

A HUMAN INTERACTION APPROACH TO  
NETWORKING CAPABILITIES AND  
INTERNATIONAL OPPORTUNITY ENACTMENT:  
AN EXPLORATION OF GERMAN HIGH-  
TECHNOLOGY MANUFACTURING SMEs

Michael Andreas Nicolas SCHELLENBERG

Submitted in fulfilment of the requirements  
for the degree of Doctor of Philosophy (PhD)

**Department of Marketing**  
**Strathclyde Business School**  
**University of Strathclyde, Glasgow, UK**

May 2017

This thesis is the result of the author's original research. It has been composed by the author and has not been previously submitted for examination which has led to the award of a degree.

The copyright of this thesis belongs to the author under the terms of the United Kingdom Copyright Acts as qualified by University of Strathclyde Regulation 3.50. Due acknowledgement must always be made of the use of any material contained in, or derived from, this thesis.

Signed:

A handwritten signature in blue ink, appearing to read "M. Schallenberg". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

Date: May 17, 2017

## Abstract

This study addresses recent calls to advance knowledge on networking capability (Mitrega et al., 2012; Grünberg-Bochard and Kreis-Hoyer, 2009; Sullivan Mort and Weerawardena, 2006) and international opportunity (Mamun, 2015; Mainela et al., 2014). Its rationale is to explore network capabilities in the enactment of international opportunities in German high-technology manufacturing SMEs in business-to-business markets. The study focuses on these capabilities and their contribution to the successful international expansion of such firms at three different business relationship levels: inter-personal, inter-organisational and country-level. Three objectives are formulated: 1) to explore the networking capabilities for German high-technology manufacturing SMEs in the successful identification and enactment of international opportunities; 2) to identify key factors that contribute to the successful enactment of international opportunities for such firms at inter-personal, inter-organisational and country levels; and 3) to develop theoretical integration between networking capabilities and international expansion of these firms. These objectives are addressed through a qualitative methodology, comprising 17 face-to-face interviews with key decision-makers and supplementary discussions with industry-experts. The originality of the study lies in its effort to integrate insights from international opportunity research with the networking capability concept. This study identifies the networking capabilities of *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* as well as *Cultural Familiarity*; and explores the typical entrepreneurial behaviour key decision-makers display in their network relationships and corresponding human interactions. The study contributes to networking capability research by identifying a set of capabilities essential for the successful enactment of international opportunities. It also advances knowledge on how, once identified, international opportunities are enacted in dynamic and fast-moving high technology markets. The study also proposes some managerial implications in relation to entrepreneurial behaviour in networks, as well as the utilisation and development of such capabilities, and identifies some areas for future research.

## **Acknowledgements**

In conducting my doctoral research, I received valuable support from many individuals, inside and outside Strathclyde University. Without their help and kindness, this project would have never been possible.

First, I would like to thank my first supervisor, Dr. Aliakbar Jafari, for his constant support and guidance. In particular, I appreciated his clear advice, as well as his encouraging personality. I could not have asked for a better supervision. Thank you so much Ali.

I would also like to thank my second supervisor, Dr. Michael Harker, for his support and challenging viewpoints. Other helpful and encouraging colleagues in the Marketing Department include Prof. Spiros Gounaris, Dr. Juliette Wilson and Prof. Alan Wilson. Prof. Anne Marie Doherty, in particular, provided ongoing and encouraging support, and Prof. Kevin Ibeh helped me to specify the research focus at an early stage of my research.

A few PhD students and colleagues also have been very helpful and kind. In particular, Julius Stephan, Anastasios Siampos, Kofi Osei-Frimpong, Keith Pyper and Loe Franssen engaged in fruitful and encouraging discussions.

Further, I would like to thank my friends in Hamburg for their friendship, care and faith in me. Coming home always gave me the much-needed energy to finish this thesis.

My family's constant support and love throughout my studies was overwhelming, as my parents, Alexandra, Moritz, Maxi, Arne and Leonard were there and took good care of me. Finally, I would like to thank my partner and best friend Cinta, and her family, for their love and care, and for listening to my fears throughout the research endeavour.

# CONTENTS

<b>GLOSSARY</b> .....	<b>VII</b>
<b>LIST OF ABBREVIATIONS</b> .....	<b>XI</b>
<b>LIST OF TABLES</b> .....	<b>XIII</b>
<b>LIST OF FIGURES</b> .....	<b>XIV</b>
<b>CHAPTER ONE: INTRODUCTION TO THE STUDY</b> .....	<b>15</b>
1.1 INTRODUCTION .....	15
1.2 BACKGROUND TO THE STUDY.....	15
1.3 RATIONALE OF THE STUDY .....	18
1.4 RESEARCH GAPS.....	21
1.5 ORIGINALITY AND POTENTIAL CONTRIBUTION OF THE STUDY .....	23
1.6 AIMS AND OBJECTIVES .....	24
1.7 RESEARCH DESIGN .....	24
1.8 ORGANISATION OF THE THESIS .....	26
<b>CHAPTER TWO: INTERNATIONALISATION AND INTERNATIONAL OPPORTUNITY IDENTIFICATION OF SMES</b> .....	<b>28</b>
2.1 INTRODUCTION .....	28
2.2 PREDOMINANT INTERNATIONALISATION THEORIES.....	28
2.2.1 <i>Transaction Cost Approach</i> .....	28
2.2.2 <i>Institutional Theory</i> .....	32
2.2.3 <i>Eclectic Paradigm</i> .....	34
2.2.4 <i>Uppsala Internationalisation Model</i> .....	36
2.2.5 <i>Resource-Based View</i> .....	39
2.2.6 <i>Network Theory</i> .....	42
2.3 INTERNATIONAL ENTREPRENEURSHIP.....	48
2.3.1 <i>International Entrepreneurship and International Opportunity</i> .....	57
2.3.2 <i>International Entrepreneurship and High-Technology SMEs</i> .....	63
2.4 SUMMARY OF THE MAIN GAP IN THE LITERATURE.....	73
2.5 CONCLUSION .....	75
<b>CHAPTER THREE: BUSINESS RELATIONSHIPS AND NETWORKING CAPABILITIES</b> .....	<b>76</b>
3.1 INTRODUCTION .....	76
3.2 BUSINESS RELATIONSHIPS .....	76
3.3 COUNTRY-OF-ORIGIN EFFECT .....	94
3.4 COUNTRY-OF-ORIGIN IN BUSINESS RELATIONSHIPS.....	100
3.5 NETWORKING CAPABILITY .....	104
3.6 SUMMARY OF THE MAIN GAP IN THE LITERATURE .....	125
3.7 CONCLUSION .....	126
<b>CHAPTER FOUR: RESEARCH CONTEXT</b> .....	<b>127</b>

4.1 INTRODUCTION .....	127
4.2 GERMAN HTSMES .....	127
4.3 CONTEXTUAL IMPLICATIONS .....	133
4.4 CONCLUSION .....	139
<b>CHAPTER FIVE: RESEARCH METHODOLOGY .....</b>	<b>140</b>
5.1 INTRODUCTION .....	140
5.2 RESEARCH PHILOSOPHY .....	140
5.3 METHODOLOGICAL APPROACH.....	145
5.4 DATA COLLECTION.....	151
<b>5.4.1 Industry-Experts Meeting at SPECTARIS .....</b>	<b>151</b>
<b>5.4.2 Sampling Procedures.....</b>	<b>152</b>
5.4.2.1 Theoretical Sampling .....	152
5.4.2.2 Sample Frame.....	153
5.4.2.3 Pre-screening Questionnaire.....	154
<b>5.4.3 Sample of this Study .....</b>	<b>156</b>
5.4.3.1 High-Technology SMEs and their Devices .....	156
5.4.3.2 Key Decision-Makers in German HTSMES .....	169
5.4.3.3 Market Entries Performed .....	173
<b>5.4.4 Qualitative Face-to-Face In-depth Interviews.....</b>	<b>175</b>
<b>5.4.5 SPECTARIS Conference at the German Federal Foreign Office.....</b>	<b>181</b>
5.5 DATA ANALYSIS PROCEDURES .....	184
<b>5.5.1 Interview Transcripts.....</b>	<b>184</b>
<b>5.5.2 Cross-Language and Translation .....</b>	<b>185</b>
<b>5.5.3 Interpretive Procedures and Systematic Analysis.....</b>	<b>188</b>
5.5.3.1 Grounded Theory ‘Approach’ to Data Analysis .....	188
5.5.3.2 Descriptive and Theoretical Coding.....	192
5.5.3.3 Subcategories and Themes .....	197
5.7 CONCLUSION .....	203
<b>CHAPTER SIX: DISCUSSION OF MAIN FINDINGS .....</b>	<b>204</b>
6.1 INTRODUCTION .....	204
6.2 PERSONAL INTERACTION CAPABILITIES .....	206
<b>6.2.1 Personal Visits Capability.....</b>	<b>208</b>
<b>6.2.2 Personal Interaction Capability on Trade Fair .....</b>	<b>212</b>
<b>6.2.3 Personal Host Capability.....</b>	<b>217</b>
6.3 INTERPERSONAL LIKING CAPABILITIES .....	221
<b>6.3.1 Capability to Establish Rapport.....</b>	<b>223</b>
<b>6.3.2 Personal Care Capability.....</b>	<b>227</b>
6.4 TRUST CAPABILITIES .....	230
<b>6.4.1 Knowledge-Based Trust Capability .....</b>	<b>233</b>
<b>6.4.2 Confidence Development Capability .....</b>	<b>236</b>
6.5 CAPABILITIES TO MAINTAIN RELATIONSHIPS .....	240
<b>6.5.1 Capability to Maintain Personal Contacts .....</b>	<b>242</b>
<b>6.5.2 Capability to Maintain Firm Contacts .....</b>	<b>246</b>

