size is categorised as ‘zero’ (or nil employees), ‘micro’ (1-5 employees), ‘small’ (6-19 employees), and ‘small to medium’ (20-49 employees) (Ministry of Business Innovation & Employment, 2014). Ninety-seven percent of all business activity in New Zealand is conducted by SMEs (Ministry of Business Innovation & Employment, 2014).

As mentioned, there is no international consensus on what constitutes an SME. According to Buculescu (2013) institutions such as the World Bank, European Commission and the Organisation for Economic Co-operation and Development (OECD) have made attempts to coordinate one single SME definition (Buculescu, 2013). Generally, global congruity is hard to reach on SME definitions, due to the range of differences in the scale of economic development within countries, and the individual economic sector of the firm (Buculescu, 2013). Due to these

differences it is appropriate to measure SME characteristics through both a qualitative and quantitative lens, as a basis for comparing, and measuring business applications, as well as acknowledging firm size and resources (Buculescu, 2013). Firms may not technically fulfil quantitative SME criteria, and yet display other characteristics, such as being owner-operated, prioritising personal goals of the individual entrepreneur, as the measure of success, over financial outcomes (Newby, Watson & Woodliff, 2012). In a research context these differences render such firms useful in analysing SME-related phenomena. Moreover, Newby et al. (2012) argue that economic return for SME owner-operators can be measured against benefits from extrinsic factors such as flexibility, and intrinsic values derived from relationships, and independence, affecting firm performance.

SMEs play an important role in a country's economic development and innovation, creating employment and adding to local growth through resource utilisation (Omer, Van Burg, Peters & Visser, 2015; Kumar & Reddy, 2019). Worldwide, SMEs are a mainstay of economic development across technical, wholesale, manufacturing, construction and scientific sectors (Lucy, Lepage & Ghosh, 2011; Ismail, Alan & Hamid, 2017; Organisation for Economic Co-Operation and Development (OECD), 2019; Karjalainen & Kemppainen, 2008). However, while universally SMEs contribute to international economic development, they are most prominently differentiated from the Multi-National Enterprise by resource constraints, which can inhibit potential growth (Buckley & Shameen, 2016; Omer, Burg, Peters & Visser, 2015).

According to Wang and Poutziouris (2010), SMEs are adept at innovation, wealth generation and employment opportunities. However, as previously mentioned, a lack of resources, combined with managerial inexperience and a competitive market, can decrease likelihood of firm survival (Wang & Poutziouris, 2016). Consequently, half of SMEs fail within the first five years of establishment (Wang & Poutziouris, 2010; Peng, 2013). Given the environment vulnerabilities in entering new foreign markets, and subsequent high SME failure rates, this is why resource availability for SMEs is especially important for firm success (Barney 1991).

2.3 Internationalisation of SMEs

There are three key factors that determine SME internationalisation, which are: 1) home market limitations, 2) global market increases in liberalisation, and 3) SME manager characteristics, such as experience, perception and attitude (Lucy et al., 2011; Hutchinson et al., 2005). A key point in SME internationalisation was the opening of markets for trade and investments from the 1980s, providing a context in which to differentiate and compete (Hutchinson et al., 2005; Dorn & Schinke, 2018). Furthermore, through SME internationalisation strategies, resource constraints

can be overcome, to take advantage of new opportunities (Omer et al., 2015). Correspondingly, distinct firm capabilities, or ownership advantages, are considered a main motivation for the internationalisation of SMEs (Hutchinson, Quinn, Alexander & Doherty, 2007). However, motivations for SME internationalisation can be complex with perspectives of management, firm and external factors, such as political, competitive or economic, to consider. (Hutchinson, Quinn & Alexander, 2005).

The individual characteristics of SMEs lead judgement over the commitment of resources to influence and action international expansion (Oviatt & McDougall, 2005). Notably, a lack of financing is a characteristic of an SME that sets it apart from an MNE and is a key component of expansion (Peng, 2013). Financing for SMEs is often accomplished through relationships with the founder's friends or family or funded by the entrepreneur (Peng, 2013). The rate of formal investment instruments such as venture capital in SMEs varies from country to country; however, SMEs can have difficulty attracting investment due to lack of collateral (Peng, 2013). However, Peng (2013) states that entrepreneurial perception, leadership characteristics and motivation are valuable intangible resources that a start-up firm may possess even where there are limited tangible resources such as financing for capital growth and structural assets. Nevertheless, drivers of internationalisation decision-making by SME entrepreneurs, such as the role of perception, remain largely unexplored (Cavusgil & Knight, 2015).

What is known is that SMEs exhibiting elevated levels of entrepreneurship have shown increased performance in global markets (Alayo, Maseda, Iturralde and Arzubiaga, 2019). Innovation and risk-taking to gain competitive advantage in global markets are also linked to increased performance (Alayo et al., 2019). Similarly, entrepreneurial leadership influences the extent of internationalisation (Alayo et al., 2019). In conjunction with entrepreneurial characteristics in internationalising, Johanson and Vahlne (2009) assert the importance of knowledge in internationalisation activities as a by-product of experience. McDougall, Oviatt and Shrader (2003) discuss the role experience plays in internationalisation for new ventures through the identification of opportunities, such as networking and market knowledge to capture increased financial advantages.

2.4 Synthesis of SME internationalisation theories

Within the context of SMEs entering foreign markets, theoretical models can explain why specific entry mode strategies are employed. The SME internationalisation process is a synthesis of many theoretical frameworks and cannot be explained by a single theory (Roy et al., 2016).

Internationalisation can be described as a certain type of strategy that is a multidimensional and complex decision process (Sacramento, 2018).

2.4.1 Resourced-Based View (RBV)

To explain resource constraints

The RBV framework (Barney, 2001) considers the organisation's capabilities and resources in explaining their competitive advantage, contrary to earlier views such as Porter's (1980) research, which emphasises the position of a firm within an industry as the key to competitive advantage (Vasconcelos, Reis, Serra, & Costa, 2014). Resources and capabilities within RBV are considered bundles of intangible or tangible assets such as firm processes, routines, skills or knowledge within the jurisdiction of the firm (Barney, Wright & Ketchen, 2001). Through mobilisation of different resources or capabilities in unique ways, firms can gain competitive advantages (Lazzari, Sarate & Goncalves, 2014). Barney indicates that capabilities and resources hold value dependent on the market conditions in which an organisation operates (Barney, 2012). Rarity, inimitability and substitute-ability of resources is dependent on the degree of individual historical elements in which capabilities and resources are developed, such as tacit knowledge or path dependency in processes that give a firm a competitive advantage (Barney, 2012).

According to Darroch and McNaughton, (2003), New Zealand SMEs consider knowledge an important resource as both an intangible and tangible asset when leveraged to enhance innovation (Darroch & McNaughton, 2003). As SMEs are often limited in resources, intangible sources are drawn on, such as through government and educational institution networks (Chetty & Stangl, 2010). Other valuable, inimitable resources and capabilities may include human resources, international experience and management knowledge and expertise (Barney et al., 1991; Darroch & McNaughton, 2003). However, despite resource availability, firms will encounter failure, due to changes affecting firm operations emanating from the international environment (Williams, 2016). Given the above, it has been suggested resource constraints may be overcome by the utilisation of key networks (Chetty & Stangl, 2010).

2.4.2 Network theory in overcoming resource constraints

According to Johanson & Vahlne (2009), networks and relationships are important to a firm's success in order to foster commitment and trust and gain knowledge essential to internationalisation (Johanson & Vahlne, 2009). One way firms overcome resource constraints is to seek affiliations with business groups or networks as conduits for facilitating business (Roy et al., 2016; Crick & Spence, 2005). As previously described, SME uncertainty in international markets arising from lack of resources can be reduced through knowledge and network

relationships (Lo, Chiao & Yu, 2016). Therefore, limited resources at entrepreneurs' disposal are used creatively to gain competitive advantage with different outputs from the same resource (Bucktowar, Kocak & Padachi, 2015). Firm leadership approaches in forming international networks through relationship building and international financial support provide mechanisms to achieve goals of sales volume (Chetty & Campbell-Hunt, 2004). The resource-based view underpins these intangible firm activities, such as networking, market and entrepreneurial orientations, as capabilities that impact the economic performance of the firm (Bucktowar et al., 2015).

Networking theory in firm internationalisation can explain SME behaviour in reducing competition, adding capabilities and gaining knowledge (Roy et al., 2016). According to Stoian, Rialp & Dimitratos (2017), SMEs have resource constraints, but behave increasingly like MNEs in their international commitments. This includes the utilisation of external networks, such as suppliers, local partners, policy makers, research institutes, customers and professional organisations (Lo et al., 2016). Networks are utilised by SMEs in the initial stages of internationalisation to acquire knowledge as they expand into foreign markets (Crick & Spence, 2005; Johanson and Vahlne, 2009). For example, entry mode strategy can be influenced positively through exporting networks, which can lead to growth strategies such as joint ventures or subsidiaries (Stoian et al., 2017; Lo et al., 2016).

2.4.3 Psychic distance

Psychic distance is the distance between a foreign and home market due to differing perceptions (Safari & Chetty, 2019). Psychic distance relates to perceptions, experience and knowledge of a firm associated with political, legal, cultural and language aspects linking the international market with the home country (Lucy et al., 2011; Child, Ng & Wong, 2002). The limited resources that SMEs possess, in financing, network access and knowledge, mean that psychic distance may impact SMEs more than MNEs (Safari & Chetty, 2019). Safari and Chetty (2019) state that challenges for SMEs in psychic distance have been identified most prominently in the post-entry stage of internationalisation. Safari & Chetty (2019) found that opportunities drive market selection over the founder's psychic distance; however, it is in post-entry challenges faced by SMEs that a lack of knowledge and connections could be problematic in growing the business operations (Safari & Chetty, 2019).

2.4.4 Liabilities following SME internationalisation

Moreover, considerable challenges such as liability of foreignness (LoF), as it is known in the extant literature, closely related to psychic distance, can impede a firm's successful market establishment (Blackburne & Buckley, 2019). Liabilities of Foreignness (LoF), of Newness (LoN) and of Smallness (LoS) are examples of the manifestation of institutional barriers. While

internationalisation facilitates SME participation and integration within the competitive global market economy (Roy et al., 2016), barriers such as LoF can make the experience of entering unexplored international markets challenging for foreign companies (Peng, 2013). LoF recognises the cost of an organisation engaging in business outside of their home country (Dugan, Turner & Wheatley, 2018). However, while LoF is discussed within the literature most prominently (Dash & Ranjan, 2019), LoN is also a challenge faced by SMEs internationalising, which recognises the high failure rate that occurs within a firm's first two years (Abatecola et al., 2012). Many SMEs experience both liabilities as they internationalise. However, LoS theory, as is applicable to SMEs, shows rates of failure decrease as a firm grows (Abatecola et al., 2012). A study of New Zealand, Sweden and Danish firms internationalising demonstrated a link between growth and LoF reduction over time, including reduction in costs (Petersen and Pedersen, 2002).

Internationalising performance of SMEs as differentiated from large firms has been shown to be influenced by barriers such as their small size, lack of market knowledge and international experience (Sinkovics, et al., 2018). LoF, LoN and LoS contribute to numerous hurdles in securing crucial resources, in particular human and financial, in comparison with large MNEs expanding into other markets (Stoian et al., 2017). Therefore, it follows that LoF can comprise a lack of knowledge in recognising a host country's business functions, norms, culture, local networks, national regulatory conditions and values (Blackburne & Buckley 2017; Wei & Nguyen, 2017).

2.4.5 Dynamic Capabilities Framework

Dynamic capabilities extending from the resource-based view are bundles of resources that assist in a firm's integration and development, strategically extending its resource base to gain a competitive advantage (Barney, 1991; Sternad, Jaeger and Staubmann, 2013). Teece (2019) breaks the dynamic capability framework down into three areas: 1) identifying opportunities, threats and 'sensing' customers' requirements, 2) resource mobilisation to gain value advantages or 'seizing', and 3) continuous renewing of the organisation, or 'transforming'. Capabilities are considered dynamic when there is learning from experience (Morrison, 2013). Thus experience becomes more valuable with greater learning, which can also be gained from product development, to build on new product innovations (Morrison, 2013). Moreover, dynamic capabilities can contribute to gaining strategic in-depth networking and market knowledge for SMEs in foreign markets (Sternad, et al., 2013). In this way, dynamic capabilities also assume a role in top management in an entrepreneurial capacity (Teece, 2019). Recognising trends,

developments and opportunities and responding quickly with an action to lead the firm during business crossroads are part of a dynamic capability framework seen in those leading in senior management (Teece, 2019). Barney (2001) posits that the faster the uptake of dynamic capabilities by a firm in a changing market situation, or competitive environment, the faster the adaption will occur to gain competitive advantages.

Dynamic capabilities can serve as a lens to view Adaption-Innovation Theory (Dottore, 2009). Solving problems, change management and desire for informal or formal structure and interaction are traits considered adaptive or innovative (Chilton & Bloodgood, 2010). According to Buttner and Gryskiewicz (1993), the characteristics that drive entrepreneurship and environment knowledge for decision making are linked to 1) rigidity (defined by inflexibility and non-adaptive behaviour) and 2) acceptance of innovation. Innovation, in this way, can be linked to an awareness, or taking stock of the environment, shifting management behaviour toward successful business growth (Buttner & Gryskiewicz, 1993). The AI framework states the level of adaption is a reflection of entrepreneurial background, such as level of motivation or education (Chilton & Bloodgood, 2010; Friedel et al., 2016). Highly adaptive individuals problem solve rapidly, through identifying efficiencies, compared to innovative individuals who find answers to problems through insurgent change or differentiation of the extant architecture (Friedel et al., 2016). This is consistent with Fuller and Morgan (2001) who state SMEs, by their small, independent and often owner-operated nature, steer direction, and shape strategic differentiation. Therefore, in this context, Fuller and Morgan (2001) describe a small enterprise as a multifarious adaptive structure influenced by a wider business eco-system of interconnected networks, such as institutions, suppliers, customers and other small businesses. Adaption in fast-changing environments requires appropriate or transformational assets and, therefore, adaption of the firm business model could be viewed through the dynamic capabilities framework (Dottore, 2009).

3. Institution-Based View

Institutions have been described as normative, cognitive and regulative in their architecture and activity (Ahmed & Brenan, 2019). Institutions can be formal and informal in their activities (Zhu, Ma, Sauerwald & Peng, 2017). Informal institutions consider aspects such as generational, cultural, common place, mutually understood and un-coded norms (Zhu et al., 2017). Conversely, formal institutions serve as bodies that represent regulations, laws, politics and rules to influence economic functions of a country (Zhu et al., 2017). Often formal institutions are responding to a society issue, such as legal application, in the protection of US property rights, stemming from individualism (Zhu et al., 2017). These formal and informal institutions have been shown to integrate with international firms to generate value (Zhu et al., 2017).

The Institution-Based View draws attention to the importance of institutions, and their influence on economic and human activity (Ahmed & Brenan, 2019). The Institution-Based View highlights the influence of formal institutions in enforcing regulatory requirements on market entry mode (Peng, 2013). Furthermore, when SMEs internationalise, characteristics of both formal and informal institutions can vary greatly from country to country (Peng, 2013). Therefore, discriminatory host country behaviour can negatively affect firms post internationalisation (Peng, 2013). Examples of institutional challenges include elevated transaction costs, local and international tax compliance and governmental regulations (Dash & Ranjan, 2019). An illustration of this is the requirement, prior to 2007, for international firms with stock investments in the U.S to amend their financial statements to comply with U.S accounting principles (Dugan et al., 2018). Informal institutions support the theory of Di Maggio and Powell (Di Maggio & Powell, 1984) in explaining mimicking behaviour of firms in response to building legitimacy through collective norms or internalised beliefs and values (Peng, 2013). One view of institutionalism discusses the relationship between strategic actions of the entrepreneur and influence institutions have on these decisions (Ahmed & Brenan, 2019).