6.6 KNOWLEDGE EXCHANGE CAPABILITIES .....	252
<b>6.6.1 Demonstration Capability</b> .....	256
<b>6.6.2 Educating Capability</b> .....	259
6.7 PRIDE.....	265
<b>6.7.1 Pride in Leadership Style</b> .....	267
<b>6.7.2 Pride in ‘Made in Germany’</b> .....	269
6.8 CULTURAL FAMILIARITY .....	274
<b>6.8.1 Familiarity with Cultural Differences</b> .....	275
<b>6.8.2 Familiarity with Cultures’ Communicational Approach</b> .....	278
6.9 CONCLUSION .....	281
<b>CHAPTER SEVEN: CONCLUSION</b> .....	<b>283</b>
7.1 INTRODUCTION .....	283
7.2 THEORETICAL CONTRIBUTIONS OF THE STUDY .....	283
<b>7.2.1 Contribution to IO Literature</b> .....	284
<b>7.2.2 Contribution to NC Literature</b> .....	291
7.3 MANAGERIAL IMPLICATIONS .....	297
7.4 LIMITATIONS AND FUTURE RESEARCH .....	300
7.5 LEARNING OUTCOMES .....	303
7.7 CONCLUSION .....	304
<b>REFERENCES</b> .....	<b>305</b>

## Glossary

- **German small and medium-sized HTSMEs (German HTSMEs):** Although there is currently no official definition of a high-technology firm in the Federal Republic of Germany, the Zentrum für Europäische Wirtschaftsforschung - ZEW (Centre for European Economic Research) considers these as organisations with a high research and development (hereafter R&D) intensity and a strong focus on new product innovation. Due to the vagueness of this guideline, there is no official and reliable information regarding the number of existing HTSMEs in Germany to date. Estimates range from 30000 to 40000 micro, small and medium-sized firms in knowledge-intense industries of different kinds. In a broad sense, the German high-tech sector can be divided into three categories: ‘Spitzentechnik’(leading technologies): manufacturing firms with a very strong focus on new product innovation and a research and development (hereafter R&D) intensity of at least 7%; ‘Hochwertige Technik’ (high class technologies): manufacturing firms with a strong focus on product innovation and a R&D intensity between 2.5 and 7%; and ‘Technologie-intensive Dienstleister’ (technology-intense service firms): service firms with a strong focus on R&D, including software and software developments firms (Spotfolio, 201 5) (also cf. HTSMEs).
- **High-technology small and medium-sized enterprises (HTSMEs):** There is, to date, no definition that clearly formulates characteristics of this type of firm. The



term ‘high-technology’ itself as a label for firms it not clearly defined. The Oxford English Dictionary (2015) simply refers to firms that use, produce, require, or are involved in high technology; whereas ‘high-technology’ simply means advanced technological development. The term HSMTE has been adopted in the academic IE literature, and, more specifically, by the two scholars David Crick and Martine Spence in numerous (both individual and collaborative) research projects. Therefore, numerous firm criteria in this study stem from these papers. These two researchers assert that it is individual firms rather than the industry as a whole that can be classified as high-tech, since certain industries contain a variety of firms, with some being more technology-oriented than others. In the context of this study, a detailed discussion on the specific firm selection criteria and is provided in the methodology chapter of this thesis (chapter 6) (also cf. SMEs).

- **Internationalisation:** In line with the research aim and the focus on network relationships, this research adopts Johanson and Mattson’s (1993: 306) definition of internationalisation as a *“cumulative process in which relationships are continually established, maintained, developed, broken and dissolved in order to achieve the objectives of the firm.”* In a broad sense, internationalisation in this present study refers to the two key components the choice of target market (IMS-International Market Selection), and the selection of a market entry mode (MEM) to do so (Nisar et al., 2012). This study is not restricted to any particular entry modes, as early internationalisation research is in some cases. By target market,

the study includes all country markets worldwide, regardless of the geographical distance from their domestic market (Germany).

- **International Opportunity Enactment:** The terminology of ‘enactment’ originates with previous studies in International Entrepreneurship research (Mamun, 2015, Muzychenko, 2011, Mainela et al., 2014, Schweizer et al., 2010). International Opportunity Enactment is defined as, “*The act of seizing international opportunities...[...]...International opportunities include opportunities for international market entry, new products/services development for international markets, and new process development for international markets* (Mamun, 2015: ii).”
- **Key decision-maker (KDM):** In this study, this refers to the individual in firms who makes the key decisions pertaining to internationalisation and foreign market entry. In this thesis, KDM refers to the 17 respondents in the German HTSMEs that were interviewed for the study, in most cases the CEO. It was important that these individuals make most decisions on their own and not within management teams, as this would not have fitted the purpose of this research.
- **Original Equipment Manufacturer (OEM):** OEM as an entry mode refers to a strategic partnership in which the HTSME solely manufactures the goods, whereas another well-established, often globally operating brand markets and sells these devices using their own brand name. These multinational brands refer to the

manufacturing HTSME as strategic supplier. This allows the HTSME to allocate their own capacities to their key business, and to maintain their focus on new product development and R&D, while the OEM partner engages in the marketing and sales activities.

- **Small and medium-sized enterprise (SME):** Although there is an exhaustive list of definitions on SMEs, this present research adopts a commonly adopted definition provided by the European Commission (2005), which uses the main determinants of number of employees and either turnover or total balance sheet. The European Commission defines European SMEs as individual firms which employ fewer than 250 persons, have an annual turnover not exceeding € 50 million and/or an annual balance sheet not exceeding € 43 million. This definition however, has no legal value but is a general guideline and orientation developed by the European Commission, European Union member states, as well as business organisations and experts (European Commission, 2005). An ‘enterprise’ is considered any entity engaged in an economic activity, regardless of its legal form (European Commission, 2005).

## List of Abbreviations

B2B:	Business-to-Business
BMWF:	Federal Ministry of Science, Research and Economy in Germany
BRIC States:	Brazil, Russia, India, China
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
COO:	Country of Origin
OECD:	Organisation for Economic Co-operation and Development
HTSME:	High-technology small and medium-sized enterprise
EU:	European Union
GLG:	German Laboratory Group
GT:	Grounded Theory
HT:	High-Technology
IB:	International Business
IE:	International Entrepreneurship
IM:	International Marketing
IMS:	International Market Selection
INV:	International New Venture
IO:	International Opportunity
IP:	Intellectual Property
IT:	Institutional Theory
KDM:	Key Decision-maker (Respondents)
MEM:	Market Entry Mode

MNE:	Multinational Enterprise
NT:	Network Theory
NC:	Network Capability
OEM:	Original Equipment Manufacturer
OLI:	Ownership, Location, Internalisation
RBV:	Resource Based View
R&D:	Research and Development
ROI:	Return on Investment
SME:	Small and medium-sized enterprise
TA:	Thematic Analysis
TCE:	Transaction Cost Economics
TCA:	Transaction Cost Approach
U-Model:	Uppsala Internationalisation Model
USP:	Unique Selling Proposition
ZEW:	Zentrum für Wirtschaftsforschung: Centre for European Economic Research in Germany