3.1 Significance of institutions on firm behaviour for internationalisation

National economies have been shown to be influenced by institutional factors, which can influence firm behaviour in internationalisation (North, 1990; Yan, 2013). Institutional influences are important in understanding firm behaviour due to the impact they have on influencing the structure of the national economy (North, 1990). North (1990) argues institutions emanate from uncertainty surrounding the interaction of humans, and act to constrain in order to provide structure to interactions. Peng (2013) describes institutions as playing a role to reduce uncertainty. Furthermore, Yan (2013) comments on the importance of state as an institution with government administration controls on the economy, such as awarding financial subsidies, entry control on new arrivals, and influence on social norms, political affiliation, and policies. In these ways, indirectly or directly, government activity can frame a country's development, such as by encouragement of entrepreneurial activities (Yan, 2013).

International business uncertainty can be a response to institutional outcomes creating protectionist environments that can affect firm decisions and strategy when internationalising (Enderwick 2011). Kobrin (2017) discusses factors related to international business uncertainty such as 1) the raising of trade barriers and global supply chain security, 2) immigration restrictions creating issues for developing geocentric management, 3) no access to specialised staff, 4) restrictions on FDI and technology transfer due to national security concerns, 5) unclear rules due to reduced power of international institutions such as the World Trade Organisation, and 6) ethnocentrism and nationalism increasing with potential strategic impacts on branding of

goods and services to reflect a national image. In light of these factors, institutions correspondingly affect firm strategy through the implementation of industry policies that protect the home market with the premise of creating increased nationalism (Enderwick, 2011). Notwithstanding, the stimulation of international business relationships for the benefit of competition, technology and knowledge exchange is important for nations' economic growth policies (Vargas-Hernández, García Pérez, & García-Santillán, 2015).

3.2 Trade

Consequently, a significant factor of institutional focus is trade; despite international benefits accrued from free trade, societal implications such as increased costs can provoke lobbying against free trade in some sectors (Zheng, 2016). Therefore, protectionist applications are a common feature of trade law and are enforced through The General Agreement on Tariffs and Trade (GATT) and The World Trade Organisation (WTO)-affiliated countries for mutual exchange (Zheng, 2016). A new premise in international trade supports the idea of firm profitability through increased protectionist measures, such as import restricting policies and/or promoting exports within imperfect markets (Yoffie & Milner, 1989). Nelson (2004) states a view of protectionism as *"When a law is passed that tends to impose a substantial burden on trade that benefits local industries at the expense of foreign producers, the law is said to be protectionist in nature"* (p. 166). Therefore, in this way, protectionism and policies are a form of institutional instrument, with the source of protectionist measures traditionally associated with trade rationalisations such as tariffs, quotas and subsidies (Enderwick, 2011). A new global protectionism widens the scope to include activities aimed at national protection, such as state ownership, subsidies, phytosanitary requirements, industrial policy and capital restrictions (Enderwick, 2011). Therefore, while protectionism, in its traditional sense of trade, is not a new phenomenon, there are nationalistic indicators towards a change to global protectionism (Enderwick, 2011).

While protectionism restricts trade, free trade conventions liberalise trade (Zheng, 2016). More specifically, trade mechanisms can also include administration policies, import quotas, voluntary export restraints, anti-dumping duties and local specifications (Hill, 2013). These measures can act to reduce a country's foreign deficit by contracting imports or export increases, or a mix of both (Salvatore & Campano, 2019). According to Peng (2013), not supporting free trade has benefits in advancement of social, political or environmental prospects of a state, including national security and firm benefits to local industry. However, an outcome for business can include a 'race to the bottom' concept, when production standards drop to absorb location costs of a country (Enderwick, 2011). It is acknowledged through the literature that small and medium-sized enterprises lack in resources compared to MNEs, explaining free trade opportunities by

SMEs that are not fully exploited through increased trade (Battisti & Perry 2008). Furthermore, protectionist policies are explained by academics within both a transactional and theoretical capacity; however, there is a lack of theoretical platform for global protectionism which is not linked to a single or specific causal activity or occurrence. (Felder, 1986; Enderwick, 2011).

4. Summary

Research has shown the key role that SMEs hold in the global environment. SMEs have specific characteristics. The internationalisation patterns of SMEs take on different forms country to country and within the organisational contexts they operate in. Additionally, SMEs can encounter resource constraints, explained through the RBV framework, and related theory such as networking. The theoretical frameworks within the literature provide rationale to strategic decisions and activity decided by SMEs in global expansion and the characteristic restraints faced. Equally important to this research topic are institutions, and the Institution-Based View, which was introduced within this chapter, and the important role institutions play in shaping firm behaviour and strategy. Protectionist policies are one type of institution. Protectionist policies have been applied under a number of different political, economic and social ideologies and impact international business motivations. Due to their specific characteristics, and patterns of internationalisation behaviour, SMEs face specific barriers, such as protectionism. However, one area that has not yet been researched is the impact of perceived increasing protectionism on SMEs internationalising, with a focus on the United States. This research aims to fill this gap. The following background section of this study provides insights into the New Zealand context of SME internationalising and trade importance. Chapter three also covers changes in the US institutional environment and includes trade perspectives within the political environment. New Zealand's economic relationships with the US and other key trading nations to New Zealand are also presented.

Chapter 3: Background:

3.1 Introduction

Chapter two presented the literature on the importance and characteristics of SMEs. This included theories related to foreign market entry, providing a foundation to reflect on the approach firms take within changing environments. This is particularly in light of an environment of increased protectionism, potentially influencing firm behaviour. In addition, the previous chapter states the important role that SMEs play, representing the majority of global firms and their contribution to the economy. Given the significance of SMEs, which contribute to 97% of New Zealand business activity (Ministry of Business Innovation & Employment, 2014), a study of the perceived importance of the changing political environment, related to SME market entry, is worthy of exploration. The previous chapter also discussed how government-led, or institution-based strategies, can create protectionist policies, and the significance of these on firm internationalisation behaviour. Therefore, to provide context, this chapter firstly discusses the importance of New Zealand SMEs within a global context, followed by the macro environment of New Zealand trade, including its main international markets. The second part of this chapter focuses on the significance of the changing US political environment, the US and New Zealand trade relationship, and lastly, the institutions that facilitate internationalisation support.

3.2 New Zealand SMEs importance

Small to medium enterprises make up 97% of New Zealand business (MBIE, 2014). Therefore, proportionate to New Zealand's small country status, SMEs contribute significantly, to the economy, accounting for 29% of total employees and 26% of Gross Domestic Product (GDP). (MBIE, 2014). Due to the economic stimulation SMEs provide New Zealand, institutional support is offered by organisations such as New Zealand Trade and Enterprise (NZTE) and the Ministry of Business, Innovation and Employment to assist New Zealand exporters' fast and successful growth in foreign markets (MBIE, 2014). Equally, demonstrating the importance of the countries' relationship, the US government encourages New Zealand firms to engage in business within the US (US Embassy, n.d.). Most prevalently, the US Embassy's commercial service offers New Zealand firms internationalisation initiatives such as the International Buyer Program (IBP), in order to 'match make' business interests (US Embassy, n.d.). This programme assists New Zealand firms internationalising through helping them connect with valuable suppliers and resources or US companies in industries such as consumer goods, transportation or agribusiness (US Embassy, n.d.).

The US Embassy commercial services provide a range of business services, to help New Zealand firms enter the US market, including, legal financial, visa and market intelligence support (US Embassy, n.d.). Similarly, NZTE provides firms with international support such as in-market programmes, market research, networking and representatives worldwide (Beachhead), webinars, assistance with trade shows and representation at conferences (NZTE, n.d.).

Innovative characteristics, such as technology associated with the aerospace sector, have allowed New Zealand SMEs to capitalise on a variety of international market opportunities (MBIE, 2014). As a small, free market economy, with correlating size disadvantages in market opportunities, it is important for New Zealand SMEs to seek growth in international trade. (Deakins, North & Bensemann, 2015; Casy & Hamilton, 2014). In addition, New Zealand's small economy, compared to countries such as Australia or the US, means it attracts limited large international businesses, restricting networking opportunities for indirect exporting (Casy and Hamilton, 2014). Therefore, geographic distance from key markets can prove to be a disadvantage, incentivising some SMEs to locate off-shore for advantages in critical mass (Deakins et al., 2015).

According to NZTE (n.d.) investment statistics, top New Zealand export markets are China, Australia, the US, Japan, the United Kingdom and South Korea (NZTE, n.d.). According to Statistics NZ (2018), New Zealand's most favoured international trading partnerships are with China, Australia and the European Union. Current statistics to September 2019, indicate a plateau in exporting from New Zealand to Australia, with exporting figures recorded at NZ\$14.4 billion for 2019, the same as 2018; however, exports to the US, and China have increased (Statistics NZ, 2019b). Total New Zealand exports to the US to date in 2019 are NZ\$9.33 billion, up from NZ\$8.8 billion in 2018; total exports to China show an increase from NZ\$16.63 billion in 2018, up to NZ\$19.35 billion in 2019 (Statistics NZ, 2019b). Total exports from New Zealand were NZ\$84.9 billion, increasing by NZ\$2.8 billion from the previous year, vis-a-vis total imports, which increased NZ\$3.9 billion for the same period from NZ\$83.2 billion (Statistics NZ, 2019b).

3.3 New Zealand: Macro environment trade status

New Zealand's trade reliance and small population of 4.8 million provides an unsustainable market for all export activities; therefore, New Zealand firms need to internationalise to grow (MFAT, n.d.). Moreover, the geographic distance from other countries favours economic advocacy of free and open international trade agreements (MFAT, n.d.). Encouragement of foreign trade agreements is critical to the New Zealand economy due to its small scale, in order

to produce access to competitively-priced goods and services, and imports and exports amounting to 60% of total New Zealand activity (New Zealand Foreign Affairs and Trade, n.d.).

From 2000, bilateral and free trade agreements have grown internationally, creating new networks for competitive advantage (New Zealand Foreign Affairs and Trade, n.d.). Indirect economic gains of direct exporting as a mode of entry to foreign markets provide in excess of 600,000 jobs to New Zealanders internationally (MFAT, n.d.). According to the New Zealand Trade and Enterprise annual report (2017/2018), New Zealand exports contributed NZ\$60 billion to the New Zealand economy. New Zealand's main exporting sectors include dairy, fisheries, meat, horticulture, wine and forestry, and up to 95% of these primary sectors rely on international trade for their existence (MFAT, n.d.). New Zealand's export of services makes up 30% of total international exports, and includes a wide range from tourism, education, computer and information services, transportation and film production (MFAT, n.d.).

4. Trade and the Changing US Political Environment

Over the past four decades, US presidents have imposed protectionist measures (Amiti, Redding & Weinstein, 2019). These measures include 'voluntary export restraints', and tariffs, adopted early in their presidential term by Ronald Reagan and George W. Bush; however, George H.W Bush and Bill Clinton were the exception (Amiti et al., 2019). During the 1990s, the Clinton administration was faced with debate over the North American Free Trade Agreement (NAFTA) creating environmental and labour-focused factions, and an increasing social agenda (Barfield, 2009). Therefore, early on in his term as president, Clinton acted to liberalise trade, ratifying the NAFTA in 1993.

From 2001 – 2009

From 2001-2009, the Bush administration prioritised multi-lateral trade and also increased focus on bilateral and regional trade, extending to countries such as South Korea and Colombia (Barfield, 2009). During his term, Bush was faced with the 9/11 crisis in 2001 (Milford, 2016). This created a sense of uncertainty as national security and American exceptionalism were thrown into doubt (Milford, 2016) The Bush administration responded to this culture shift with increased nationalist rhetoric (Milford, 2016). In addition, the 2008 Global Financial Crisis resulted in reduced customer demand and a rise in protectionism, slowing exporting, particularly in the main global markets of Europe and the US (Yu & Lindsay, 2016). Therefore, in response to this environment, the Obama administration, with a majority of elected Democratic representatives, supported anti-globalisation agendas (Barfield, 2009). Adkins and Greval (2016), however, state Obamas promotion of liberalisation, and support of the Trans-Pacific Partnership (TPP) focused on commercial gain, and consolidation of foreign relations.

The Trump Administration

Republican Donald Trump was elected president of the United States on 8 November 2016, ending an eight year presidency held by Barack Obama (Anderson et al., 2016). Under the Democratic Obama administration, US trade policy was focused on complying with and maintaining current initiatives with global trading partners over protectionist measures (Schott, 2009). He (2018) discusses the reliance of the US on imports, such as minerals, from countries such as China, and the focus on defence and energy sectors, under the Obama administration. In this way, Obama's approach predominantly prioritised the coordination of trade policy, research and information circulation with allied countries (He, 2018).

Conversely, the Trump administration is focused on national security and the prosperity of US citizens ('America First'), with a protectionist agenda, underlying regulatory decisions in domestic activities, such as in the mining and minerals sector (He, 2018; Scherrer & Abernathy, 2017). Trump and his administration attributed job losses of US citizens to globalisation, citing China's role in the effect of its imports on the US, while China advanced its economy through free trade, undercutting prices of other countries (Watkins & Seidelman 2019). China's protectionism, relaxed safety and environmental laws, copyright infringement, and absence of unions are some of the reasons Trump has acted to prioritise social protections for US firms, and institute import tariffs on China (Watkins & Seidelman 2019).

The Trump administration has adopted a protectionist agenda, with increased global reach (Amiti et al., 2019). Examples of this today include the Trump administration's wider directives to shape policy implementation, which involve defence, foreign policy and national security (Potter, Rudalevige, Thrower and Warber, 2019). Notable changes during the Trump administration include the repudiation of the Paris Climate Agreement (Outka & Warner, 2019). Trump has also shown low engagement on environmental issues domestically, with the reversal of the Clean Power Plan policy, and cutting environmental budgets (Outka & Warner, 2019). Additionally, changes to health policy have been made such as the cancellation of the Affordable Care Act (ACA) (Galea, 2017). Trump has also supported the Omnibus Report on Significant Trade Deficits, (March 2017), and the basis of intellectual property protection. An executive order of significance communicated by the Trump administration was the rhetoric of 'buy or hire' American, leading to enforcement of immigration policies (Noland, 2018). Furthermore, free trade agreements such as NAFTA were to be considered on the Trump administration's new terms. (Noland, 2018).

4.1 Changes to trade internationalisation perspectives in the US

These new terms included the US withdrawal from the Trans-Pacific Partnership (TPP), which includes a total of eleven countries (including New Zealand), and the implementation of tariffs on US\$283 billion of US-imported goods in 2018 (Amiti et al., 2019; Nolan, 2018). This new agreement was rendered the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (Amiti et al., 2019). The Trump administration sought trade protectionism, without traditional authorisation from the World Trade Organisation (WTO). In response, institutional factors, including legal justification for tariffs on countries, were adopted (Amiti et al., 2019). Legal justification for these protectionist measures by the current administration cited national security and trade agreement violation breaches (Amiti, et al., 2019).

The resulting tariffs and their conditions (either foreign or domestically orientated) will determine exporter charges (Amiti et al., 2019). An example of tariff consequences is in losing integration between the US and countries such as Mexico and Canada within the agriculture industry, due to financial losses and impacts from the high value (40%) of animal imports that are then re-exported (Sheldon, Chow and McGurie, 2018). Retaliatory global reactions to the newly-imposed tariffs from the US have included China, Russia, Turkey, Mexico, and the European Union placing tariffs on US exports. In response, countries such as Norway, Switzerland, Korea and India are taking US trade disputes to the WTO (Amiti et al., 2019). However, tariffs are not always harmful to the country imposing them (Pavlak, 2018). The US currently supports tariffs on over 12,000 imports, such as on chocolate, jam and asparagus from France. In this way, the WTO allows for nations affected to contravene trade rules as deemed necessary for national security, protection of industry, or for environmental or health concerns (Pavlak, 2018).