## List of Tables

Table 1: List of Key Review Papers on IE and SME Internationalisation Research .....	p. 51
Table 2: Selected IE Studies that focus on Network Relationships .....	p. 60
Table 3: Key HTSME Internationalisation Studies .....	p. 68
Table 4: Key Conceptualisations in Business Relationship Research .....	p. 89
Table 5: Stage-Components of NC, and associated Actions and Skills.....	p. 112
Table 6: Key Studies contributing to the Development and Understanding of NC .....	p. 120
Table 7: Hofstede's Cultural, Germany` Scores and Summary .....	p. 137
Table 8: Basic Beliefs of four Alternative Inquiry Paradigms.....	p. 142
Table 9: Exemplary HTSME Internationalisation research which includes Network Relationships in their Discussions .....	p. 147
Table 10: Overview of Participating Firms .....	p. 163
Table 11: Respondents Interviewed .....	p. 171
Table 12: Market Entries and Entry Strategies Performed between 2009 and 2014.....	p. 174
Table 13: Exemplary open-ended Questions asked during the initial Interviews .....	p. 178
Table 14: Quotes supporting the Development of the <i>Cababilities to Maintain Relationships</i> Concept.....	p. 195

Table 15: Quotes supporting the Development of the Knowledge Exchange	
Concept .....	p. 196
Table 16: Overview of Theoretical Contributions, linked to Research Objectives	
.....	p. 296

## List of Figures

Figure 1: Theoretical and Contextual Positioning of the Study .....	p. 20
Figure 2: Overview of Network Relationships in the Exploration of NCs for IO Enactment.....	p. 21
Figure 3: Structure of the Thesis .....	p. 25
Figure 4: Hofstede's Cultural Dimensions and Germany's.....	p. 137
Figure 5: Sulphur and nitrogen analysis devices from Firm C .....	p. 158
Figure 6: Biobank storing solutions from Firm B.....	p. 159
Figure 7: Blood gas analysis systems from Firm H .....	p. 159
Figure 8: Gas analysis mass spectrometers from Firm M.....	p. 160
Figure 9: The <i>Interpersonal Liking Capabilities</i> Concept inductively deriving from Subcategories, Major Code Categories and Individual Codes (exemplary) .....	p. 199
Figure 10: Overview of the Main Findings of this Study .....	p. 205

# **Chapter One: Introduction to the Study**

## **1.1 Introduction**

This thesis explores the Networking Capabilities (hereafter NCs) in the enactment of International Opportunities (hereafter IOs). It uses the context of German high-technology small and medium-sized enterprises (hereafter HTSMEs). It examines how key decision-makers (hereafter KDMs) in such firms behave in network relationships, and which NCs they display in order to enact such IOs. The following sections explain the research background and rationale, research gaps, the originality of the study, aims and objectives, research design, and a summary of the structure of the thesis.

## **1.2 Background to the Study**

SMEs play a key role in the creation of social and economic wealth in Europe (Schoonjans et al., 2013). In the EU, there are around 25 million SMEs, providing more than 75 million jobs, and representing around 99% of all enterprises (European Commission, 2014). Improved technology, means of communication, globalisation, and better business education have opened up IOs to European SMEs (Wilson, 2007). The Federal Republic of Germany is considered the world champion for high-tech products (SPECTARIS, 2015). Johanna Wanka, Head of the Federal Ministry of Education and Research, states that “*innovations from Germany are demanded as never before*” (BMBF, 2015), and that no other country produces more research and development (hereafter R&D) -intensive products for the global economy.



With 12.1%, Germany ranks first in terms of global market share for high-technology machinery and products with one out of seven high-tech-related patents being of German origin (DESTATIS, 2015). These developments provide new employment opportunities to the German labour market, as the German high-tech industry has created more than 100.000 new jobs since 2005 (SPECTARIS, 2015). Further, despite the recent global economic downturn, some German HTSMEs were able to boost their sales abroad. Overseas markets outside Europe in provide these firms with particular growth opportunities, as sales into Non-European markets increased by 11% between 2014 and 2015 alone (DESTATIS, 2015). In particular, demand from the BRIC-states of Brazil, Russia, India and China, as well as some Western African countries increases steadily (SPECTARIS, 2015).

The SPECTARIS industry association of German high-technology firms is a representative body in the areas of medical technology, optical technologies and analytical, biological, laboratory, and ophthalmic devices. It pools the interests of around 420 member firms. Through its political activities, public relations and industry marketing, the association allows networking, organises events and conferences, and assists in questions pertaining to international growth and expansion. Josef May, Chair of SPECTARIS, states that *“‘Made in Germany’ is still a symbol for quality, richness of ideas as well as customer service. Especially medium-sized high-tech firms are increasingly developing new foreign markets by offering customised products and solutions”* (SPECTARIS Jahrbuch, 2015). This statement reinforces the significance and reputation of high-technology of German origin in global markets. Further, a current

export rate of over 60% highlights the importance of international operations for those firms (SPECTARIS, 2015). While domestic demand further decreases, due to the fact that the public health care sector is cutting its spending (BMWF, 2015), capitalising on business opportunities in foreign markets becomes even more important.

SPECTARIS becomes more aware of the challenges these firms face, and recognises the increasing significance of foreign market entry. Consequently, the association regularly holds events and congresses, in cooperation with Governmental institutions and bodies. These are organised to assist with critical questions pertaining to international growth and expansion (Mike Bähren, Head of Research and Martin Leibing, Head of Business Development, SPECTARIS). For instance, the ‘SPECTARIS Aussenwirtschaftstag’ at the Ministry of Foreign Affairs in Berlin on the 16<sup>th</sup> of September 2014 was themed ‘The internationalisation of German high-technology’. In line with the recent challenges these firms face, this event focused on suitable and effective foreign market entry strategies for the SPECTARIS member firms, as well as the identification of new IOs. Stemming from the proposition that the identification and the enactment of IOs remain key tasks of the KDMs in these firms, an in-depth exploration of their corresponding entrepreneurial behaviour, and the required capabilities in business networks, is a useful research endeavour. In line with the need to better understand how opportunities in foreign markets are enacted by German HTSMEs, this study consequently explores the NCs in the enactment of IOs.

Herein lies the researcher's personal interest in the topic and enthusiasm for this research. These developed during the MSc in International Marketing studies at the University of Strathclyde in 2009 and 2010. Courses on internationalisation theories in particular triggered the researcher's wish to engage in a thorough investigation of KDMs' behaviour and activities in relation to the key tasks associated with successful internationalisation, and to write this doctoral thesis.

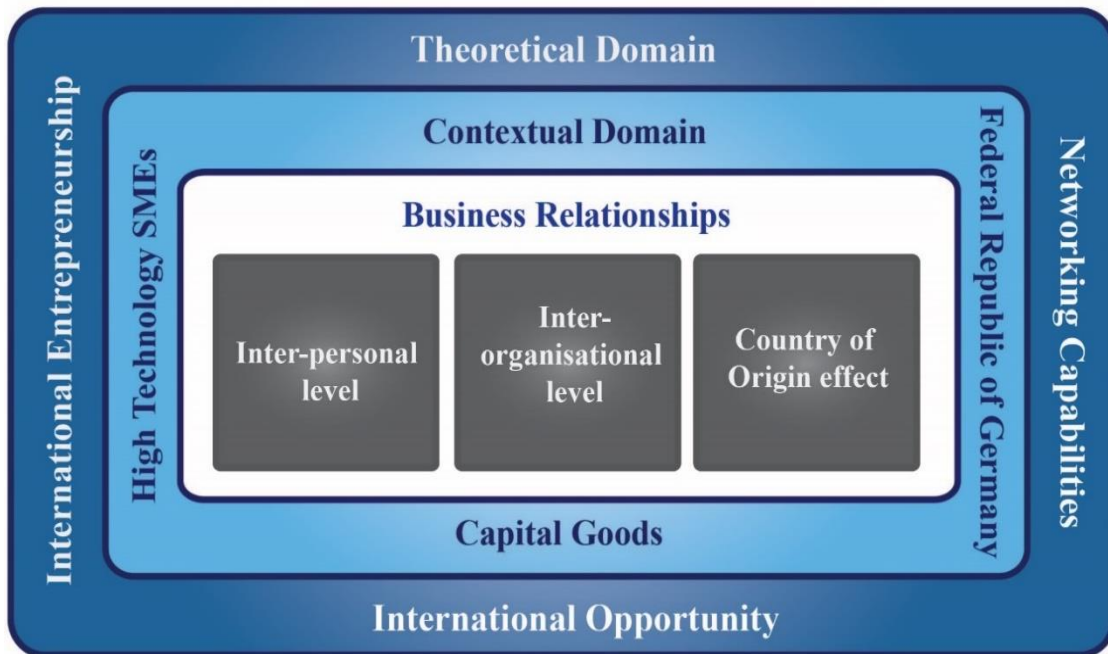
### **1.3 Rationale of the Study**

NC is an emerging concept in International Business (hereafter IB) and International Entrepreneurship (hereafter IE) research. The conceptualisation stems from the fact that small firms increasingly face the challenge of collaborative knowledge production and opportunity exploitation in a networked context (Grünberg-Bochard and Kreis-Hoyer, 2009), and refers to the entrepreneurial capabilities to do so effectively. IE research has, over the last two decades, evolved as a unique field of enquiry in recognising the entrepreneurial aspect of SME internationalisation (Ruzzier et al., 2006). IO is a burgeoning concept in the growing domain of IE (Mamun, 2015), which conceptualises foreign market entry as an innovative entrepreneurial act (Chandra et al., 2009; Jones and Coviello 2005), in which the IO is the central focus (Shane and Venkataraman 2000).

In the NC and IO literature streams, several characteristics are evident. Firstly, NC research is still at an initial stage of development and needs further clarification, particularly in the light of opportunity exploitation. IO-focused IE research remains largely limited to a focus on IO identification and the influential role of networks, but important aspects of the enactment of such IOs, once the IO is identified, remain

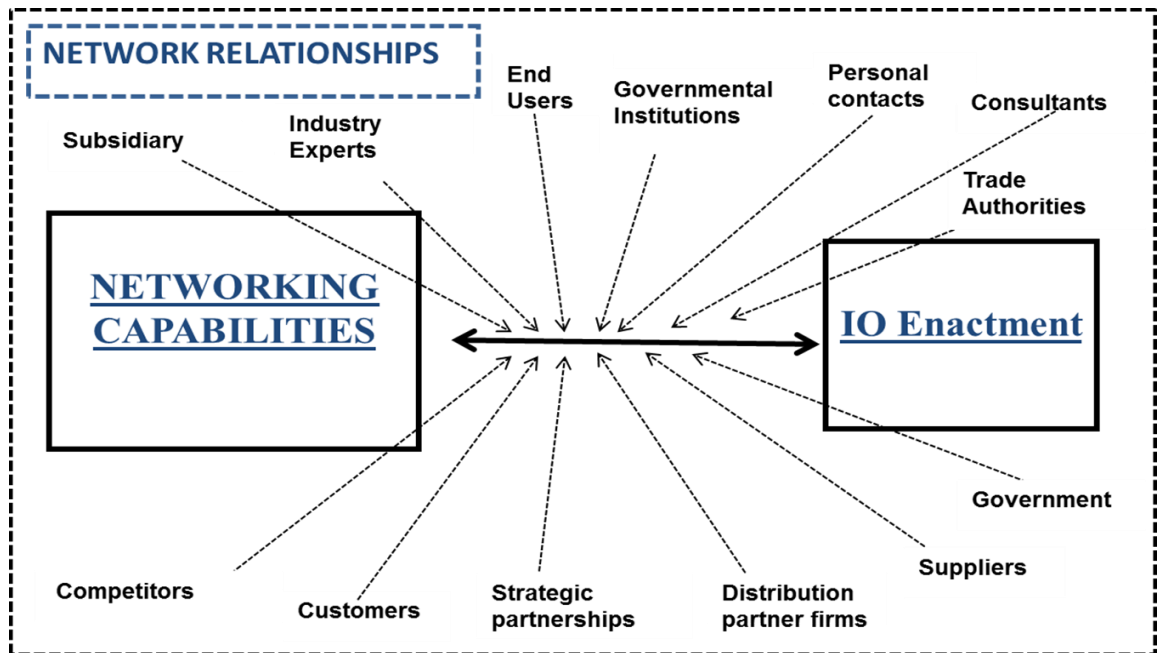
understudied. Further, although the concepts of NC and IO enactment are complementary in SME internationalisation, studies that specifically explore IO enactment in light of the required NCs remain rare. Thus, this study explores the NCs required to enact IOs. In doing so, it integrates insights from business relationships at three levels, namely interpersonal, inter-organisational, and Country-of-Origin (hereafter COO) effect, while previous research focusing on network relationships in IE remains limited to either one of these perspectives. German manufacturing HTSMEs provide a vibrant context in which to address the above-mentioned theoretical oversights. As research on SME internationalisation has matured over the last two decades (Wheeler et al., 2008), SMEs have become more familiar with the concept of IO. This study adopts the SME definition of the European Commission (cf. Glossary). Firms with less than ten employees are not included in the study. Additionally, the study concerns SMEs that not only sporadically export, but rather internationalise by making further resource commitments to foreign markets. Figure 1 depicts the theoretical and contextual positioning of this study.

**Figure 1: Theoretical and Contextual Positioning of the Study**



In line with the study's rationale, Figure 2 lists the particular network players the KDMs in German HTSMEs interact with. The study explores the human interaction within these network relationships, and determines the associated NCs required for successful IO enactment. The next section highlights the gaps that this study seeks to address.

**Figure 2: Overview of Network Relationships in the Exploration of NCs for IO Enactment**



### 1.4 Research Gaps

The study addresses two gaps in the IO and NC literatures: First, to date, IO research has predominantly focused on IO identification (Peiris et al., 2013/2012; Styles and Seymour, 2006) with little theoretical understanding of IO enactment (Mamun, 2015; Mainela et al., 2014). Stressing that no internationalisation theory alone can explain how HTSMEs exploit IOs, the study identifies the need to explore IO exploitation through theoretical integration (Nisar et al., 2012; Maekelburger, 2012). The study addresses this gap by exploring the roles of network relationships in the enactment of IOs. While most predominant internationalisation theories fall short in adequately reflecting small firm characteristics (Laufs and Schwens, 2014) and the challenges they face in foreign markets (Pinho, 2007; Cheng, 2006; Gilmore et al., 2001; Smallbone et al., 1995; Carson 1990), both Network Theory (hereafter NT) and IE provide a wealth of theoretical insights on

how networks, and relationships influence and support IOs identification. Hence, the study identifies the need to pay closer attention to the enactment of IOs, and the role of network relationships. This corresponds to Mainela et al.'s (2014) 'interaction-focused approach' to future IO research. The significance and influence of networks and interactions of network players on the identification of IOs is already well-researched in IE (Vasilchenko and Morrish, 2011; Ellis, 2011; Lorentz and Gauri, 2008; Sasi and Arenius, 2008; Styles and Genua, 2008). Their respective role in the actual enactment of opportunities, however, remains underresearched.

Second, there is insufficient understanding of the NCs required to successfully exploit IOs. NC is an emerging theme within both IB and IE research, but it remains at an initial stage of scholarly development (Mitrega et al., 2012; Grünberg-Bochard and Kreis-Hoyer, 2009; Sullivan Mort and Weerawardena, 2006). It is evident that the exploitation of IOs requires particular entrepreneurial capabilities (Karra et al., 2008; Eisenhardt and Martin, 2000; Luo, 2000) and networks are of key importance for international growth and expansions for SMEs (particularly because of their resource constraints) (Crick and Crick, 2014; Zahra, 2005; Coviello and Munro, 1997/1995). Despite such contentions, there is little understanding of the role of NCs in KDMs' exploitation of IOs. This oversight means that these NCs need to be explored in the settings of business-to-business (B2B) relationships. Such relationships have been researched largely from either the inter-personal or inter-organisational perspective (Peiris et al., 2013; Ellis, 2011), while the COO effect (Dinnie, 2004; Al-Sulaiti and Baker, 1998; Schooler, 1965) and its influence of network composition, structure and performance remain understudied. Addressing such

flaws, the study integrates findings from business relationships at all three levels (i.e., inter-personal, inter-organisational, and country) to investigate NCs and argues that different capabilities are required at different relationship levels.

### **1.5 Originality and Potential Contribution of the Study**

The originality of this study lies in its effort to integrate insights from the IO literature with the NC framework. The study thus identifies a set of NCs required to successfully enact IOs. It builds on previous findings regarding the influence of network relationships on IO identification and focuses particularly on the procedure of IO exploitation once the IO has been identified. In exploring such NCs for SMEs operating in dynamic and fast-moving markets, it contributes to the theoretical development of NC, which remains at an initial stage of scholarly development. This study takes the individual KDM and the corresponding entrepreneurial behaviour in network relationships as units of analysis. Overall, by advancing knowledge on how KDMs in internationalising SMEs behave and what capabilities are required in business networks, the study contributes to both NC and IE literatures.