Most notably, the US and China have entered into trade disputes where the trade relationship is seen as uncertain (Pavlak, 2018). According to Watkins and Seidelman (2019) the change in a Trump-led US government has also been attributed to growing insecurities in US hegemony with the rise of China. The literature cites China's fast economic growth and importance as a major trading country, with growth surpassing the US, contributing to global trade uncertainties (Zheng, 2016). This is particularly after China joined the WTO ensuring its place internationally as an important trading country (Zheng, 2016). For example, in 2017, US\$127 billion achieved through exports from the US to China was reduced by US\$9 billion the following year (Hutchinson & Slawson, 2019). United States agricultural and steel products were affected the most, affecting farmers, resulting in job losses, and subsequent tariffs placed on these goods by the US (Hutchinson & Slawson, 2019). Hutchinson and Slawson (2019) discuss the retaliatory Chinese tariffs imposed on goods imported from the US resulting in price increases for Chinese consumers; they also cite

the drop in Chinese importation of US soya beans in 2018, when China turned to alternative markets from which to import soya beans, such as Brazil.

4.2 The New Zealand and US Trade Relationship

As mentioned, the U.S government has stimulated the New Zealand trade and investment relationship, through the ratification of the 2018 KIWI Act (United States Embassy, 2019). The KIWI Act's purpose is to create greater efficiency and profitability in commerce and business between the two nations (United States Embassy, 2019). The E1 and E2 business visas were introduced to create easier cross-border travel for New Zealand firms conducting business in the US (United States Embassy, 2019). New Zealand Foreign Affairs Minister, Winston Peters, affirms the benefits for New Zealand business with visas not having to be reapplied for each time, but now being on a 'rolling basis' access for kiwis (New Zealand Government, Scoop Independent News, 2019). Furthermore, the US considers New Zealand to be a close strategic partner to the U.S (New Zealand Foreign Affairs and Trade, n.d.). Similarly, the New Zealand Government regards maintaining relations with the US as important to economic, political and societal obligations (US Department of State, 2018). United States visa conditions follow China's 2008 free trade agreement, consisting of improved visa processing and lowering of trade barriers (Statistics New Zealand, n.d.).

4.3 New Zealand and US Institutions Encouraging Trade and Business Relationships

Relationship building between the two countries extends to technological endeavours, such as the success of New Zealand-based firm Rocket Lab, and the aforementioned recent introduction of the business visa legislation, advocated for and passed through US congress by Ambassador Scott Brown of the US Embassy (NZUS, n.d.). Some of the agencies that assist New Zealand SME firms internationalise in the US are:

The New Zealand United States (NZUS) Council

The NZUS Council was formed in 2001 and is a non-partisan and non-governmental body that aims to increase participation and bilateral trade relations between New Zealand and the US (NZUS, n.d.). The Rt Hon Winston Peters (Minister of Foreign Affairs), on behalf of the New Zealand government, is currently being supported by NZUS in instigating an FTA with the US (NZUS, n.d.). A wide range of networking and business support helps connect New Zealand SMEs conducting business in the US, including facilitating meetings with US officials, politicians, and conducting think-tanks and delegations (NZUS, n.d.).

New Zealand Trade and Enterprise (NZTE)

New Zealand Trade and Enterprise (NZTE) supports international business by connecting internationalising firms with global networks, sharing market knowledge, and assisting in building business capability (New Zealand Trade and Enterprise, n.d.). Specifically, NZTE assists New Zealand firms conducting business in the US through activities such as guidance on in-market distribution, encouraging meetings with advisors in the US, and providing information on tariffs, and US administration and visa information. NZTE also has a relationship with the NZUS Council (New Zealand Trade and Enterprise, n.d.).

Kiwi Landing Pad (KLP)

Kiwi Landing Pad (KLP), is a not-for-profit organisation, established in 2011 and sponsored by government (including NZTE) and corporate donors (Kiwi Landing Pad, n.d.). Air New Zealand, The Bank of New Zealand, Sir Stephen Tindall and Sam Morgan (Jasmine Investments) contribute to KLP's funding (Kiwi Landing Pad, n.d.). The aim of KLP is to assist entrepreneurs achieve growth in the US high technology market through providing resources such as market knowledge, networks and webinars (Kiwi Landing Pad, n.d.). KLP aims to demystify business complications for firms entering the US (Kiwi Landing Pad, n.d.). Within an uncertain political environment, these resources provide valuable knowledge and networks.

Kiwi Expats Abroad (KEA)

Kiwi Expats Abroad based in New Zealand aims to connect entrepreneurs predominantly in the technology space, to establish business within the U.S and is supported by technology investors and the NZ Ministry of Business, Innovation and Employment (“Supporting the best New Zealand founders global growth aspirations.” n.d.). KEA is a global network aimed at connecting New Zealand firms globally to assist firms in areas such as export trade, the promotion of international investment and helping firms form relationships with large international corporations. These connections have proved to be valuable in overcoming Liability of Newness barriers, through providing opportunities for New Zealand firms to associate with established US brands, increasing legitimacy in the US market (“Kiwis helping Kiwis”, n.d.).

5. Summary

This chapter provided the background in context to New Zealand SMEs and their importance. It also discusses some aspects of New Zealand's macro environment, from a trade and political perspective, that impact on SME internationalisation strategies. Data is presented reinforcing the significance of the institutional environment and trade. The long-standing relationship that has developed between the United States and New Zealand was discussed, as were the various institutional organisations that support this interaction. Changing international political landscapes affecting trade and New Zealand's small country status make it vulnerable. Therefore, ongoing relationships and co-operation with the US provide a rationale for securing increasing trade and security alliances. The following chapter will outline the methodology, and methods adopted in the research.

Chapter 4: Methodology

4.1 Introduction

Theoretical and practical implications underpinning the research project have been presented. Following the introduction and research objectives, this chapter will introduce the underlying philosophical assumptions, research paradigm, multiple case study methodology and finally data collection and analysis. Within the data collection section, the semi-structured interview approach, sampling, study participants, ethics and data quality assurance will also be discussed, followed by a summary.

4.2 Research Objectives

The focus of this study is to explore the perceived importance of the changing political environment to SME market entry. This is a current and evolving phenomenon, and has not been well researched previously. According to Enderwick (2011) limited theory underpins global protectionism, and there are gaps in understanding nuances surrounding this phenomenon. Thus, any effects of rising protectionism as it exists today, on wider international business outcomes such as SMEs entering the US, have still largely to be explored. Therefore, this study aims to explore any changes perceived to be important to NZ SMEs entering the US within a changing political environment.

4.3 Underlying Philosophical Assumptions

Research draws on philosophical assumptions to shape and guide understanding (Creswell & Poth, 2018). Philosophical positions drive the ontological and epistemological components of research and research design (Bhatta, 2018). According to Gray (2018), “Ontology is the study of being, that is, the nature of existence and what constitutes reality” (p. 21). Ontology as a philosophical discipline gives perspective to what represents reality within the realm of existence (Bhatta, 2018). Qualitative or interpretative paradigms provide the assumption that multiple contextual realities exist (Bhatta, 2018). A relativist ontology supports this interpretivist paradigm. Guba and Lincoln (1994) assert realities are discernible as multiple and intangible mental constructs, spanning social, local and cultural groups and individuals. This research explores the perceptions of SMEs and is, therefore, reflective of a relativist ontology.

The epistemology defines the theoretical perspective or paradigm, and this, in turn, gives foundation to the methodology (Crotty, 1998). Epistemology outlines the foundation of knowledge and includes the nature of what knowledge is, to include assumptions, legitimacy and breadth (Jones, Rodger, Ziviani and Boyd, 2012). Brand (2009) asserts constructivism holds the

assumption of a relativist ontological position, that the construction is neither true nor untrue but “the product of its time and place and of the people who ‘hold’ the construction” (p.433). Constructivism identifies with the world being in existence beyond the contact of the person residing in it and understands that ‘truth’, or what is considered relative truth, depends on factors such as context, perspective, language, and cultural and historic influences (Jones et al., 2012). Constructivism posits that meaning is constructed, and the meaning or truth is derived from an individual’s engagement with world realities (Crotty, 1998). Brand (2009) states that a framework that is aligned with constructivism but separate in analysis is the interpretivist paradigm. Given the focus of this research, a constructivist epistemology is applied to this study.

4.3.1 Research Paradigm

The aim of this research was to investigate the perceived importance of the changing US political environment on NZ SMEs entering the US market. Meaning for this research is constructed through experiences and perceptions in the context of the socially-constructed environment. Participants’ experiences are explored based on the participant’s perceptions of truth and real-world realities, at a subjective level, and within the particular construction’s time, place, and cultural and historical relevance. An interpretivist paradigm is appropriate for this research due to its basis in attempting to understand meaning, which is in contrast with a scientific or positivist focus (Brand, 2009). According to Creswell & Poth (2018), interpretivism, otherwise referred to as social constructivism, is exploring an individual’s world and the multiple and diverse subjective meanings placed on understanding the relationships around how people work and live. From an interpretivist paradigm a deductive approach is taken for this research. Deductively, theoretical frameworks are tested through the research process (Gray, 2018). The purpose of this research is to explore the perceived importance of the changing political environment from the perspective of NZ SMEs entering the US. Therefore, an interpretivist paradigm is appropriate due to the research question aligning with understanding individual perception and experience (Gray, 2018).

The assumption is that study participants, responsible for US internationalisation decision-making, will communicate and reveal characterisations of their experiences and perceptions. The high level social interactions necessary in entering an overseas market through work and life relationships fit the interpretivist paradigm. Therefore, meaning for this research develops deductively, with the current literature, tested against the findings. The methodology supports a qualitative interpretation of meaning. The participants’ multiple views are variable and, therefore, it is necessary to elaborately examine and interpret these views and meanings rather than simplify into categories and themes (Creswell & Poth 2018).

4.4 Methodology: Case Studies

A multiple case study methodology fits the qualitative position of this research. This method guides the decision to utilise non-statistical techniques. Eriksson and Kovalainen (2016) confirm the effectiveness of utilising case studies to understand complex and hard-to-explain business issues and phenomena using multiple sources of knowledge. Case study, as a qualitative methodology, is used extensively in business research, despite criticism of perceived deficiencies in the validity of findings (Zivkovic, 2012). Case studies address the ‘how’ or ‘why’ of the research question and operate in a qualitative capacity to explore a phenomenon (Gray, 2018; Williams & Moser, 2019).

Yin (2009) describes the case study as a conduit for investigating a phenomenon in the real-life context, when the lines between context and phenomenon are blurred. Rigor within case study research must be maintained. Multiple cases, as opposed to a single case study, allow for benefits in assessing replication in order for prediction and comparison to theory (Yin, 2009). A multiple case study approach is adopted for this research. To allow for rigor in conjunction with empirical data sourced from semi-structured interviews, secondary data was obtained. This included company websites, government reports and newspaper articles. The case study methodology selected for this research allows for the participants to be studied in depth within the context of their business environment at a current place and time.

4.5 Data Collection Method

Data collected from multiple sources addresses the problem of construct validity, by ensuring quality of concepts are aligned with what the research claims (Gray, 2018). Data for the multiple case study approach was collected via three semi-structured interviews, and secondary data collection. The data collection methods included semi-structured interviews and secondary data (archival) research. Secondary data included websites and, reports and was also supported through information from government organisations such as NZTE, US Embassy and media reports. These sources provided supporting statistics and practical and recent knowledge relating to the SMEs studied. Due to the exploratory nature of the topic, the study adopts a qualitative stance. The analytical strategy adopts thematic analysis, both within and across cases. This analysis from the empirical data is used to understand phenomena, discover patterns and make comparisons to existing theory deductively.

4.5.1 Semi-Structured Interviews

Interviews are commonly adopted for data collection with the aim of gathering knowledge from a participant through descriptions, themes and perspectives surrounding the theme of the research

area to be explored. According to Jentoft and Olsen (2019), a constructivist perspective relies on a social exchange between the interview participant and the researcher; therefore, it is possible for the researcher to influence the interview process. Interviews fall into three types: structured, unstructured and semi structured (Merriam & Tisdell, 2016). This research used semi-structured. A semi structured interview approach was adopted for this qualitative study to guide the participants in their responses to best address the aim of this research. The researcher was guided by a list of questions (attached in appendix X) to accommodate emerging ideas and views that evolve during the course of the interview process (Merriam & Tisdell, 2016).

Three participants were interviewed face to face within a public setting, in a semi-structured approach. Approximately one hour of interview data was collected per participant. The data was transcribed verbatim and then emailed to the participants for approval before analysis. The participants each represent an individual firm and are all founders/owners and/or hold a senior management role responsible for international business decisions. Interviews were audio recorded and started with clarification of the research and receiving the signed participant consent forms. It was reiterated to participants that confidentiality through the use of pseudonyms would be attempted but not guaranteed due to the small nature of the NZ business network, and they did not have to answer any questions if they considered these compromised confidentiality or they were uncomfortable with them. Initial questions were asked in the semi-structured interview to qualify meaning and context, of what a New Zealand SME was defined as, for the purpose of this research. Qualifying questions included various aspects of the individual firm's profiles for consistency: for example, number of employees, revenue aspects and turnover. These were followed by questions formulated from international business theory and knowledge. The purpose of the questions was to understand the impact and influence of the changing political environment in the US, and its potential impact on decision making.

4.5.2 Sampling Method

According to Gentles, Charles, Ploeg and McKibbin, (2015), sampling has multiple definitions but can be broadly explained in qualitative research as the selection of cases and additional sources of data. Therefore, purposive sampling was applied to this research based on the relevant research criteria. Sampling for the purpose of this research method was conducted to gain access to the firm characteristics of the research population. The unit of analysis is New Zealand SMEs in the broad technology sector that have been identified for this study. Participating industries include event software (ticketing software, in art and culture), transport (management software and products), and wine (winemaking technology products and services). The relative context of New Zealand's small international business population meant a sample of firms was

approached from a broad range of industries. An initial sample of SME firms was approached within horticulture, information communication technology (ICT) products, food and beverage, and transport industries. Key business informants were contacted during the initial information-gathering stage to help gain awareness of possible candidates that met the criteria. Initial research from secondary sources provides the rationale for the sampling strategy and criteria for invitation of participants (Creswell & Poth, 2018). Prior information collected can ensure there is quantity richness and depth of information presented over a collective case study investigation (Creswell & Poth, 2018). Firms and their representative participant were selected due to their recent (over the past two to three years) or current entry status as a New Zealand SME entering the US market. The rationale for this was to better qualify the entry of firms with the simultaneous changes in the US political landscape. Contact with the firm or individual associated with the internationalisation activities of the company was made via an official email through a 'contact us' page, requesting their participation in the research

The sample for this study, as previously mentioned, had to be business owners or founders holding senior roles responsible for international business entry decisions.

4.5.3 Study Participants

The study is designed to investigate relationships between the changing US political environment and approaches and experiences by New Zealand SMEs to firm strategy entering the US, within this changing landscape. Criteria for invitation of SME participants were established from the initial research phase, including:

- SME entry into the US that has occurred within the past two to three years.

- Individual participants who hold responsibility for international business decisions within the firm. Most likely to be the company owner/founder/Chief Executive Officer or senior manager.

- Sample firms also had to be accessible to the researcher in New Zealand and had to identify as an SME. As previously stated in chapter two, SMEs range in definition of content from country to country. Therefore, qualification of SME status was based on the standard characteristics of employee size, operations and business history. These also had to be in the context and scale of NZ's small relative geographic size. For example, SMEs operating with a zero head count and those with up to fifty employees fitted the criteria for consideration.

- A table of participant case outlines in the Findings section can be viewed as shown in Table 2.

The interviews conducted account for the main sources of data; however, secondary sources of data were obtained in the initial phase of research, prior to recruitment. These included research from company websites, media reports, government agencies, trade organisations and trade publications.

Participants were then recruited through an invitation emailed to the company's publicly available website such as a general enquiries email address or a 'contact us' page. The invitation requested their participation in the research and provided information on the study and its requirements. The invitation asked for the email to be forwarded to a relevant participant who best suited the study requirements. One to two company-approved and willing individuals were sought from the qualifying organisations to volunteer as study participants, and given two weeks to consider the invitation. No follow-ups were necessary, with participant responses acknowledging willingness to contribute within the time frame allowed. The participants returned contact via email, communicating that the research topic and requirements were understood.

4.6 Ethics

An application for AUTEK approval was submitted prior to this research commencing, recognising research ethics protocol. This included responsibilities of the researcher such as ensuring privacy and confidentiality through the use of pseudonyms, due to the relatively small NZ business environment and risk of identification. Once approval was granted from AUTEK (see appendix I) the identified firms were contacted. Participant information sheets were emailed out to the firms' publicly available websites or 'contact us' sections, explaining the research purpose, process, requirement and risks, followed by consent forms to respondents who agreed to participation (see appendix II). The rights of the participant were communicated.

The participant information stated that the participant did not have to answer any of the questions and could release themselves from the interview process at any time. Participants' rights to review the interview transcripts in order to edit or omit any information they deemed sensitive or mis-informed were also communicated to them. Prior to the interview commencing, participants also signed a consent form (see appendix IV) and the participant information sheet was recommunicated to ensure full understanding. Consent for the interview was also recorded digitally. A summary of findings was offered to participants on completion of the study in gratitude for the time and perspectives given in contribution to this dissertation research.

4.7 Data Quality Assertion

According to Yin (1981) case study research presents challenges in the large number of sources or relevance to particular research and, thus, it is important to understand how these impact the outcomes. Methods in qualitative collection of data include observation, interviewing (face-to-face or digital communications), document and artefact sourcing, oral and documented history of an organisation, auto ethnography and visual methods (Creswell & Poth, 2018; Yin, 2009). Extensive background research to this study prior to commencing ensured that multiple and accessible sources of secondary data existed in relation to the selected case studies to enable satisfactory availability and assurance of information.

Directly following the Auckland University of Technology Ethics Committee (AUTEC) grant of approval for this research, interview participants, once confirmed were interviewed. Over the course of the three interviews and following each interview, the quality of the interview questions was analysed and content was further familiarised. This was to ensure interview technique pertained to academic rigour and allowed for reviewing, dissecting and refining of the process. These interviews were digitally recorded and the interview recording was transcribed manually by the researcher. Preliminary notes were taken during the transcribing stage. Data analysis took on a continuous reviewing role from the first interview participant recruitment. The manual transcription of data allowed for greater depth in assessing tone and attentiveness to detail in the transcription. Completed transcripts were read by the researcher. Ideas and perceptions during the transcript process were also written down. The notes and memorandums recorded during this process gave greater meaning and understanding by continuous familiarisation of the interview content. Immersion and familiarisation of the data through reading and re-reading interviews and noting of ideas and phenomena is important to the accuracy of the analysis (Gray 2018; Saldana, 2013).

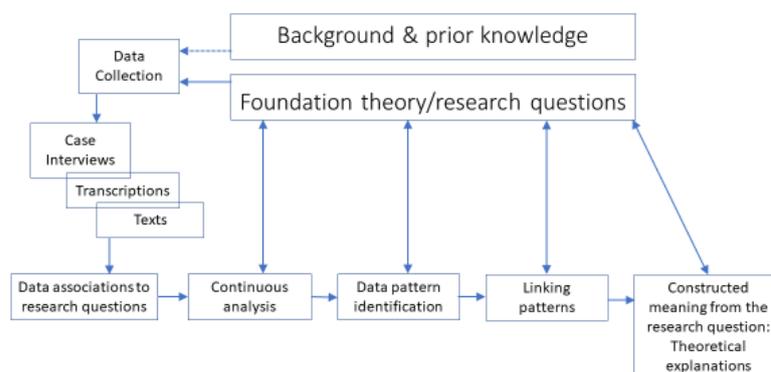


Figure 1: Text and explanation steps adopted from Gläser & Laudel (2013)

4.8 Data Analysis and Coding

Analysis of data was conducted on the basis of thematic analysis. Thematic analysis is compatible with constructionist paradigms (Braun & Clarke, 2006). According to Creswell and Poth (2018) analysis of the data from an interview narrative can adopt a thematic strategy, where analysis is conducted on what was communicated by the participant. Thematic analysis provides a method in which to identify, analyse and record patterns or themes within data of a qualitative nature (Gray, 2018). Thematic analysis extends to interpretation of particular aspects within the research studied, which can be data that is detailed, rich and complex (Gray, 2018; Braun & Clarke, 2006).

As previously discussed in the method and data quality section, semi-structured interviews were conducted and then digitally recorded. The first stage of analysing the data then involved manual transcription by the researcher. Transcriptions of the interviews were read multiple times and preliminary side notes were made on themes as they deductively emerged from the evolving data. Ongoing reviewing of the data gives focus to the purpose of the research (Saldana, 2013).

Coding of the available qualitative data was achieved through adopting a manual method. Thematic assimilation is promoted through the coding process to provide an outcome of meaning, through the researcher's ability to be reflexive and reflective while identifying patterns in the data (Williams & Moser, 2019).

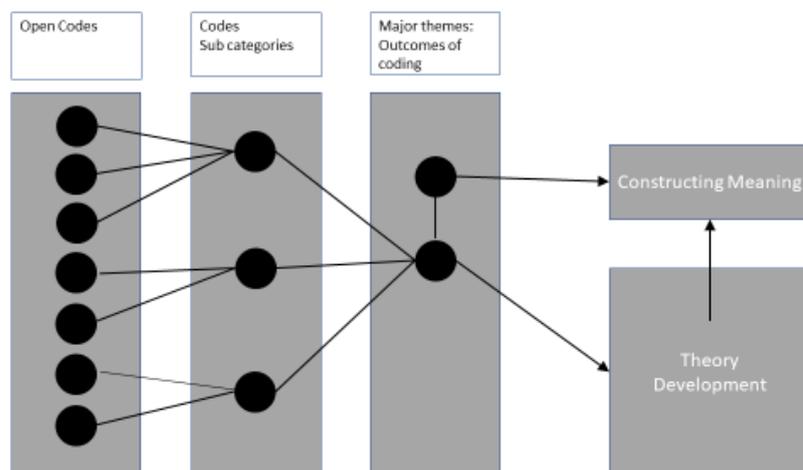


Figure 2. Constructing meaning and theory adopted from Williams & Moser (2019)

The next stage of coding involved using hard copies of the transcripts in order to label ideas using coloured pens, highlighters and sticky notes. This enabled more efficient pondering and greater visibility of the analysing process and organisation of information. The transcripts were coded

individually. Firm A first, firm B and firm C last. Ambiguity was reduced and accuracy reinforced through referring to preliminary notes for checking and re-reading data throughout this process (Saldana, 2013). Passages from the participants' verbatim accounts were structurally coded in relation to the research topic (Saldana, 2013). During the initial coding stage of analysis, themes that were striking or stood out over the entire data set, such as in a surprising, interesting, positive or negative way, were noted. Codes included leadership approach, market knowledge, market knowledge and institutions, and institutions. The researcher reflected on the how, what and why around the actions or accounts recorded by the participants within the US environment. From this, emergent themes in the data were also recorded, such as networking (in particular, high profile networking), prior knowledge and background research, market opportunities, adaption strategies and future change agents. These themes were reflected in the main stream literature, such as the RBV and dynamic capabilities due to varying degrees of participants' awareness of resource allocation and reconfiguration of internal and external competences. The emergent themes also noted consideration to the Institution-Based View, due to environment factors that gave rise to isomorphic responses and institutional forces that had an effect on firms' approaches. Other literature that reflected the emergent themes included AI theory, network theory (in understanding resource constraints in relation to the environment changes), and the literature pertaining to the challenges of SME internationalisation, such as psychic distance and LoF, LoN and LoS.

Following initial data identification and coding of features, the transcripts were re-read. The different themes identified were then explored to assess main themes. At this stage of coding, any themes that were not within a grouping were allocated a sub-category or were deemed miscellaneous. Along with the initial codes identified, a within-case analysis was conducted. The within-case analysis enabled more detail to be recorded and provide a richer description of accounts (Creswell & Poth, 2018). Each case was described and reviewed in detail individually, highlighting script that stood out in relation to the initial codes. The next stage involved conducting a thematic analysis or cross-case analysis interpreting meanings and reviewing, defining and categorising themes further across cases (Creswell & Poth, 2018; Gray, 2018). Cross-case analysis data, once confirmed, was compared to the theoretical perspectives, working back deductively, from a universal view (Gray, 2018). Participants' views, descriptions or statements that related to the research question were grouped and identified to fit a relevant category in order for meaning to be constructed from the themes.

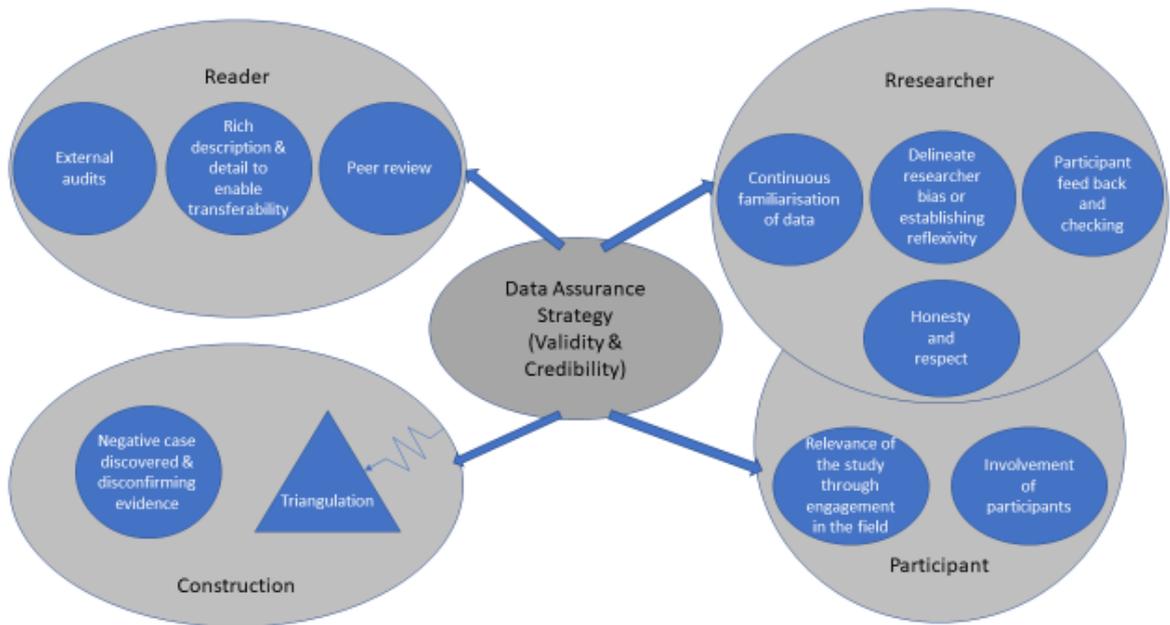


Figure 3. Strategies for data assurance adopted from Creswell & Poth (2018)

Table 1: Analytical Strategy: Example of Coding Process and themes across cases

Initial Codes	Sub Codes	Codes	Major Themes: Outcomes of Coding
Relationships		Leadership Approach	
Openness			
Networking			
Story Telling			
Connectivity (Business and Personal)			Networking: High profile networking
Perseverance			
Ambition			
Confidence			
Intuition			Prior knowledge and background research
Spontaneity			
Innovative approach			
Opportunistic			
Methodical and planned			
Education		Market Knowledge	
Tax administration			
Policy instruments			
Cultural understanding			
Political understanding			Market Opportunities
Language effects in market			
Identity fit			
General learnings			
Prior US experience			
Technological fit			
Growth costs/expansion			
Product adaption			Strategic Orientation
Scope			
Differentiation/Localisation Aspects			
Tax administration	Regulatory	Market Knowledge and Institutions	
Wider US environment compliance			Adaption Strategies
Agencies/Banks/Govt/Industry		Institutions	
Administrative challenges			
Visa entry challenges			Future change agents
Investor confidence			
Capital resources			

4.9 Summary

This research aims to study the perceived importance of changing political environment on SME market entry into the US by NZ SMEs. The methodology chapter introduced the philosophical assumptions and underlying interpretivist paradigm implemented for this study.

A multiple case study approach was adopted for qualitative research on three NZ firms entering the US. Study participants, selection, data quality and ethics have been discussed in relation to the methodological process. Empirical data was collected through a semi-structured interview method with representative participants. A thematic analysis approach to data analysis was taken in this multiple case research, and examples have been given to illustrate coding and the triangulation processes adopted. In the following chapter, the findings will be presented.

Chapter 5: Findings

5.1 Introduction

In the previous chapter, the multiple case study methodology adopted for this research was introduced, based around the following research question:

What is the perceived importance of the changing political environment on New Zealand SME market entry into the United States?

Sub questions include:

- a) *How do New Zealand SMEs perceive changes in the US political environment?*
- b) *How do New Zealand SMEs change their approach to the US market, in light of the changing political environment?*

This chapter presents the findings from the multiple case study of three firms, including three semi-structured interviews, in order to address these questions. Data was analysed both within and across cases. Some background on the internationalisation of the participant firms has also been included. In light of exploring perceptions of political change to gain a full understanding such as prior experience factors, this is important to include. Main themes to emerge related to resources such as high profile networking, the role of institutions in the US and in New Zealand, knowledge, experience, adaption, and future and positive experiences. Profiles of these firms, drawn from both information provided by the firm and secondary sources, provide background to the findings. The following section provides an outline of these firm case studies. Profiles of the firms provide background to the findings.

5.2 Case Firm Background

Key firm characteristics such as year established, first internationalisation activities, firm size, industry, channels and markets were identified across the participant firms. These characteristics appear in Table 1 on the following two pages.

Table 2. Outline of three firm case studies

Firm Orientation	Firm A	Firm B	Firm C
Internationalisation Strategy	Direct exporting (currently prospects in Sydney & Singapore as intermediaries; in the process of hiring two staff in the US)	Direct exporting (Executives NZ based; administration & sales US based)	Direct exporting (In market distributor)
Founder's first international activity	2019 – Initial engagement with promoters in the US, Australia and Singapore Note: 2011 - Start of US engagement with previous two firms	2016 - First customer contract from the US	2015 - Wine symposium research presence 2017 - First customer contract from the US
Registered/ Incorporated	2018	2015	2014
Establishment year	2018 Firm A's founder established two prior technology start-ups. 1) in 2011 2) in 2014	2018	2016
Revenue range	One to five million dollars Start up (no revenue)	Approaching one and a half million dollars 90% of revenue is generated in the US	Unknown
Entity	NZ Ltd Company	NZ Ltd Company	NZ Ltd Company
Industry	Event software	Transport (Broadly covering - passenger, freight, construction, general commercial) Within the Software as a Service (SaaS) space.	Wine
Sector	Technology	Technology	Technology
Company/Status	Privately owned	Privately owned	Privately owned

	(Merged with NZ tech company in 2018 - not publicly listed)		
Key products/services	Software	Software as a service on a subscription based software platform	Innovative device and associated technology
Capital resource funding	Start up from seed funding; investor commitment	External funding from private investors	Self-funded start up
Primary and secondary international markets	US, Australia, NZ and Singapore	US, N.Z, South Africa	US, Australia, Canada, Belgium, Spain, Chile, Argentina, France and South Africa (product sold into seven markets)
Strategic growth objectives	US primary growth objective, (platform built to support the US market from business inception to take advantage of scope and scale opportunities)	Establishment in the UK as a primary objective in alignment with the established US strategy (perception of a similar regulatory framework as the US)	Objective, to gain deeper growth capability in the US and other selected international markets. Growth achieved through growing distributors and managing existing international relationships in the US, Australia and France.
Founder (co)/participant profile	Single NZ Founder (has spent seven years living in the US, and now travels to and from NZ to the US)	Two NZ Co-Founders (travel regularly to and from the US office based in North Carolina)	Five NZ Co-Founders. Separate roles and varied involvement (one Founder lives currently in the US, the other four are NZ based)

5.2.1 Key Differences and Similarities

The firms presented in this study are all New Zealand-registered companies. They have all selected direct exporting as a channel for their products and services for entering the US market. All three firms studied currently direct export their products or services to the US. Firm C has the widest reach in geographic market strategy growth internationally, while firms A and B are both predominantly concentrating on the US market. Firm B's secondary target market is the

UK, due to perceived similarities in regulatory frameworks. First customer activity in the US for firms B and C provided the catalyst for committing to deeper US involvement.