## **1.6 Aims and Objectives**

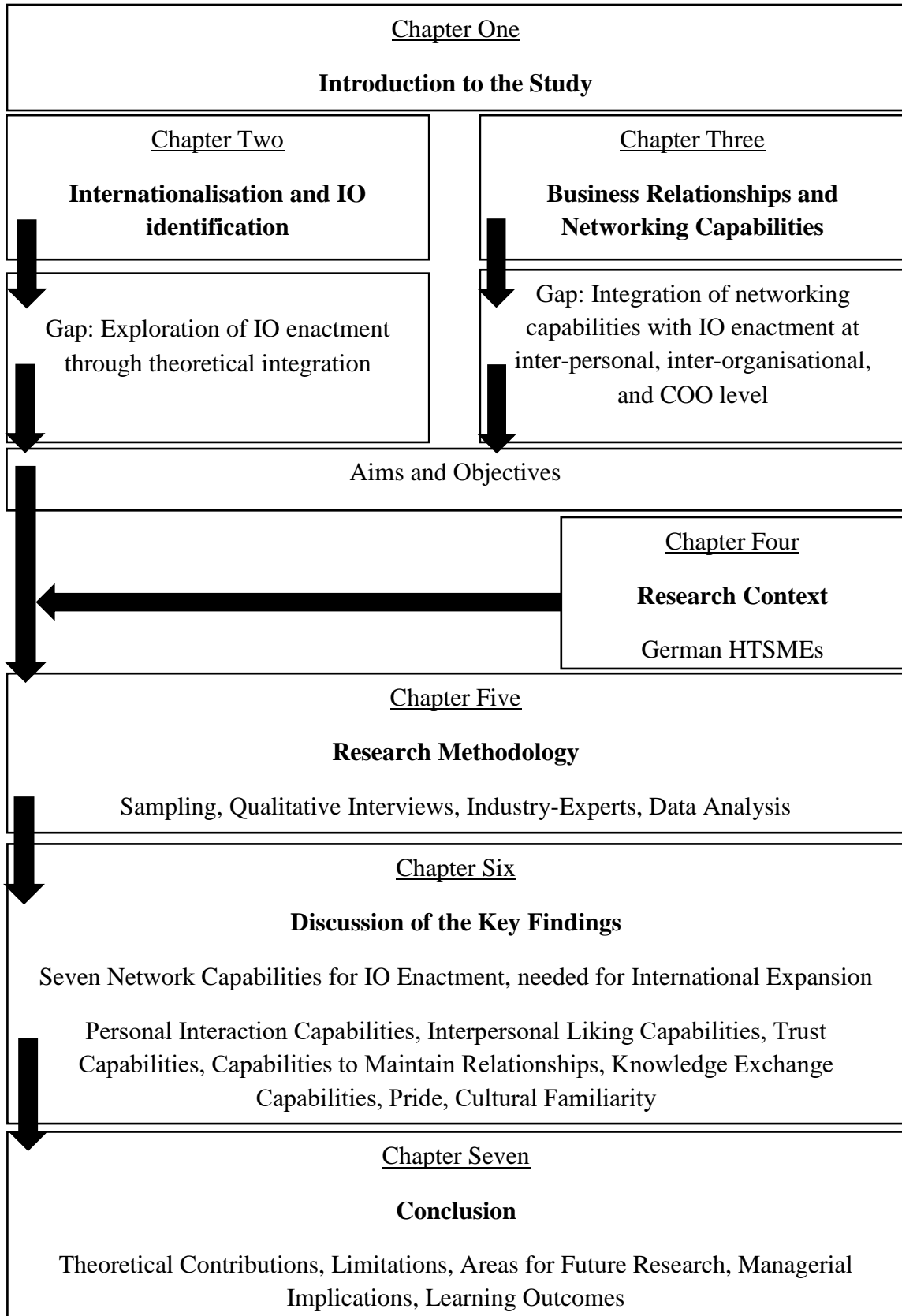
The aim of this study is to explore NCs in the IO enactment of internationalising German HTSMEs. To fulfil the research aim, the research objectives are formulated as follows:

1. To explore the networking capabilities for German high-technology manufacturing SMEs in the successful identification and enactment of international opportunities.
2. To identify key factors that contribute to the successful enactment of international opportunities for German high-technology manufacturing SMEs at inter-personal, inter-organisational and country levels.
3. To develop theoretical integration between networking capabilities and international expansion of German high-technology manufacturing SMEs.

## **1.7 Research Design**

This study is guided by a constructivist inquiry paradigm. Once the gaps, aims and objectives are identified in the literature chapters (Chapters Two and Three), it employs a qualitative methodological approach to address the research objectives. 17 qualitative face-to-face interviews with selected KDMs in German HTSMEs are conducted. As the units of analysis are the KDM and their entrepreneurial behaviour in network relationships, this methodological approach uses the respondents' personal narratives and recalled experiences as main data material. The study adopts a Grounded Theory (hereafter GT) 'approach' to the systematic data analysis procedures. These interviews are supplemented by personal discussions with industry-experts, to allow data triangulation. Figure 3 shows the structure and organisation of this thesis.

**Figure 3: Structure of the Thesis**



## **1.8 Organisation of the Thesis**

This thesis is divided into seven chapters, including this introduction. Chapter Two reviews the extant literature on IO identification of SMEs. It examines key internationalisation theories that seek to explain how such firms identify opportunities in foreign markets, and highlights their main theoretical underpinnings. It goes on to define and discuss IE in more detail, and introduces the KDMs, illustrating characteristics of these particular individuals. Following this, it reviews IE research which focuses on HTSMEs. It highlights the proposition to increase efforts to explore IO enactment, and to do so by integrating theoretical approaches.

Chapter Three looks at business relationships and NCs. It discusses such business relationships at three levels, namely inter-personal, inter-organisational, and country (COO) level, and identifies relationship characteristics as well as success factors for each of those levels. Following this, the chapter introduces NC as conceptualisation, discusses key papers which contribute to the theoretical development and knowledge of NCs, and discusses NC in the light of business relationships, relationship performance, as well as internationalisation. It speaks of the initial stage of NC research and proposes to explore NCs in the context of IO enactment, while integrating all of the three levels of business relationships.

Chapter Four delivers the contextual background of this thesis. It provides a background of the German high-tech industry, and introduces the firms under investigation, in discussing the main characteristics and the markets they operate in. It highlights the

contextual implications of Germany as well as its cultural associations. Chapter Five discusses the research methodology of this study. It begins by highlighting the underlying philosophical principles framing this study, before summarising the methodological approach this research employs. The chapter illustrates the sampling methods used, and introduces the sample. In particular, this section lists the firms under investigation, describes the devices and solutions these firms manufacture, highlights important value chain characteristics, and introduces the respondents that were interviewed. This is followed by a discussion of the data collection tools used to address the research objectives. It illustrates the data analysis procedures in detail, and addresses issues associated with validity and reliability.

Chapter Six discusses the main findings of the study in relation to its aims and objectives. These findings relate to the exploration of NCs in the enactment of IOs in internationalising German manufacturing HTSMEs. These are *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* as well as *Cultural Familiarity*. They are discussed in the light of the existing literature on IO and NC, and in highlighting the new theoretical insights this study provides. Chapter Seven concludes this thesis. It revisits the main findings in relation to its aims and objectives, discusses the theoretical contributions this study makes, and highlights its limitations. It goes on to discuss areas for future research, and illustrates managerial implications as well as learning outcomes associated with this doctoral thesis.

# **Chapter Two: Internationalisation and International Opportunity Identification of SMEs**

## **2.1 Introduction**

This chapter examines the literature on internationalisation and international opportunity identification of SMEs. It is divided into four main sections. The first section reviews a series of key internationalisation theories through the lens of IO identification of SMEs. Such theories are particularly discussed in the light of their applicability to the specific type of firms this study focuses on (i.e. HTSMEs). The second section reviews the academic literature on IE, in particular concerning IO identification, network effects, and relevance for HTSMEs. Section 2.4 summarises the main gap in the literature, and the last section concludes this chapter.