All three firms also operate within the broadly-defined technology sector, although within different industries. Firms A, B and C all commented on the scope of market opportunity in the US due to its large-country status. All firms state location advantages and enhanced resources. Firm A is a born global firm. Firm A's founder had previous business experience with two prior technology-based start-ups. This prior experience for Firm A has provided a platform with knowledge advantages for entering the U.S on inception as a start-up firm, without a domestic presence for this new firm prior to this.

Firm growth is important to all three firms with some variations. Firm A has a growth strategy and platform built to support the US market from its inception. Firm B and Firm C's growth platform has been to invest time into establishing research and development and gain initial industry interest in New Zealand. Firm B and C then expanded into the US after interest from US customers and discovery of increased opportunities. Further to this, Firm C's strategy is to increase the distributor and business relationship base internationally. Firm C is the only firm to have a representative (one of the five founders) living in the US. Firm B has an office in the US, while Firm A and Firm B's founders currently travel regularly between NZ and the US to conduct business establishment and growth activities.

5.3 Use of Intangible Resources and Capabilities in Internationalisation

The strategic orientation of all three firms is focused on gaining market opportunities through internationalisation activities primarily to the US. Firms A, B and C have all chosen the US as a primary market due to scope and scale factors that are not possible in the NZ market, due to what they perceive as its smallness. The participant firms all described the importance of intangible resources and capabilities to their strategic orientation and internationalisation. Tangible (or physical) resources are utilised in internationalisation by the firms studied; however, the perception amongst all firms was that intangible resources and capabilities were the most critical in gaining market presence and adapting to the US environment. The RBV of the firm (Barney, 1991) consists of a bundling of tangible and intangible assets, aligned to a strategic orientation (Peng, 2013; Barney, 2001) to achieve a competitive advantage. All three firms utilise intangible resources to build firm legitimacy, such as reputational activities or associations. Gaining industry recognition and connecting with high status individuals, firms and government bodies to integrate into the US are activities initiated by the three firms studied. Isomorphic change can occur as a result of informal and formal pressures or cultural expectations. Competing for

institutional legitimacy and government mandates can influence firms to change (Di Maggio & Powell, 1983).

To achieve market scope in international operations with limited resources, Firm C's co-founders have individual high-level competencies, dual roles, and a range of expertise that add to the total resource pool. All five founders provide legitimacy in attaining high-level business expertise and formal training, having all completed entrepreneurship and commercialisation master's degrees. These varied capabilities give the firm access to a broad range of intangible resources. Product education and industry partnerships are conducted by one co-founder living in the US. Firm C's resources in product education are supported by the New Zealand government owned-institution, Plant and Food Research. Firm C's participant stated,

And then we also rely on our research partners to assist us on R&D, so we work with Plant and Food Research, who own the original technology that we started to work with. We work with them pretty closely on R&D activities, so that is a big pool of resources available.

Firm C has also experienced resourcing support from New Zealand Trade and Enterprise (NZTE) in the form of market knowledge in order to facilitate a localised indirect exporting strategy in the US. Firm C's participant stated,

Yes, well certainly NZTE here have been part of that journey for us over there. They have a good presence in the US and they have been really helpful for us. But they are also equally helpful for us in other markets like Australia and Europe. They have great people on the ground. And ... particularly, I guess, for what we are doing, there are people in their organisation who understand the wine industry, and are able to give us good insights into the local market. So that has been really helpful. So from an institutional perspective that is helpful.

5.3.1 Market Opportunity Shifts in the Changing Environment

Both Firms A and B emphasised the large size of the available market opportunities within their industries in the US compared to NZ. For Firm A, a much greater number of public and private sector institutions within the arts, culture and entertainment in the US provided a larger number of potential sales. Firm A stated,

We then found out that there were more museums in the United States than all the McDonalds and theme parks and Starbucks combined.

So willing, fast moving in a sense, the sales cycle for us with a museum is two to six months, but that can be the same as a small festival in NZ. So same amount of attention and love and care ... But 100 percent higher return.

Obviously, the budgets. If we put in and invest the same amount of time in a NZ company, the budgets are less. So it is either you focus on a NZ

company who is going to give you \$3,000 or you focus and deal in the States and it gives you \$300,000. So obviously you have to make money.

However, Firm A also described experiencing impacts from decreases in government spending in the arts and culture in prior US business activities within the past two years, illustrating how this potential market size could be impacted by government policy. Firm A's participant describes how this decrease in government spending had, in turn, reduced cultural budgets for investment in new products or services.

Conversely, Firm A also discussed how decreases in government spending could create new market opportunities, as arts and culture institutions looked to attract higher visitor numbers. Firm A comments that higher visitor numbers attract increased government investment to public institutions within the arts, culture or entertainment. Government spending related to new policy holds potential opportunities and attraction to the US market for all the firms studied.

For Firm B, expansion into the US transportation industry has provided increased customer sales for Firm B including more direct and perceived decisive buyer behaviour. Firm B also pointed out advantages in the scale of the US market, for firm investment and long-range strategic opportunities. Firm B's participant stated,

We felt that the NZ market was much harder to deal with in terms of how we aspire to be a high volume, low value product as a service product. So going and having four meetings with someone that had ten trucks in Penrose and then sell them something that pays us \$70 a month for, didn't really work. So we had the scale in the US to pursue and that was the catalyst for us to bring on some seed investment here in NZ and sort of go at it full time.

What we have seen is that Americans are very old school in their thinking, in terms of ... they are not very innovative, you know, they are still on these processes. But on the flip side of that they are very engaging at a commercial level. They will have a discussion with you, they will talk about it and they will go ... "yeah, I'll buy that, thanks very much"!

5.3.2 Dynamic Capabilities as a Response to the Environment

Participant firms also discussed how developing dynamic capabilities can help firm resilience during the entry stage, hence minimising LoS. Dynamic capabilities are viewed as an extension of the resource-based view, to transform existing resources into opportunities for enhanced firm performance (Anand et al., 2010). A successful strategy to enhance the growth of Firm B within a changing environment was the early firm resource aligning to 'being American' in entering the US. Likeability, trust and reputation for innovation were factors the three NZ firms studied, and perceived Americans to be drawn to in New Zealanders. Moreover, in conjunction with the

environment of increased protectionism, Firm B recognised that US firms acutely wanted to be dealing with a US company. Therefore, Firm B has integrated these unique NZ-based character intangible resources (observable and often unquantifiable), such that the firm's activities appear American from inception, in order to gain a unique combination of growth and competitive advantage. Firm B stated,

We were aware that an American wanted to deal with an American company. Even if they know it's not an American company. As long as the invoice says Firm B Inc. on it...they trust it. So we ensured we faced the world like an American company, like an American entity. We had American phone numbers, we had American people talking to our customers. So as far as anyone up there is probably aware... we are an American company. And I think, if we hadn't done that, it is quite obvious, we would have struggled a bit more. So I think that would be the other thing, is that present yourself as an American company. And that's made life pretty easy for us in that sense. That we are not perceived as anything else but that.

In summary, all firms mentioned the challenges faced entering the US market due to their size. In particular, they discussed the need to reconfigure resources in order to respond to changes perceived in the political environment resulting in a great US-centric perception. They also discussed the importance of appearing to be 'American'. Some had directly addressed their size by changing structure.

5.4 The role of institutions in operating in the US

All three firms studied have adopted a high degree of institutional support from both US and New Zealand-based providers to provide connections, case studies, understanding of the legal, banking and payroll environment, and to grow brand awareness in the US through sector-based institutions. These include government, banking, investment, administrative, cultural, industry and media institutions. While institutional theory frameworks can take on different appearances, the principle idea of institutional theory is to describe homogeneity associated with the composition of organisations that share the same organisational field or a collection of organisations that together form a recognised section of institutional activity (DiMaggio and Powell, 1984). Homogenisation in this sense is known as isomorphism in areas of organising, operation and evaluating to conform in environments to requirements and rules to gain legitimacy and support (Kondra & Hurst, 2009).

Firm B's strong identity with US culture and adopting a US image relates to assimilating with the atmosphere of increased nationalism experienced in the environment. Firm B demonstrates mimetic characteristics in utilising US support organisations to provide certainty, in up-to-date information within an uncertain environment, to US employees. Kondra & Hurst (2009) assert

adopting mimetic actions can reduce uncertainty by providing answers within an unclear environment. Formal and informal coercive pressures can also be imposed on firms to comply with an industry standard or norm (Kondra & Hurst, 2009). Firm B's participant prioritises human resources, recognising the high importance of benefits associated with job security by US employees. Firm B connected with reputable banking, administration and payroll institutions. Firm B outsources important payroll and business administration functions to highly reputable and long-standing U.S institutions such as Paychex, TriNet and The Silicon Valley Bank. These institutions are backed by high profile corporate and media organisations, thus providing employee reassurance and trust in receiving premium employee benefits. Firm B identified the significance of these connections to conform to work culture norms, and identify with the US strongly within the working environment, in order to attract and retain employees. According to Stiglitz (2019) there is a growing inequality and increasing limitations in upward mobility within democratic US society. Williams (2018) states 'The American Dream' of home ownership, health benefits, job and college opportunities of past generations is now over. Firm B's participant stated,

Yes, so you've gotta to do it right, otherwise you are not going to attract staff or keep them, because if you're not investing in the good health insurance or the good benefits, then they will go somewhere else. Because that is what sits at the top of their priority tree is security.

Under the current US administration, the US Embassy in NZ is encouraging NZ companies to invest in the US economy. One way the US Government is executing this initiative has been to lower border restrictions for New Zealanders entering the US for business, in line with recently revised visa entry requirements. The US views NZ as a trusted ally, that supports free and fair trade. Therefore in light of the trade war with China, and increased nationalism in the US, the US is encouraging the growth of new trade partnerships to enhance the US economy. In addition, the trade war with China could risk China's alienation from its traditional trading countries and cause it to seek increased trade with NZ. One way NZ/US business relationships are further encouraged by the US Embassy is through invitation, to NZ firms that fit the criteria, to attend The Select USA Summit. The Select USA Summit is a Government-run program, conducted by the US Department of Commerce held in Washington DC. By invitation of the US Embassy, in-country foreign firms and individual investors, are invited to connect with investment opportunities in the US ("Select USA Investment Summit", n.d.). Government officials, key industry experts, and agencies and bureaus at local and regional levels advocate US opportunities. The summit also includes plenary sessions explaining the benefits of investment in the US market by global firms ("Select USA Investment Summit", n.d.). Programmes such as Select USA offer support to potential NZ SME investors, relating to the US environment and establishment

complexities. These include US tax administration relief, and local and regional economic advice, including key business contacts, over a wide range of industries (“Select USA Investment Summit”, n.d.). Investment in areas such as manufacturing and in employing US citizens is supported by the US Embassy and American Chamber of Commerce in NZ through encouraging New Zealand SMEs attendance at summits, such as the Select USA Investment Summit. Firm B’s experience with the US Embassy, in relation to the Select USA Investment Summit, is to promote US business growth opportunities. Firm B’s participant commented that they had utilised the US Embassy for information but had not attended a summit. Firm B stated,

...but they were pushing the delegation pretty hard.

Firms A and B have both made contact with local and regional agencies. Firm A has significant high profile inter-organisational affiliations (as mentioned in the high profile network section), which also include agencies established to assist businesses directly when entering the US market, such as US Kiwi Landing Pad and NZ-based KEA. Firms A and C also stated recognition within their industry with innovation awards reinforcing leadership and endorsing product attributes contributed to awareness in the US market. Firm C has affiliations with US wine industry bodies.

So in particular, we won an award for innovation at the Quality and Innovation Conference, which is held in Napa. And that is run by the wine industry network and that...ahh...for us, was a really good opportunity for us to be recognised. And kind of the best kind of award in that you don’t enter, you just get told you won!

Professional recognition of Firm C’s product within the wine industry is given weight through the co-founders’ education credentials, and professionalism in product development through Plant and Food Research, as part of Auckland University. This provides another level of legitimisation to their business entering the US and the highly competitive wine industry, and is consistent with normative isomorphism. Firm C’s participant emphasises the US wine industry media and its social influence on gaining firm profile. According to Carpenter & Humphreys (2019) the US wine industry is reliant on influential relationships with media advocating wine and associated products, achieved through education.

5.4.1 Home institutional support to assist responsiveness to host political change

Domestic agencies assist NZ firms in the foreign market. New Zealand Trade and Enterprise (NZTE) was a common institutional support to all three firms across Los Angeles, New York, Houston and Chicago. Firms A, B and C all gained support from NZTE that was described as pro-active and knowledgeable, within the operating environment, with transformational outcomes. New Zealand Trade and Enterprise provides Firm A with key regional and state

connections at their US offices and up-to-date knowledge on key markets. Firm A describes receiving assistance with resources such as current business case studies from NZTE.

Firm B stated NZTE was their main institutional influence and played a role in connecting Firm B to contacts in the US directly. These connections were described as leading to demand from the US customers. New Zealand Foreign Affairs and Trade (MFAT) and NZTE, provide support in overcoming new market challenges (“How MFAT helps exporters,” n.d.). Raising firm profiles is emphasised by MFAT through contacts and networks including embassy support for products and High Commissioners’ or ambassadors’ endorsements (“How MFAT helps exporters,” n.d.). All firms utilised services offered by these organisations to connect to local knowledge. Firm A found the New Zealand-US-grounded institutions particularly well informed, which helped reduce uncertainty of the general environment. This is important due to LoN, which, in the absence of secure relationships, can present a difficulty in gaining knowledge on external suppliers, creditors and other organisations (Kale & Arditis, 1998). Targeted and-up-to-date home support for NZ firms engaged in activities, such as direct exporting, is important to the national economy. This is due to the current account deficit, which is an indicator of an economy’s financial status (Stats NZ, 2019). Currently, NZ is spending more on imports than it earns from exports or from general international transactions (Stats NZ, 2019). New Zealand’s current account deficit was recorded at \$2.6 billion for March 2019 (Stats NZ, 2019). Therefore, there are bilateral benefits for NZ and the US, through NZTE’s customer support, stimulating New Zealand global exports to reduce the current account deficit, and, as mentioned in the previous section, in providing extra stimulus into the US economy. Firm B’s participant stated,

We have had a bit of help and support from NZTE here. And they seem to be really good, really pro-active, and I think, that is where we tend to see more value added in the New Zealand side of things.

The utilisation of research and development functions through Auckland University was adopted by Firm C. Firm C’s affiliation and credentials with the University gave the product high academic endorsement for entering the competitive US and international markets, while legitimising the scientific nature of the innovation. According to Barney et al. (2001), the development of an emerging resourced-based view theory includes entrepreneurial activity, applying to technology transfer from universities to firms. The theory posits that academics who possess an idea may not have the entrepreneurial skills to be able to transfer this to a sustainable competitive advantage in the market (Barney et al., 2001). The innovative development of the wine oxygenation product was based on prior intellectual property owned by the University institutional research body, Plant and Food Research. The association with the University

allowed for additional home support for Firm B, in intellectual property protection in the US. The participant of Firm B stated,

So we work really closely with them to protect it and that is a really great thing when we are thinking about competitors who might want to infringe it is easy to say ...well ... if you infringe ... it is not us who will enforce it, it is the NZ Government. And that causes competitors to think twice before they infringe.

5.5 Knowledge, experience and adaptive capacity of participant firms in the US environment

All three participating firms in this study have varying degrees of internationalisation knowledge and experience within the US environment. In particular, Firms A and B have a more heightened awareness of the US environment and members of both have had extensive time living there on and off, specifically as regards social and cultural experiences. Both A and B firms emphasise the effects of understanding the wider US political environment changes due to its potential downstream effects on business and dealing with firm challenges. An example of this is Firm B's understanding of employee motivation in relation to the rising nationalist environment, in order to provide the most effective working environment to retain employees. Adaption in the changing US environment to overcome challenges, such as how to be politically correct in conversing with and understanding customers and colleagues, in an environment of increasing political diversity within regions of the US, has also been experienced by Firm A. Firm A has the most experience of the US, through its members having lived there, and through previous US business activities. Firm A stated,

We don't really have a blue and red in NZ, I think we are sort of in the middle. It's neither here nor there. Like there are a few percentages with taxes, or whatever, but it is neither here nor there, really. But with the US, you can be in California, which is very blue, then you go into somewhere like Oklahoma and the whole state is just RED, RED, RED. Um and so, even state to state, it's like different countries and they all get affected or not ...affected by policy.