## **2.2 Predominant Internationalisation Theories**

This section reviews a set of predominant internationalisation theories. It includes the theoretical perspectives of Transaction Cost Approach, Institutional Theory, Eclectic Paradigm, Uppsala Internationalisation Model, the Resource Based View and Network Approach, in highlighting respective theoretical underpinnings and assumptions.

### **2.2.1 Transaction Cost Approach**

Transaction cost analysis (or transaction cost economics, hereafter TCE) is the most commonly applied internationalisation theory focused on the exploitation of IOs (Canabal and White, 2008; Zhao et al., 2005). The rationale behind this theory is that firms do have to establish governance structures that will lower costs and inefficiencies associated with entering a foreign market (Zhao et al., 2004; Hennart, 1989; Williamson, 1979).

Underlying TCE are the assumptions of bounded rationality, the potential for actors to behave opportunistically, as well as risk neutrality (Seggie, 2012). The four key dimensions of transactions are asset specificity, environmental uncertainty, behavioural uncertainty, and transaction frequency (Williamson, 1975). Luo (2007) proposes that firms consider more opportunistic behaviour to partners from different cultural backgrounds, and in more complex environments (Shapiro, 1987). Whereas KDMs may find it relatively easy to predict and forecast developments in domestic markets, this is likely to be more difficult and more complex in international markets (Seggie, 2012; Klein, 1989).

Williamson (1975) considers the transaction as the unit of analysis and puts the focus of analysis on transaction costs rather than production costs. Firms are assumed to deliberately and opportunistically engage in self-seeking interest, which might include lying, stealing, or violating agreements. Firms are faced with the safe-guarding problem, as assets specific to the transaction as well as relationships become vulnerable to exploitation. The firm investing into those assets becomes too weak to defend itself against this opportunism, without being able to resort to the market and escape from the opportunistic behaviour within the relationship.

The systematic application of TCE in the internationalisation context appeared for the first time in Anderson and Gatignon's (1986) work. They cluster 17 market entry forms according to the degree of control the respective mode provides, and the most appropriate

entry strategy to exploit the IO is a function of the tradeoff between control and the cost of the inherent resource commitment. Brouthers' (2013/2002) seminal work on TCE influences on entry strategy and firm performance confirms that those firms whose entry strategy could be predicted by the TCE perform significantly better, in terms of both financial and non-financial measures.

In the case of unpredictability of the host market environment, commonly referred to as country risk in the internationalisation literature, TCE implies a higher level of vertical integration (Morschett et al., 2010). Under conditions of great uncertainty, it is considered difficult to anticipate all future contingencies for which adaptations and modifications of a contract with a partnering firm would be required (Anderson and Gatignon, 1986). If uncertainty creates a situation in which the value of an IO cannot be predicted accurately, TCE suggests that firms would react by keeping the initial investment low while securing an option for future investment (Brouthers et al. 2008). In these situations, cooperative ways of IO exploitation are seen as an attractive alternative (Morschett et al., 2010).

Brouthers and Nakos (2004) apply TCE to SMEs IO exploitation strategy and assert that SMEs that adopted strategies predicted by TCE perform remarkably better than those firms using other options. Brouthers and Brouthers' (2003) comparative study on manufacturing and service firms suggests that differences in internationalisation strategies can be explained by how the firms react to, amongst others, transaction cost variables. Although a few attempts have been made to apply TCE to SMEs, this theoretical lens seems to have much clearer relevance for the study of MNEs (Whitelook, 2002). The

assessment of TCE determinants is considered to remain important (Li, 1995), at least for larger firms.

For a young, resource-constrained technology-focused firm, the TCE does not offer a suitable explanation of how they identify and exploit IOs (Burgel and Murray, 2000). In markets that are characterised by a fast moving, dynamic and competitive environment, like international high-technology markets, decisions are not only based on efficiency considerations, but also on other aspects, such as strategic motives that include internationalisation or the firm's competitive position in global markets (Sanchez-Peinado et al., 2007; Harzing 2002; Aulakh and Kotabe 1997).

Indeed, empirical studies with an HTSME-context adopting a TCE approach are extremely rare. In turn, in one out of very few studies, Yasuda's (2005) investigation into the formation of strategic alliances, while comparing and contrasting the applicability of TCE and the resource-based theory (hereafter RBT), reveals that due to the issue of resource constraints, RBT exceeds TCE in its ability to explain firms' alliance activities in high-technology industries. Consequently, although TCE has legitimately received much attention in the literature, it insufficiently reflects the distinct characteristics, dynamic developments, and the fierce global competition (Crick and Jones, 2000) of the markets HTSMEs operate in.



### **2.2.2 Institutional Theory**

Institutional Theory (hereafter IT) investigates how firms enter and later operate in foreign markets, in an institutional context, defined by specific rules, norms and values (Meyer and Nguyen, 2005; Davis et al., 2000). A key principle of IT is isomorphism (Di Maggio and Powell, 1983), which has been described as a constraining process that is expected to force one unit in a population to resemble other units that face the same set of environmental conditions (Hawley, 1968), as this is the case with firms competing in the same industry and foreign markets.

These isomorphic pressures are found to have a significant effect on how IOs are identified and exploited (Brouthers, 2013/2002). Here, IT suggests that firms entering new foreign markets will imitate actions of both local host market firms, as well as competitors in this particular market, thus legitimising their operations as well as their market presence (Yiu and Makino, 2002; Davis et al., 2000). Scott (1995) differentiates three specific groups of institutional forces, namely regulative, normative and cognitive. Regulative forces include laws and rules; cognitive forces are conceptions by which meanings are created; the normative ones are values and norms. Whereas the regulative forces derive from economics, normative and cognitive forces are rooted in sociology (Peng and Heath, 1996).

North (1990) argues that in investigating how IOs are identified and enacted, IT should be combined with TCE because institutions provide the structure in which transactions occur; defining the rules of the game, including laws and regulations of the host country

(Davis et al., 2000; Oliver, 1997). Roberts and Greenwood (1997) propose that firms will perform better in foreign markets if they pursue institutional legitimacy and transaction cost efficiency simultaneously. Oliver (1997) shares this viewpoint, arguing that meeting the institutional mandates results in a better fit with the host market environment and thus in enhanced performance. In other words, this literature proposes that firms adopting strategies that conform to institutional requirements, in addition to aiming for transaction cost efficiencies, should perform better than firms making decisions based on other considerations.

Scholars (Davis et al., 2000; Chatterjee and Singh, 1999) suggest that the institutional context significantly influences international performance because of the direct connection of the type and usage of specific organisational capabilities with strategic decisions. Institutional structures may restrict a firm's entry choice, and firms breaching these structures face reduced legitimacy or potential extinction (Davis et al., 2000). The institutional structure may provide barriers to foreign market entry, such as legal restrictions on ownership (Delios and Beamish, 2001; North, 1990; Gomes-Casseres, 1990; Gatignon and Anderson, 1988). Host governments can restrict entry strategies available to facilitate domestic ownership. Such laws can limit a firm's ability to capitalise on its capabilities through transaction-cost-predicted decisions (Roberts and Greenwood, 1997; Gatignon and Anderson, 1988).

Studies that investigate IO exploitation through the institutional lens alone are rare. This theoretical approach is commonly adopted in conjunction with other theoretical

perspectives (Brouthers, 2013/2002; Arregle et al., 2006; Roberts and Greenwood, 1997; Oliver, 1997). Institutional variables, in particular when they are integrated with transactional variables, contribute significantly to the understanding of IO-related firm behaviour; and have notable predictive power to determine strategy formation and outcome (Canabal and White, 2008). Further, internationalisation decisions based on considerations of these institutional variables might well be associated with better performance outcomes in foreign markets.

In sum, although this perspective contributes significantly to the understanding of how IOs are identified, it overlooks the role and influence of KDMs. Moreover, it does not advocate a process view on IO identification and exploitation. IT reflects a static view on internationalisation based on antecedents on the one hand, and entry strategy choice, as well as respective performance outcomes on the other hand. Moreover, the predominant focus on larger firms, alike the aforementioned TCE approach, prevails, and this theoretical framework remains ill-equipped to reflect small firm characteristics.

### **2.2.3 Eclectic Paradigm**

The Eclectic Paradigm (hereafter EP) is the second most commonly adopted theory used in internationalisation research (Canabal and White, 2008). This theory proposes that IO-related decisions are made in a rational manner and are similar to TCA, based on an analysis of the costs of the transaction (Whitelock, 2002). Also referred to as OLI paradigm, the main theoretical principle of this approach is that a firm's market entry

strategy is based on the three factors of ownership (O), location (L), and internalisation (I) (Dunning, 1993; 1988).