5.5.1 High profile external networks

High-profile external networks are pivotal for firms A and B. By association with these networks, knowledge can be accessed relating to the wider changes occurring in the US political environment that may impact firm competitiveness. Therefore, in this way, Firms A and B utilise high-profile channels to understand environment changes and then develop strategic and entrepreneurial initiatives that best match available resources in this environment. According to Crick & Spence (2005) networking and establishing relationships develop firm activities, building trust and commitment. Risk and complexities in entering foreign markets can make SMEs utilise networks to influence strategy due to limited resources or international experience

(Lo et al., 2016). Associations at a high level provide insights into politically-set budgets and atmosphere, due to administration change. Firm A's previous international experience has provided established high-profile networks, including with the Smithsonian, San Francisco Art Museum, The Getty and Google. Firm A's participant states,

And the biggest thing for us is in understanding the environment that we are in, in which we have got a lot of competitors, we have a lot of other ticketing companies that are all competing for the same contract.

Uncertainty due to political change in the US was reduced for Firm A due to its having established high status organisation relationships with key individuals and government institutions in prior start-up firms. These relationships elevated trust and reliability aspects, legitimising Firm A's brand and merger. In turn, this validation by important networks creates an open and trusting relationship for the sharing of important information related to changes in the US environment that may affect Firm A's products or strategic decisions.

The changing political environment has made Firm B aware of the increasing need to identify as 'American'. The current US administration's 'Make America Great Again' rhetoric has created a strong nationalistic environment noticed within Firm B's firm environment. Therefore, strategic initiatives in order to conform to this have included solidifying relationships with large well-known US corporate banking and payroll institutions. This has been important in meeting US staff expectations within the current environment, and identifying as a US company. As a result of this need to conform to increased nationalism, Firm B provides costly employee benefits due to recognising the high importance of job security for US employees. In association with this nationalistic behaviour, Firm B's participant stated that employee benefits and the 'job for life culture' was seen to be a high priority to US workers in the current environment. Firm B's strategy has included forming alliances with large well-known US banking and payroll corporate US institutions which provide legitimacy and security to employees. In this way, the firm appears as a US firm.

In keeping with the current changes in the environment, Firm B has sought business relationships with cornerstone, high-profile US institutions, such as Paychex, TriNet and The Silicon Valley Bank. Paychex is the largest record administrator in the US and has been established for 45 years with over 650,000 payroll clients over 100 US locations (Paychex Annual Report, 2018). TriNet is a leader in workforce analytics and provides bespoke HR and business solutions to small to medium businesses and is one of the largest public companies in the Bay Area of San Francisco ("HR Solutions for the People Who Matter", n.d- a.) TriNet has affiliations with organisations such as The Wall Street Journal, Fortune and USA Today ("News and Press", n.d-b.). The Silicon Valley Bank has been established for 35 years and focuses on innovation companies, influencers and investors (Silicon Valley Bank, 2019). The Silicon Valley Bank showcases stories of

successful and high profile start-up clients, to communicate its brand (“Make next happen now”, n.d.). The association Firm B has with these large well-established, high profile and technologically-orientated corporate organisations is stated as a key to Firm B’s success. Outsourcing to US institutions creates administration efficiencies and brings localised expertise to a complex environment of political change. This includes overcoming complexities in US taxation requirements, banking, human resources, investment and business advice to achieve a ‘more American’ company identity, while ensuring Firm B’s staff are retained through awarding the best benefits. Firm B’s participant stated,

We had to bring in some professionals to advise us on it and we had to get a third party to manage our payroll and all of that stuff as well. Because, my perception is ... Americans areand I have to say this in the right waybut they are lifelong workers, a lot of them. And having a job is just what they do. They don’t really aspire, a lot of them, to starting a business, or working independently or doing any of that...so to have a job, to have that security, to have your health insurance, to have all that ...is life to them. (Firm B).

The only people that know we are New Zealanders really are our team and our business, and that gels really well. And as far as the world up there is concerned, we are an American company (Firm B).

But you do get comments from some of our staff, anonymously, when we are catching up to say.... “There is a bit much politics leading in one direction here” ... (Firm B).

5.5.2 National-based influences that impact perception

Overcoming psychic distance for the firms investigated, through identifying or being perceived as US Nationals in their business activities, has shown benefits for strategic objectives. According to Batra and Dhir (2019), one definition of psychic distance is “the individual perception of the differences between the country of origin and the foreign country” (p.155). In light of the changing political environment, Firms A and B are aware of the importance of understanding influences in the macro environment and the potential effects on business that may arise from changes. Knowledge and experience gained from previously living in the US and the contracting of well-known and established US administration institutions contributed to appearing more national in order to overcome challenges in the changing US workplace and wider environment as a whole. Firm A stressed the benefits of operating in the US, through gaining knowledge and experience from seeking out social, cultural, governmental, and regulatory and industry-related perspectives. In addition, this information on the US status quo provides Firm A with a wide range of knowledge, used to predict or buffer any effects from the political environment on the firm’s success. This information provides Firm A with the advantage of understanding how to

interact directly and, the importance of service, and provides clues from the political environment on the sales approach taken. Firm A's participant stated,

I know more about US policy and politics than I have ever known about New Zealand. And that's the thing, get grounded. Know what teams are in the Super Bowl, go and see who has made it into the play offs, look at the current political climate as well. For us in the museum sector particularly being mostly government funded and sponsor funded, what happens in the government really affects the art and culture. So you have to know your industry and know when they either have a budget or they don't.

A perception of alignment with national interests is exhibited from Firms A and B. Firm A has approached the US market by building on prior US business experience and, therefore, understands the effects the changing political environment can have on firm success. Firm B has approached the US market by understanding the important influence of national institutions on firm perception.

5.5.3 Adaption to political environment change through dynamic capabilities

Dynamic capabilities extending from the RBV can assist in firm integration for competitive advantage (Barney et al., 2001). Firm resources in this way have been mobilised to gain value advantages in order to respond quickly in the current changing environment (Teece, 2019; Barney et al, 2001). Firm B has assimilated to the US environment in behaviour and daily business operations homogeneously to offset a perceived risk of business failure. According to DiMaggio & Powell (1983), homogeneity, defined more specifically as isomorphism, can cause a single unit to resemble other units in the same environment, relating to output, culture and structure resulting from uncertainty in organisational forms. Identification of opportunities, sensing customer requirements (relating to the changing environment), and firm transformations in response to this are related to the dynamic capability framework (Teece, 2019). Assimilation in the current environment to be perceived as 'American' and adopting US culture and business activities is an important part of Firm B's internationalisation strategy. Firm B is conscious of the 'Make America Great Again' drive with offices located within the red belt area of the US.

We are employing Americans, we are doing all of that, so at a high level, we are doing everything that the administration over there probably wants us to do. (Firm B).

Firm A's participant describes knowledge of the political environment, and has identified trends, stating the prior recent business experience of decreasing budgets in the arts and culture being more noticeable in the Trump administration than in the Obama administration. Therefore, Firm A delivers products that are now focused on a much wider target market, direct to consumers.

This includes a greater offering of extra products, in event software and analytics, and ticketing software for registrations for conferences and expositions and general purchase. Firm A's participant stated,

The good thing is that the US and NZ have been working on a treaty agreement well before I was born, which has never been passed ... and Trump just passed it ... last year. That is a huge win for NZ, the fact that we can go in, so that gives you a five year visa, which is obviously ... there is nothing out there like that at the moment, so that is really key. On the flip side of that, a lot of the venues we would be contracting into are shutting down. The budgets for art and culture are decreasing. The money for military is going higher, the money in older industries is being invested more. The national parks in the US are closing because they don't have the budget. And it is going to affect art and culture immensely. Even in the Obama administration, the funding and resources were lacking in museums and art and culture anyway and that is just going to be more with the Trump administration.

At the core of our business we are a ticketing company, but we sell product essentially. So it doesn't matter if you sell one coffee vs one ticket, two a day. It doesn't matter if you're selling glasses to a speaking engagement for one part of the evening. We are a products company and within that, you can buy the tickets, you can buy the programme, you can buy the wine and cheese platter. And the way that we have done it, is that you can do it all in one click and for multiple people. (Firm A).

5.5.4 Adaption and perception of future business threats from the regulatory environment

All three firms show degrees of Adaption-Innovation (AI) theory, seeking creative leadership solutions to improve or differentiate (Chilton & Bloodgood, 2010). Firm B saw an opportunity to use their technology to solve a problem in the US transport industry arising from a change in US legislation. (Federal Register, 2014). The technology provided by Firm B provides solutions for transport companies to comply with legislated reporting activities. Coercive isomorphism relates to informal or formal pressures or expectations such as are placed on organisations to collude in change objectives (Di Maggio & Powell, 1983). Therefore, Firm B has a strong compliance focus and is increasingly aware of wider economic pressures presenting threats. Firm B describes policy affecting the US transport industry (Firm B's customers) behaviour as uncertain. Firm B's participant discusses the experience of indirect effects of macro-economic forces relating to transport industry customers when communicating with customers such as customers with transport fleets in sub-industries leaving Firm B, due to what Firm B's participant perceives as being financially susceptible to wider environmental activity such as financial

pressures from tariff regulations on import or export goods like corn or steel. Firm B's participant stated,

So we are probably less concerned with direct impact – you can and can't do this, or this will impact you in this way. More about how those macro-economic forces are being impacted to then effect the little sub industries or States, or things like that. And what we see is very fluid, some of these fleets and businesses. We have more than I would have ever thought, and it is not many ... but why are you leaving (Firm B's operations?) ...shutting my business down, selling all my trucks... for whatever reasons. And it is happening a lot. So you think, wow, they are a lot more fluid in the way they operate, so a little pressure around tariffs on the corn or whatever they were doing. How does that impact a particular region? Does it impact a particular customer of ours? Are we going to lose them because they are...so that is where we are probably more susceptible than direct.

A focus for Firm B has been to ensure that they are aware of and adapting their products and services to accommodate for any new industry compliance. Conversely, while Firm B is in the technology business, Firm B's participant comments on new compliance technology contributing to driver shortages due to drivers having to adopt new technology by law. This has impacts for Firm B.

So the outcome for that is that in one sense, it is good, they are pushing people into technology, and this is just trucking, but the downstream effect of that is that you get a lot of resistance to forced technology.

Compliance is the law. So we have to ensure we are across any shifts in that to make sure that we still comply. I don't think the world is heading in any way towards being less compliant.

There are mixed reports in the trucking industry relating to the existence of driver shortages in the US. Driver shortage and retention, issues commented on by Firm B's participant, were reported as being issues for US transport drivers, in Transport Topics online industry magazine, and concerns about the Electronic logging device were mentioned as the third biggest factor (Miller, 2018).

Firm B showed positioning of strategy for increasing US assimilation, due to the early stages of growth and recognition in the US. Firm B's participant stated,

We were early enough in our journey that our product and our customers were sort of already connected. That we are not a New Zealand company, that's going, right, let's go to America. We were early enough in that life cycle that we sort of became an American company that we were always that.

Firm C's product and services rely on sales from wine producers, so regulatory changes stemming from protectionism have the potential to impact Firm C. These include competition from

international wine producers, the strengthened dollar and retaliatory tariffs (“U.S. Wine Exports Total \$1.46 Billion in 2018,” 2019). Moreover, China has experienced fast growth in the wine market with a rising middle class of consumers, making it difficult for US producers to compete in this environment (“Wine Institute Statement: Additional China Tariff Increase on U.S. Wine,” 2019); therefore, any tariff effects on US wine producers in the future may shift Firm C’s focus, to concentrating future sales within markets such as South Africa or Australia.

Firm A’s strategy includes the creation of a wider target market, hedging risks of the environment through potential future pressures exerted on one sector. Firm A has diversified to include extensive product offerings, which have been created through a merger with an experienced and well-established NZ ticketing company within the same industry. Combining resources in the merger, such as existing customers and expertise, creates increased opportunities for sales to corporate, business and general consumers.

Tax complexities and high tax rates in the US were commented on as presenting challenges by Firm A and C. Firm C stated,

The taxation structure is more complex.... And I guess that one thing that is really helpful in New Zealand, is that it is centrally administered and it is quite easy to find out what you need to do. In the US, because you have State taxes, you have federal taxes, then you have different sales taxes, you have different taxes on employment. They are all sort of administered in different ways, and making sure you are very clear on your compliance obligations and meeting them is something we are super aware of and making sure we have good advice around. But it is definitely more challenging and I think that –how you operate there is more complex.

We still have to declare for the federal county city taxes that we do. We have to declare for, even if we are selling software. And it is still pretty dam high. We don’t trade goods. (Firm A).

5.6 Reaction to potential future political changes

To a much lesser extent than Firm A and B, Firm C, while being established earlier, is the firm with the least amount of US presence. Consequently, Firm C is aware of, but less concerned with, potential future effects of the current US administration. In this way, local responsiveness as the ability to acknowledge market conditions or national regulatory conditions (Wei & Nguyen, 2017) is lower with Firm C. Therefore, Firm C’s participant perceives a focusing on the operational aspects of the firm, and less on strategic opportunities lead by a changing political environment, as important in their stage of internationalising. However, while Firm C is in a learning stage in the US, the firm is alert to any potential future environment pressures on product sales and manufacturing around the ‘Buy American’ messages. Due to the newness of Firm C, a

strategy to build scale and product awareness presents a greater priority. Firm C is less concerned with any potential future political changes at this stage of the business.

Firm B has recognised that the change towards a stronger US-made and associated company profile brings benefits. Therefore, Firm B has attempted to overcome LoF by identifying as American through the core organisation of the firm, from marketing appearances to product identification as US made. All three firms studied have invested resources into understanding legal and external administrative differences in the US. Firm A is the most evolved in business experience and, therefore, understands the importance of maintaining established business relationships including a US investor and associations with large and well-known institutions such as the Getty and Smithsonian; Firm A's participant also has an extensive knowledge of the US business and political environment, creating increased legitimacy and greater internal trust with the recent merger.

Firm B doesn't see any direct future political impacts on the firm but has an awareness of the importance of not discussing politics in the workplace to environment to fitting into an American culture. Firm B stated,

You have to keep your powder dry...just in a work place environment which is more of a cultural thing obviously, in terms of talking politics. Particularly in a place like North Carolina as you would well know in the South and in some of those more conservative blocks they are pretty passionate about that. But I don't think ... I don't think ... we are going to see too much of it. There is enough international business going on there. So long as our customer... perceives us to be trustworthy as Americans talking to Americans, I don't foresee anything, unless we get impacted by ... I mean, ultimately we may have to flip our company to the US to enable us to be more attractive for a buyout, or something like that.

Firms A and B are aware of a high importance of being perceived as American in dealing with key US individuals and organisations. Firms A and B have adopted a US ethos in business in line with perceived political change and the much stronger American-made rhetoric related to understanding US culture, networks, and relationships with key individuals.

5.7 Positive perceptions of political change experienced: Visa changes and US branding

The introduction of visa changes is relevant to how New Zealand firms approach the US market. Scope of future business activity in the US and ease of entry has influenced two of the firms studied. Greater time in the US for New Zealand SMEs provides opportunities to assimilate as US-branded firms. While Firm B had not experienced any real challenges with visa entry to the

US, changes to the visa regulations for entry into the US were cited as favourable by Firm A and Firm C participants. Visa processes have presented challenges in the past to both of these firms. Currently, New Zealand and Australia are amongst 38 countries that are able to participate in the Visa Waiver program giving entry for up to 90 days (US Embassy & Consulate in NZ). Firm B's participant stated,

My perception has been that New Zealanders are well liked and that we have been reasonably well embraced by our team up there. And there is a good culture between our NZ theme and our US theme and all that.

Both Firms A and C stated that entering the US now is easier. All firms are in the early stages of internationalisation. So in order to grow their business operations, Firms A and B regularly spend time conducting business for extended periods in the US. One of Firm C's co-founders is now living in the US, to grow sales through presence and education activities. Firms A and C have both experienced high costs and administration hurdles with visa applications in the past. Participant A describes that previous high costs and administration requirements were viewed as a significant barrier to conducting business in the US. In June 2019, the US State Department granted a multiple entry visa on E1 and E2 category visas, relaxing entry reapplication activity, so visas do not need to be reapplied for each time. Previously, firms waited up to nine months and costs were as high as \$50,000 to cover legal fees related to the visa application. Now there is access to a multiyear visa. Participant A comments on the positive aspect of the visa changes in reducing business set-up costs. Firm A stated,

Visas. Visa issues are the single key reason why New Zealanders cannot go and operate freely within the US. I have been very vocal about that, because I have spent over seventy thousand dollars on lawyers over the last couple of years. And also, for me, (financially) it's a little bit easier, but I know people who have been in our space, who have literally spent millions and millions of dollars trying to enter.

“We've listened. And as of June 10, New Zealand business owners and New Zealand citizens essential to those companies are going to be able to reside and work in the US like never before.” – US Ambassador Brown (“US Embassy & Consulate in N.Z”, n.d.)

Firm C's participant commented positively on the visa entry changes reducing time-consuming administration activities, which involved a vast array of documentation. Firm C's participant describes the experience,

It is definitely easier now ... than when we went in And that was only a year ago, but since then they have changed the law, so they have pushed through a visa, that is quite similar to the Australian entry visa, and I think that will make it a lot easier for people to get through that hurdle for sure.

Participant A describes that previous high costs and administration requirements were viewed as a significant barrier to conducting business in the US. Now there is access to a multiyear visa, which, participant A agrees, has made a huge change to opportunities to conduct business in the US.

Other administrative factors in conducting business on entering the US included all three firms referring to the complexities in the US tax system and high cost faced. Participant A states that tax is particularly high in California. This was discussed by all participating firms as being complex due to taxes not being centrally administered as they are in NZ. Participant from Firm C discusses that more administrative advice is needed in the US around taxes.

Unforeseen costs in third party administration relating to employee benefits and payroll were an uncertainty to Firm B. Leasing office space was also mentioned as presenting challenges in the absence of a credit history in the US and with banks not wanting to carry any risks on foreign firms. Firm B participant states,

It wasn't until we started bringing the people on board up there that you started thinking about the benefits and all of those things that come with it. And there is a hidden cost in all of that I think, that you probably don't know about until you get into that position and go WOW ... I've got ... a you know, it's expensive having staff up there.

....it's really hard to run a lean ship up there.

5.8 Summary

This chapter presented common themes that emerged from this case study research, across three participant firms. The first section starts with a table outlining firm characteristics and internationalisation data. From here, the second section includes resources and capabilities, market opportunities in the changing US environment (including dynamic capabilities as a response to the environment), and the role of institutions, both at home and in the US. This is followed by knowledge, experience and adaptive capacity, high-profile external networks, national influences and adaption to the political environment. Reactions to future and positive aspects of the three firms studied in the US environment are also presented. Themes discussed have also included regulatory, social and administrative experiences. The purpose of this chapter is to highlight repeated themes across all three case studies in order to explain how the participants perceive changes to the US political environment. Experiences are also presented on any effects that may have impacted their business approach, in light of changes to the US political environment.

Chapter 6: Discussion

6.1 Introduction

The previous chapter presented the key findings from the research. The findings were presented in the context of three New Zealand SMEs studied, entering the US market in an era of increased protectionism, and unilateral focus within the US. As previously mentioned, the central research question being explored is:

What is the perceived importance of the changing political environment on New Zealand SME market entry into the United States?

Sub questions include:

- c) *How do New Zealand SMEs perceive changes in the US political environment?*
- d) *How do New Zealand SMEs change their approach to the US market, in light of the changing political environment?*

Experiences relating to perceived changes within the wider US environment by the firms studied were presented. This chapter discusses the key findings and compares this to the underlying literature presented in chapter two, concluded by a summary of the key points.

6.2 How SMEs Stay Cognisant of Changes in the US Environment

The findings of this study illustrate how both tangible and intangible resources, (Barney et al., 1991), have been drawn on by the SMEs studied on entering the US environment to increase the chance of firm success within the changes occurring in the US environment.

The RBV literature underpins the three firms' strategy to build competitive advantage using knowledge. The findings show that seeking knowledge resources, gained from high profile and cornerstone US institutional sources is perceived as particularly important in the uncertain and fast-changing environment. Moreover, this was particularly in light of firms understanding the increased nationalistic environment and, therefore, adopting agile approaches to adapting firm strategy. However, just as these firms use this knowledge to understand potential value-added activities, such as market opportunities arising from legislative change, it also holds importance for understanding potential risks. An awareness of institutional change, in line with the nationalistic rhetoric, is made more apparent with the participants who spend the greatest amount of time on the ground in the US. A new approach illustrates that a wide scope of knowledge-building and fast assimilation to US-centric firm activity in internationalising provide valuable firm perception for decision making. For example, Firm A perceives it is important for firm

survival and strategy to become aware of all areas of US domestic activity from sports to politics. Firm A has a wide knowledge of the US political environment, including understanding US government budget allocation changes or policy such as visa entry changes. The results show this knowledge is used to open up new business opportunities and, in some cases, reduce costs. The current heightened nationalistic administration rhetoric, such as ‘America First’ (He, 2018; Scherrer & Abernathy, 2017), has been perceived as driving change in the US environment. Having a heightened awareness and knowledge of changes to the US environment, Firm B responds by building good will and reputation, in offering employees reliable sources of security in firm benefits, through the contracted services and partnerships with traditional US administrative firms. Thus, this shows resource allocation needs to factor in the environment changes where they may affect employee retention. Through engaging in seeking American-centric sources of knowledge, psychic distance is reduced (Safari & Chetty, 2019). However, going beyond just reducing psychic distance, firms show high levels of immersion in multiple facets of US life, for increased benefits of firm survival and opportunity seeking, in the current US political environment.

The literature quotes network theory in illustrating the importance of foreign market networks in providing knowledge to the success of the firm (Johanson & Vahlne, 2009). In this way, network theory is a platform for understanding business group affiliations, trade associations, policy makers and advisors as conduits of information (Roy et al., 2016). However, findings illustrate that all firms seek benefits, from association with high profile/status US networks. These were perceived to add increased value and legitimacy to their business strategy from the outset, including stronger US identity, sharing of information and trust aspects within an uncertain political environment.

In summary, the results indicate that SMEs stay cognisant of changes to the US environment, through the use of intangible resources such as knowledge, and reputational strategies, gained through institutional actors and individuals, which can assist in firm success within a changing environment.

6.3 How SMEs have adapted their strategy to identify as local

The Institution-Based View is well acknowledged in the international business literature, and centres on enforcement of regulations on market entry mode, due to country differences influencing firm survival (Peng, 2013). Challenges associated with a country’s institutional environment include transaction costs, taxation or governmental regulations (Dash & Ranjan, 2019). Institutions (formal and informal) are broadly credited with setting social rules and regulations in society and minimising uncertainty in national economies (North, 1990; Peng, 2013). Institutional influences have an impact on national economies by reducing uncertainty in

the environment (North, 1990; Peng, 2013). Trade as a protectionist measure is one such institutional avenue. The current US administration's approach to institutionalism focuses on trade protectionism, which is described by Enderwick (2011) as an instrument of rationalising trade by implementing tariffs, quotas and subsidies. In addition, an increased focus on national security, immigration restrictions and separation from international institutions such as the WTO (Kobrin, 2017) has been shown to have influence on how SMEs present themselves to appeal to the US market within an increased nationalist and protectionist environment.

While the institution-based view literature helps explain the context for firm behaviour as the US experiences increased protectionism, Di Maggio and Powell (1983) support the findings in explaining mimicking behaviours of the SMEs studied in relation to isomorphic development. The findings show that Firms A and B's strong assimilation and identification with the US and in appearing 'American' has shown firm benefits in offsetting firm failure. In particular, they have been conforming to social norms and expectations and exercising caution in using 'American' language and neutrality in political rhetoric.

Despite uncertainty in the environment, New Zealand SMEs entering the US as largely unidentified and agile firms, may be at an advantage. Firm B recognised value and firm advantages in conducting immediate assimilation with current nationalistic expectations. The ability to appear local was achieved through national-specific firm resourcing, and taking a US-centric internal culture, which may have been easier to achieve due to its SME status, than for a larger more established internationalising firm. A larger firm may be disadvantaged due to being less agile and known for its country of origin. Participant A's long-standing and prior experience in the US, including use of high profile networks, has provided a platform for learning and experience beneficial to approaching US firms. These connections and insights provide valuable information as to how to target new and appropriate firm approaches to fit changes in the environment emanating from a perceived heightened protectionism.

Overall, the SMEs studied have assimilated into the US environment by identifying as 'American'. This is achieved by political neutrality, and forming business relationships or establishing links with US-centric and affiliated brands or organisations in order to gain advantages in appearing local. From these associations', benefits such as trust and legitimacy have been derived. In realising the change towards an increased nationalistic atmosphere, the findings show homogenisation of activities at different levels, based on prior US experience, through mediums such as US-centric marketing and branding, and employing US-based staff. This supports the institutional theory framework, in isomorphic activity to conform to environments to gain legitimacy and support (Di Maggio & Powell; Kondra & Hurst, 2009).

6.4 How SMEs adjust their Strategy based on Changes to the US Environment

New Zealand's small, open economy is reliant on trade and, therefore the country values its relationship with the US; however, this relationship alone, and does not necessarily provide immunity from the changing environment. (MFAT, n.d; Williams, 2016).

Adaption-Innovation (AI) Theory provides a theoretical foundation for understanding the reasons SMEs adjust their strategy during change (Chilton & Boodgood, 2010). Problem solving, structure, and interaction traits along with characteristics linked to entrepreneurship and environment knowledge, help with management decision-making, and the level of innovation or adaption adopted (Chilton & Bloodgood, 2010; Buttner & Gyskiewicz, 1993). Additionally, the literature points to links between elevated entrepreneurship and increased performance (Alayo et al., 2019), knowledge from experience (Johanson & Vahlne, 2009) and the identification of opportunities to capture financial advantage.

Adaptive traits and entrepreneurial characteristics underpin Firms A and B's approach to identifying environment changes that hold a perceived opportunity, such as policy shifts. Firms obtaining higher levels of knowledge of the US political system may select strategic outcomes based on policy changes perceived to affect product types or markets approached. Changes resulting from policy shifts from the Obama to Trump administrations towards military spending, and away from arts and culture, were experienced by Firm A. The Institution-Based View provides context for understanding relationships between institutions and their contribution to reduce uncertainty (Kobrin, 2017) while AI theory can explain entrepreneurial characteristics, to create financial advantage (Johanson & Vahlne, 2009).

As an extension of the RBV, dynamic capabilities are bundles of resources that work to strategically integrate and extend the resource base to gain competitive advantage (Barney, et al., 2001; Sternad et al., 2013). The study suggests the firms with the most experience have dynamic capabilities used to intuitively and entrepreneurially assist strategy. This occurs through the identification of opportunities arising from the changing political environment, leading to an increased 'sense' of customer requirement, a heightened sense of learning through experience and shows continuous 'transforming' to match a changing market situation to gain competitive advantage (Teece, 2019; Barney et al., 2001).

The Institution-Based View literature highlights formal influences on market entry (Peng, 2013). Due to the 2018 KIWI Act, ratified by the Trump administration, (United States Embassy, 2019), New Zealand SMEs are now able to stay in the US for longer periods. As mentioned in the previous section, the study found firms recognising a need for firm response to fit with a heightened nationalistic culture. The lowering of institutional access barriers for the SMEs

studied, by increasing the periods of time spent in the US and reducing costs, provides a valuable firm resource. Institutional influence on relaxing visa entry activity for New Zealand firms supports the extant literature on rising protectionism leading to the US re-establishing international trade relationships on new terms (Watkins & Seidelman, 2019). The SMEs studied all aspire to achieve growth through business in the US. Therefore, lower market entry requirements have been perceived positively and may contribute to increased human resource allocation in the US with opportunities to create US-centric platforms. However, while new US immigration policies have increased efficiencies and eased costs for New Zealand firms entering the US, it is too early to know if strategic orientation for increased time spent in the US will be committed.

6.5 Summary

In view of the theoretical frameworks presented in chapter two, the findings provide an evaluation of points outlined in this discussion. In the first instance, it is recognised that SMEs stay cognisant of changes in the US environment primarily through seeking out high levels of knowledge both at an organisational and institutional level. It is also recognised by the firms studied that, through these conduits, valuable insights into the changing political environment provide important perspective to enable strategic decisions on potential opportunities, cost reductions and the appropriate allocation of resources. Knowledge of policy and the wider environment are significant factors for two of the three firms studied, in their internationalisation activities, because they understand effects on business opportunities or employee behaviour that have been experienced, and are by-products that illustrate the importance of keeping up to date with environmental changes that can impact firm survival.

The study demonstrated that increased awareness of the US-centric political environment for participants was linked to significant strategic outcomes such as decisions and importance related to resource allocation. In this way, the findings demonstrated the use of intangible resources such as knowledge and reputation are recognised to be important considerations in firm operations in the US. Through drawing on high profile external networks of US significance, psychic distance can be reduced. However, the study shows a trend towards a high level of immersion as more important in gaining a broad understanding. Increased nationalism can also be achieved through business associations with US-affiliated brands. Therefore, the importance of SMEs changing firm approach to adapt to increased protectionism/nationalism is recognised. The study has illustrated that conforming within this environment to reduce uncertainty is most prominently recognised as important to the two larger and more experienced of the three firms studied. Furthermore, SMEs' relative size and unknown status, unlike MNEs, can make it easier to take on local traits to assimilate as 'American' for benefits in competitive advantage in the

current environment. Lastly, firms that take a cautionary approach in language and political rhetoric may gain advantages in neutrality, likeability and trust. In addition, strategy is adjusted by SMEs faced with changes in the US environment by the application of adaptive and nimble entrepreneurship characteristics. The institution-based view provides a context to the changes in the political environment. Protectionist effects in the environment shape firm actors' decisions to adapt intuitively and innovatively to achieve extended resource outcomes in identifying as 'American'. Firms that identify and adjust firm strategy to fit with changes in the US political environment, taking a US-centric approach to resources, may gain firm advantage. In addition, within the current US context of strong national identity, protectionist-centred measures such as lowering visa requirements for New Zealand firms entering the US may support SMEs in achieving longer periods in the US to consolidate these US practices and obtain greater experience from living in the US.

Chapter 7: Conclusion

7.1 Introduction

The previous chapter discussed the findings in light of the extant literature presented in chapter two. This chapter will present concluding remarks, theoretical and practical contributions, limitations and recommendations for future research.

7.2 Research Summary

The first chapter outlined the justification for this study, exploring how New Zealand SMEs perceive political change in the US. Chapter two provided theoretical frameworks and reviewed the relevant literature. In Chapter three background is provided on the relevance of the New Zealand and US relationship. This includes changes occurring within the political environment over the past four decades and the protectionist measures employed by the current US administration. Chapter four discusses the underlying philosophical assumptions, paradigm, multiple case study methodology, data collection method and analysis. The findings in chapter five present emerging themes relating to the firm including resources and networks, and the role of institutions in the US, knowledge, experience adaption and future and positive experiences are covered. Chapter six presents discussion on three key findings: 1) seeking knowledge provides SMEs with benefits and appropriate responses on keeping cognisant of changes within the US environment; 2) an awareness of the need to identify and assimilate in relation to the increased protectionist environment as ‘American’; and 3) strategy is adjusted by SMEs faced with changes in the US environment through fast and efficient adaption to consider the environment for enhanced business success. Chapter six provides discussion on key findings next to literature theoretical agreement

7.3 Research Contributions

The research undertaken makes contributions that are theoretical and of a practical business nature.