Ownership advantages refer to costs, control and benefits of inter-firm relationships (Canabal and White, 2008). They are specific to the firm and relate to the accumulation of intangible assets as well as technological capacities and/or product innovations. These assets are reflected by firm size as well as international experience; the skills refer to the firm's ability to develop differentiated products (Dunning, 1993; 1988). These ownership advantages need to be unique and sustainable to facilitate the creation of a competitive advantage (Brouthers et al., 1996).

Location advantages refer to resource availability, commitment and the cost of resources (Dunning, 2000; 1988). They cover both institutional and productive factors in a particular market, and are considered to originate when, for instance, it is more beneficial for the firm to combine products which are manufactured in the home market with irremovable factors and/or intermediate products of another location (Ruzzier et al., 2006). Location advantages thus reflect how attractive a specific market is, whereas the attractiveness is characterised by market potential as well as investment risk. Measures of location advantages commonly include similarities in culture, infrastructure as well as the availability of lower production costs (Dunning, 1993).

Internalisation advantages are concerned with reduced transaction and coordination costs, stemming from internal activities in the value chain (Ruzzier et al., 2006). The OLI

approach was further developed by Hill et al. (1990) as well as Kim and Wang (1992), who incorporate strategic variables. Further, Woodcock et al. (1994) propose that firm decisions are based on the contingency characteristics of related requirements as well as control factors in the organisation. EP is a multi-theoretical approach, as it draws on International Trade Theory, RBT as well TCE.

Although EP is predominantly adopted in the context of MNEs (Brouthers et al., 1999, Padmanabhan and Cho, 1999) ownership and locational advantages were similarly found to influence SMEs' IO-related decisions (Brouthers et al., 1996). The main focus is on MNEs rather than the smaller firm (Ruzzier et al., 2006; Agarwal and Ramaswami, 1992), however, prevails in more recent studies (Meyer and Nguyen, 2005; Somlev and Hoshino, 2005; Roberto, 2004). In sum, while this present study acknowledges that EP makes substantial contributions to our theoretical understanding of how larger firms exploit IOs (Agarwal and Ramaswami, 1992: 2), it does not provide suitable theoretical underpinnings and assumptions about how small firms operating and competing in dynamic, fast changing markets do so.

#### **2.2.4 Uppsala Internationalisation Model**

Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977) developed the Uppsala Internationalisation model (U-model), influenced by Penrose's (1959) theory of knowledge and change in organisations, as well as the behavioural theory of the firm. This model depicts the internationalisation of the firm as a process of increasing its activities as a result of various types of learning (Johanson and Vahlne, 1977). The authors propose

that the general and experiential market knowledge as well as resource commitment (state aspects) affect commitment decisions and current business activities (change aspects). These change aspects would then increase market knowledge, which in turn stimulates further resource commitment to foreign markets (Andersen, 1993). This implies that firms increase international operations and involvement within the foreign markets in which they currently operate. This accumulated knowledge in conducting international operations drives the firm's internationalisation by influencing how IOs are perceived and acted upon (Ruzzier et al., 2006).

This model, also referred to as establishment chain (Johanson and Wiedersheim-Paul, 1975), states that a firm starts international operations with a low-commitment, low-risk strategy, and gradually increases commitment in international markets, as knowledge is accumulated and experience grows. This sequence of different stages leads to increased commitment and financial exposure. The notion of psychic distance argues that firms would initially perceive IOs in neighbouring countries that are considered psychically close in terms of culture, economy, politics and moreover, in terms of geographical proximity (Johanson and Vahlne, 1977), before considering psychically more distant countries (differences in education, language, business practices etc.).

Scholars (Kontinen and Ojala, 2010, Johanson and Vahlne, 2009; Eriksson et al., 2000; Evans et al., 2000; Coviello and McAuley, 1999; Chetty, 1999; Morgan and Katsikeas, 1997) have made considerable efforts to test and refine those ideas. Although these internationalisation stage theories have gained remarkable support in the literature, they

have also been heavily criticised. In particular, the model is accused of being too deterministic (Reid, 1981), and not incorporating the strategic choices key individuals in these firms have (Andersson, 2000). Further, empirical findings confirm that firms do not follow this traditional pattern of internationalisation (Madsen and Servais, 1997; Oviatt and McDougall, 1995, 1994; McDougall, 1994).

Cannon and Willis (1983) also challenge the underlying assumptions of a stepwise development, and propose that firms may well omit stages to accelerate the process. Psychic distance has become less relevant as communication and transportation infrastructures have improved and markets have become increasingly homogeneous (Nordström, 1991; Czinkota and Ursic (1987). Reid (1983) concludes that internationalisation processes and patterns are unique to the firm, and specific to the situation and circumstances.

This model contributes to the theoretical understanding of increased engagement in international markets based on commitment and increased knowledge, and has set valuable foundations for further investigations in the field (Canabal and White, 2008). This theoretical perspective, however, does not sufficiently reflect the KDM's role and entrepreneurial behaviour in the identification and enactment of IO. Further, Hedlund and Kverneland (1985) support the evidence of firms speeding up the internationalisation process. This fast-paced and inconsistent international development has been witnessed amongst HTSMEs, where high R&D costs, shorter product life-cycles, and a fast-changing environment have accelerated the speed of internationalisation (Young, 1987).

Bell (1995: 62) argues that *“in an increasingly global economy, the relevance of ‘stage-theories’ must be [...] questioned, especially in relation to the internationalisation of high-technology and service firms.”* Jones and Crick (2001: 129) support this view and conclude that *“high-technology firms are often faced with different challenges that have cast doubt on their applicability to the widely-accepted stage model.”*

Research into HTSMEs internationalisation strategies suggests that strategy formation cannot be considered as systematic as the stage model proposes. The KDM anticipates and reacts to internal and external factors in a variety of ways. This influences opportunity recognition and exploitation, ranging from planned strategies to opportunistic behaviour (Crick and Crick, 2014; Crick and Spence, 2005). These firms are often considered rapid internationalisers (Oviatt and McDougall, 1995) and the actions taken by these firms are commonly defined as reactive strategies, critical for survival in dynamic environments (Eisenhardt and Martin, 2000). McDougall et al. (1994) concludes that for the majority of small firms operating in an (international) fast-moving environment and fierce competition, the ability to adapt quickly to changing market and industry conditions is more important than prior knowledge.

### **2.2.5 Resource-Based View**

RBV sees firms as unique bundles of accumulated tangible and intangible resource stocks, such as assets, processes, knowledge and capabilities (Sharma and Erramilli, 2004, Roth, 1995). RBV was developed in the field of strategic management and focuses on unique, costly and difficult-to-copy assets of the firm. These are drivers for sustainable



competitive advantage and organisational performance that are needed for internationalisation (Ruzzier et al., 2006). A firm's ability to reach and keep a profitable market position will depend on its ability to gain and defend advantageous positions regarding relevant resources (Connor, 1991). Realising the importance of intangible, knowledge-based resources in gaining a competitive advantage, RBV not only addresses the ownership of resources, but also the dynamic ability for organisational learning needed to develop new resources (Canabal and White, 2008).

Due to the heterogeneity of small firms, as well as their operating environment, identifying the critical resources needed for internationalisation is considered fundamentally difficult (Ruzzier et al., 2006). Focusing on the attributes that those resources should exhibit in order to sustain a long-term competitive advantage, researchers propose deviating characteristics. According to Grant (1991), resources must capture transparency, durability, transferability and replicability. Barney (1991) proposes that resources have to be valuable, rare, imperfectly imitable and not substitutable. RBV assumes that a high country risk implies the need to protect the firm's resources, and suggests avoidance of full ownership (Agarwal and Ramaswami, 1992).

RBV has, in contrast to other theoretical lenses previously discussed in this chapter, included the KDM's role and influence on key internationalisation decisions (Herrmann and Datta, 2005; Alvarez and Busenitz, 2001). Managerial learning, for instance, was identified as a significant variable which corresponds to how these individuals learn over time, and further includes the role and experience of the management team (Reuber and

Fisher, 1997). In an international context, learning can take place over time, as key employees are exposed to novel experiences, and this resource, considered as knowledge base or organisational memory (Moorman and Miner, 1998) influences future decisions.