7.3.1 Theoretical Contribution

This research aims to fill the gap in the knowledge concerning New Zealand SMEs’ perceptions of internationalising into the changing US environment. Sub-questions formed the basis to explore how changes are perceived in the US environment and if SMEs change their approach as a result. Institutional forces such as political change can create challenges for firms entering foreign countries. The Institution-Based View provides a context to understand firm behaviour in relation to the current changes in the US political environment. In this way, the findings show links between the Institution-based view and the RBV. Changes in the political environment have

been perceived by the firms studied largely positively and acted on through seeking new opportunities from the resultant changes. This is in contrast to the general literature stating universally negative outcomes from effects of protectionism. From an institutionalism perspective, there is a link between the influence of institutions and strategic actions of the entrepreneur. In the case of this research, the findings illustrate that legislative and administrative challenges in an environment of increased protectionism have been viewed broadly by the participants as opportunities for firm growth and value, through seeking US-centric resources to closely align them with environment change.

Therefore, future research could expand on SMEs exploiting new opportunities for firm success as a result of changes in the US environment. Widely-known theoretical perspectives discuss resources and the important role they play in the survival of SMEs entering new markets. The study found that an emphasis on preparing for internationalisation activities by obtaining high levels of extant country knowledge, including political, as an intangible resource fits this fast-changing environment of political change. Moreover, appearing local, adapting and assuming isomorphic activities to appear 'American' show congruent behaviours in an environment of heightened nationalism.

Under the Trump administration, the US seeks to re-establish trade rules on US terms. New Zealand business is encouraged by the US government; however, due to political change in the US, SMEs may have adapt their approach in the future. The US institutional processes such as lowering visa entry requirements are encouraging of New Zealand SMEs. Furthermore, the activities and behaviour experienced in the US across formal and informal institutional channels has been seen as favourable and advantageous. Therefore, the importance of institutional forces on shaping firm strategy is illustrated. The findings also show SME advantages in assuming a local approach. An SME, given its small, and relative size characteristics, may find assuming a local approach less challenging than would an MNE, which is less agile. Overall, increased protectionist policies can create opportunities for New Zealand SMEs entering the US. Where other countries may be experiencing greater discriminatory effects, such as within trade and country access, this research shows business and increased opportunities have been encouraged by the US for New Zealand SMEs, leading to reacting competitively; therefore, protectionism and nationalism should not be viewed as universally negative.

7.3.2 Practical Contribution to International Business

This study has demonstrated how knowledge of the institutional environment can be advantageous to SMEs in the process of entering the US. In this way, in an environment of increased protectionism and nationalism, seeking a wide understanding of the political, regulatory and social environment in the US can be clearly identified as firm strategic responses.

It is important for New Zealand SMEs entering the US market to have an understanding of US politics, and how political changes may impact the firm, because of the high failure rates SMEs are known to traditionally experience due to resource constraints. Through this understanding, internationalising SMEs and institutions providing firm support can gain increased mutual understanding in order to meet desired strategic outcomes. Politically-based knowledge, gained through formal and informal networks, on the US macro environment may lead to more informed business strategy that links to new opportunities created in the current environment of increased protectionism and nationalism.

7.4 Limitations

This study focused on the perceived importance of the changing political environment on SMEs entering the US market and approaches taken. A robust multiple case study methodology design was conducted, which is presented in chapter four. Irrespective of this, the findings of this study may be subject to several limitations. The first limitation is the limited sample size, indicating the results cannot be generalised. Moreover, while the firms are all within different sub-industries, they all fall within the technology sector; therefore, the experiences of other industries are still unknown. The second limitation relates to a lack of research on current protectionism and effects on international business. A third limitation is the time frame allowed for the research, which is twofold; the sub-limitations are: 1) based on the research requirement of SMEs entering the US market within the past three to four years, and 2) the AUT dissertation research time frame allowance.

7.5 Recommendations for Future Research

Firm localisation, for competitive advantages, within the US environment has involved forming associations with key national institutions. These associations emphasise the role of formal and informal institutions, and how their activities in relation to international business activity are evolving in a changing and polarised political environment. Therefore, focused research on aspects of the role and services performed by US-based institutions could be examined in more detail and may be of relevance for future internationalisation studies. The context of this research could also be extended to New Zealand SMEs operating in other countries experiencing increased protectionism and consider opportunities arising from protectionist activity. An interesting aspect of this study was a difference in the wider range of institutions utilised and communication techniques by the millennial group participant. Therefore, research undertaken on understanding 'the technology tool kit' of new generation SMEs internationalising, such as communication strategy, may prove useful in adding to the international business literature.

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Appendix I: Indicative Interview Questions

- a) *“We talked about some of the products and services, could you tell me more about some of the international markets you operate within or aspire to be in?”*

- b) *“Part of this study is also around barriers that small medium businesses experience, so what do you perceive as the barriers to your entry into the US at this point of your activity?”*

- c) *“Has the perceived risk of internationalising into the US or into these other countries that you were looking at going into currently, met your expectations, in terms of, has the risk you have encountered been what you expected?”*

Appendix II: Ethical Approval



TE WĀNANGA ARONUI
O TĀMAKI MAKAU RAU

Auckland University of Technology Ethics Committee (AUTEC)

Auckland University of Technology
D-88, Private Bag 92006, Auckland 1142, NZ
T: +64 9 921 9999 ext. 8316
E: ethics@aut.ac.nz
www.aut.ac.nz/researchethics

10 April 2019

Fiona Hurd
Faculty of Business Economics and Law

Dear Fiona

Re Ethics Application: **19/94 The perceived importance of the changing political environment on small medium enterprise (SME's) market entry. New Zealand small and medium enterprises entering the United States**

Thank you for providing evidence as requested, which satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC).

Your ethics application has been approved for three years until 10 April 2022.

Standard Conditions of Approval

1. A progress report is due annually on the anniversary of the approval date, using form EA2, which is available online through <http://www.aut.ac.nz/research/researchethics>.
2. A final report is due at the expiration of the approval period, or, upon completion of project, using form EA3, which is available online through <http://www.aut.ac.nz/research/researchethics>.
3. Any amendments to the project must be approved by AUTEC prior to being implemented. Amendments can be requested using the EA2 form: <http://www.aut.ac.nz/research/researchethics>.
4. Any serious or unexpected adverse events must be reported to AUTEC Secretariat as a matter of priority.
5. Any unforeseen events that might affect continued ethical acceptability of the project should also be reported to the AUTEC Secretariat as a matter of priority.

Please quote the application number and title on all future correspondence related to this project.

AUTEC grants ethical approval only. If you require management approval for access for your research from another institution or organisation, then you are responsible for obtaining it. If the research is undertaken outside New Zealand, you need to meet all locality legal and ethical obligations and requirements. You are reminded that it is your responsibility to ensure that the spelling and grammar of documents being provided to participants or external organisations is of a high standard.

For any enquiries, please contact ethics@aut.ac.nz

Yours sincerely,



Kate O'Connor
Executive Manager
Auckland University of Technology Ethics Committee

Cc: deb@a-ward.com; swati.nagar@aut.ac.nz

Appendix III: Participant Information Sheet

The logo for AUT (Auckland University of Technology) is displayed in white, bold, sans-serif capital letters on a black rectangular background.

TE WĀNANGA ARONUI
O TĀMAKI MAKĀU RAU

Date Information Sheet Produced:

10 April 2019

Project Title

What is the perceived importance of the changing political environment on small medium enterprise (SME's) market entry: New Zealand small medium enterprises (SME's), entering the United States.

An Invitation

My name is Deborah Ward and I am a business student at AUT, majoring in international business. I am also a Co-Owner, Strategic Director and Board Member of a NZ international export led business called A-Ward Ltd that has markets in many continents and regions around the globe, including the US. I am currently undertaking research for my Masters dissertation which will focus on gaining perceptions of New Zealand small medium enterprises entering the United States market, within a changing political environment. My background research in the preliminary stages of this project would suggest that your company fits the criteria for this study which requires the involvement of several companies who have internationalised to the US recently. The involvement by your company in this research would contribute considerably to gaining a greater awareness of the experiences faced by SME's internationalising into the US. Therefore I would like to invite your company to participate in this valued research opportunity.

What is the purpose of this research?

There has been a recent rise in protectionism and nationalism internationally, so the purpose of this research is to explore the perceptions and experiences of this by New Zealand companies entering the US market. I am a New Zealand business owner who also trades in the US so I understand that changes in the environment can affect how we conduct business. Therefore, through this research, I seek knowledge on firm positions on strategies and approaches taken in entering the US market, in light of the changing political environment. I aim to simultaneously gain a Master's in Business qualification. At the conclusion of this study, the research findings may be used in academic publications or presentations.

How was I identified and why am I being invited to participate in this research?

I first became aware of your company through your organisations public communication channels. These included on line media and institutions (media and government), which informed me that you are a company that deals with the US. I then followed up through an initial contact with your organisation and asked for participants to contribute to my research that met certain criteria. The main criteria was someone who was directly responsible for implementing your internationalisation strategies into the US. Such as:

- a) Company Founder/Owner
- b) CEO or Senior Manager responsible for international business decisions
- c) Senior role in international strategy and business decisions

The person in authority of this organisation has been contacted and may forward this invitation to an individual/s who fulfil the inclusion criteria. This person in authority or leader of the organisation, will be giving permission on behalf of the organisation. Individual interviewees will be also be consenting. You have been invited as a participant in this research area because you meet the criteria in regards to internationalisation decision making. I have obtained your contact details, after you reciprocated contact, which I thank you for taking the time to do.

How do I agree to participate in this research?

If you say yes to participation in this interview based research, then please could you make contact with me via email, deb@a-ward.com to communicate your identity and confirm. On this confirmation and just prior to the interview, I will provide an official AUT consent form. This consent form is required to be signed prior to the interview. If it is a Skype based interview then this will be emailed to the participant to return signed and the consent form will also be read out prior to the interview and consent will be verbally recorded. It is preferable to witness the signing of the consent form in person.

This is what happens next in the research process:

- a) One face-to-face or Skype based semi-structured interview, lasting approximately no longer than one hour. The interview will be recorded for transcription purposes. During the interview, I will ask questions about your perception and experience on your company's internationalisation strategies for entering the US market, under the current political environment.
- b) A transcript of the interview will be provided for you to review post interview. You will have the opportunity to withdraw any information from this that you are not comfortable with.
- c) Once you have confirmed the transcript, the data will be analysed.

NOTE: So you are fully informed on the subject and content, a summary of the research findings can be provided to participants at their request.

Your participation in this research is voluntary (it is your choice) and whether or not you choose to participate will neither advantage nor disadvantage you. You are able to withdraw from the study at any time. If you choose to withdraw from the study, then you will be offered the choice between having any data that is identifiable as belonging to you removed or allowing it to continue to be used. However, once the findings have been produced, removal of your data may not be possible.

What will happen in this research?

The project involves gathering data via interviews on the perceptions and experiences of New Zealand companies entering the US market under the current changes in political environment. Individual audio recorded interviews will be conducted in a mutually agreeable public location or where this is not possible, (as stated above), interviews over Skype will be conducted, subject to full consent being given at the commencement of this stage. Participants will be asked a series of questions relating to the topic of internationalising in the US. I aim to ensure that all individual participants are adequately informed in the activities involved across this research project, and that data will be kept confidential with minimisation of any potential identification in the findings. Data from the findings will be used strictly for the purposes of a dissertation and may include academic publication and presentation.

What are the discomforts and risks?

There will be minimal discomforts and risks during this research. As a participant, you have every right to not answer any question through the entire interview process, and you also have the right to withdraw any information once the transcript has been released to you. This also applies to any business information you feel may be commercially sensitive and I will ensure to minimise any identifiable information in the research findings. Your personal and business identity will not be disclosed and all recordings and data will be kept in a secure location. This information will only be available to myself and my primary and secondary supervisors at AUT.

How will these discomforts and risks be alleviated?

Any discomforts and risks will be alleviated by allowing only questions you are comfortable with to be answered. You will also have the opportunity to review the transcript and a pseudonym will be used to protect your identity throughout the research process. Once the research is completed there will be no link of your personal identification to the data.

What are the benefits?

The benefits of this research to participating organisations, are that through communicating your story of internationalising, you can reflect on the choices you have made. It is uncertain if this research may or may not hold direct benefit to you at all, but it may have potential benefits for the international business

community. An abbreviated summary of the research findings will also be available to you upon request. This research may also provide your company with another tool to gain subsequent knowledge in the field and in any prospective company goals. This research will also enable me to qualify for my Master degree qualification.

How will my privacy be protected?

Confidentiality of you and your company's identity will be protected at all times. Your privacy will be protected by using pseudonyms in any publication that result from this research and by minimising any identifiable information in the findings. However, due to the small network of potential organisations being invited, there is potential for the organisational leader to infer whether or not staff members have participated in the research, therefore, the offer of confidentiality may only be limited. This limitation on confidentiality, also extends to the interview process which may occur in the workplace in a public space, that the interviewee and researcher mutually agree on therefore in this circumstance, confidentiality can be not be totally affirmed. The data will only be accessed by myself and my primary and secondary supervisor and it will be kept secure at all times. Withdrawal from the study can be communicated at any time up to the end of data collection without any adverse efforts. You are under no obligation to answer questions and should only answer questions you are comfortable with in respect of ethical and privacy considerations.

What are the costs of participating in this research?

The interview will take approximately one hour of your time, at a public place convenient to you. There will be no additional costs for you as the participant.

What opportunity do I have to consider this invitation?

By reason of time constraints in keeping to my Masters requirements, you have two weeks to consider this invitation. I would be extremely grateful to you, if you were able to reply at your earliest convenience.

Will I receive feedback on the results of this research?

Yes, a summary of the research findings will be made available through email if you wish. Please just indicate this on the consent form.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr Fiona Hurd, email: fiona.hurd@aut.ac.nz; phone +64 09 921 9999 ext. 6791, or Secondary Project Supervisor, Dr Swati Nagar, email: swati.nagar@aut.ac.nz ; phone +64 09 921 9999 ext. 5093.

Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTECH, Kate O'Connor, ethics@aut.ac.nz , 921 9999 ext 6038.

Whom do I contact for further information about this research?

Please keep this Information Sheet and a copy of the Consent Form for your future reference. You are also able to contact the research team as follows: Deborah Ward.

Researcher Contact Details:

Deborah Ward; deb@a-ward.com

Project Supervisor Contact Details:

Dr Fiona Hurd, email address: fiona.hurd@aut.ac.nz

Dr Swati Nagar, email address: swati.nagar@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on *type the date final ethics approval was granted*, AUTECH
Reference number *type the reference number*.

Appendix IV: Consent Form



TE WĀNANGA ARONUI
O TĀMAKI MAKĀU RAU

Consent Form

Project title: *What is the perceived importance of the changing political environment on small medium enterprise (SME) market entry: New Zealand small medium enterprise's entering the United States.*

Project Supervisor: *Dr Fiona Hurd and Dr Swati Nagar*

Researcher: *Deborah Ward*

- I have read and understood the information provided about this research project in the Information Sheet dated dd mmmm yyyy.
- I have had an opportunity to ask questions and to have them answered.
- I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- I understand that taking part in this study is voluntary (my choice) and that I may withdraw from the study at any time without being disadvantaged in any way.
- I understand that if I withdraw from the study then I will be offered the choice between having any data that is identifiable as belonging to me removed or allowing it to continue to be used. However, once the findings have been produced, removal of my data may not be possible.
- I agree to take part in this research.
- I wish to receive a summary of the research findings (please tick one): Yes No

Participant's signature:

Participant's name:

Participant's Contact Details (if appropriate):

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.....
.....

Date:

Approved by the Auckland University of Technology Ethics Committee on 10.04.19. AUTEK Reference number 19/94

Note: The Participant should retain a copy of this form.