Since in smaller firms the KDM's characteristics drive organisational strategy, their personal enthusiasm for overseas expansion and their international mindset is considered to result in higher international involvement (Katsikeas, 1996; Cavusgil, 1984). In the HTSME internationalization context, Crick and Spence (2005: 170) assert "*as entrepreneurial learning takes place and experience grows, managers develop an increasing amount of intellectual capital that can be used to develop strategies and allocate resources.*"

RBV has contributed to the understanding of IO identification and exploitation of smaller firms (Canabal and White, 2008; Ruzznier et al., 2006). In the high-technology context, the importance of transferring the key assets of technology and intellectual property (hereafter IP) from the domestic market into the host market, and its influence on strategy formation (Sedoglavic, 2012) is undeniable. However, reviewing other scholarly contributions in the field shows that the relevance of RBV for HTSMEs' IO enactment remains unclear and contradictory.

Autio et al. (2000) and McDougall et al. (1994) stress that for the majority of small firms operating in a fast-moving environment and against fierce competition, the ability to adapt quickly to new and changing market conditions is more important than prior knowledge.

This ability has been defined as ‘learning advantage of newness’, a process of entrepreneurial learning and a manager’s development of intellectual capital (Crick and Spence, 2005). The same authors, however, argue, that in these high-technology industries, where strong competition meets strong demand, a market-orientated approach to internationalisation rather than a resource-based approach is expected.

Most SME internationalisation studies adopting the RBV continue to focus on internationalisation processes at firm level, rather than individual level. Notable exceptions are Alvarez and Busenitz’ (2001) as well as Rangone’s (1999) investigations, which see the entrepreneur as a source of competitive advantage. Such studies, in moving the scope of analysis from the firm level to the individual level, implicitly establish a connection between the RBV of internationalisation and entrepreneurship; and see the entrepreneurs’ characteristics as individual-specific resources that foster the recognition of new opportunities and the allocation of resources for the venture (Alvarez and Busenitz, 2001; Schumpeter, 1950).

### **2.2.6 Network Theory**

NT has contributed to the development of SME internationalisation research, in which the notions of gradual knowledge acquisition as the main triggers for internationalisation are much criticised. From a network perspective, an entrepreneurial opportunity-seeking behaviour within network relationships drives the process of internationalisation of the SME (Schweizer et al., 2010). The ability to build and sustain important relationships

(Johanson and Vahlne, 2009) and to make use of the contingencies evolving in those relationships is key tasks of the entrepreneur (Schweizer et al. 2010).

The adoption of NT in internationalisation research originated with Johanson and Mattson's (1988) seminal book chapter. They developed a model which described international markets as networks of relationships between firms, in asserting that international interdependence between firms and within industries was becoming increasingly important at that time. A key observation from the critics of the Uppsala model is that experiential knowledge often arises from interactions with actors in the foreign market. Network partners can allow a firm to become instantly global by bypassing the establishment chain stages (Styles and Amber, 1994).

Johanson and Mattson (1988) engaged in a comparative analysis and contrasted NT with the TCA model and the Uppsala model, in arguing that these two approaches do not sufficiently consider important interdependencies and development processes in foreign markets. Their propositions derive from a number of earlier IM studies (Levitt, 1986; Ford, 1978; Håkansson and Östberg, 1975) that demonstrated the existence of long-term relationships between suppliers and customers in industrial markets. Johansson and Mattson (1988) supported Webster's (1979: 50) earlier proposition that *"for strategic purposes, the central focus of industrial marketing should not be on the products or on markets [...] but on buyer-seller relationships."*

Johanson and Mattsson (1988) assert that one of the main reasons for the existence of these long-term relationships is that suppliers and customers need extensive knowledge about one another, as well as knowledge about the products, services, after-sales services and business practices. Johanson and Mattsson (1988) suggest that most of this knowledge can only be gained after transactions have been made. They contend that these relationships create both social and technical bonds, and take time to develop. They support the earlier assertion that the coordination of relationships results from the interaction between the firms in the network, rather than a central plan or an organisational hierarchy (Lindblom, 1977), and state that firms engage in exchange relationships to gain access to external resources.

The overarching assumption is that in order to establish business in a foreign market, a firm has to develop new relationships. Becoming part of a new network can signify breaking old, existing relationships or add a relationship to already existing ones. The initiative to become part of an established network can be taken by both the supplier (seller) and the buyer (Johanson and Mattsson, 1988). Short-term economic returns, a long-term presence in the networks as well as future survival are pursued (ibid.) Based on these propositions, the two researchers (1993: 306) later define internationalisation as a *“cumulative process in which relationships are continually established, maintained, developed, broken and dissolved in order to achieve the objectives of the firm.”*

Johanson and Vahlne (2009/1990) continued to examine the internationalisation processes of SMEs. Following other scholars (Etemad, 2004; Bell, 1995; McDougall and Oviatt,

1994; Andersen, 1993) they suggested that the incremental stage models are unable to explain the opportunity-based, entrepreneurial internationalisation of SMEs. They further supported the criticism of the Uppsala model for its limited ability to explain why some firms leapfrog stages of internationalisation (Morgan and Katsikeas, 1997; Oviatt and McDougall, 1994). In recognising these shortcomings Johanson and Vahlne (2009) incorporated the network perspective and entrepreneurial activities into their Uppsala model.

They replaced the concept of liability of foreignness with the liability of outsidership, in suggesting that an internationalising firm needs to become an insider in an international network. The model suggests that if relationships between firms are considered as a network, firms internationalise because other firms in their international network do so. The scholars see the creation and development of relationships as critical to the internationalisation process of the firm. In short, this ‘internationalisation process model’ (Johanson and Vahlne, 2009) highlights the importance of business networks and the entrepreneurial aspect of SME internationalisation. Coviello and Munro (1997/1995) likewise conclude that networks are much supportive of small firm internationalisation, and Casson (1997) asserts that the network is a more effective and appropriate means of coordination than the actual firm or market.

Interest in network-focused SME internationalisation research grew significantly after 2006, resulting in a substantial body of literature (Jones et al., 2011). Since then, scholars have, for instance, studied the influence of different network ties at a micro-level. Here,

weak ties are seen to be more important than strong ones in strengthening the process of knowledge acquisition and exploitation (Presutti et al., 2007). Other studies have focused on relational ties between born-globals and MNEs (Vapola et al., 2008); and Coviello and Munro (1997/1995) also investigate the context of small firms working with larger ones. A network of business relationships provides a firm with an extended knowledge base (Coviello, 2006; Kogut, 2000). Since networks facilitate the acquisition of experiential knowledge about foreign markets, they are strongly relied upon by SMEs at the initial stage of their internationalisation (Lindqvist, 1997). Networks speed up internationalisation, as synergetic relationships with other firms help them to complement each other's resources at different stages in the value chain (Dana et al., 1999; Jones, 1999). Research by Lindqvist (1997) indicates that the entrepreneurs' previous international experience fosters rapid international expansion through earlier-established international networks.

In contrast to other theoretical approaches discussed earlier, NT acknowledges the critical role that the KDMs' characteristics play (Zahra, 2005; Collinson and Houlden, 2005). Understanding small firms as actors embedded in business networks (McAuley, 1999; Johanson and Mattsson, 1993), NT research sees their KDMs as strongly influenced by those relationships (Granovetter, 1985). As SMEs face difficulties in obtaining resources and foreign market knowledge (Zahra, 2005), networks support these firms in overcoming these constraints (Sharma and Blomstermo, 2003). They are further influential in facilitating rapid internationalisation from inception or at an early stage (Sharma and

Blomstermo, 2003; Madsen and Servais, 1997; Coviello and Munro, 1995; Oviatt and McDougall, 1994).

The importance of network relationships in the identification of IOs of HTSMEs is discussed in a few studies (Crick and Crick, 2014; Crick and Spence, 2005; Crick and Jones, 2000; Coviello and Munro, 1997). Such studies confirm that these networks influence if not predetermine IO identification outcomes. Findings by Freeman et al. (2010) suggest that inherent resource constraints will motivate small, rapidly internationalising high-tech firms to form alliances and collaborative partnerships, in which IOs are subsequently identified.

Similarly, research by Moen et al. (2004) suggests that network relationships are of great importance for internationalising HTSMEs. They assert that these firms place an emphasis on competence, solidity and the ability to generate sales in the search and selection processes of international network partners. Heavily dependent on the options available in their network relationships in respective host countries, they balance the allocation of resources between expanding the network through current relationships with partners and the focus on establishing new relationships. Integrating the traditional models of incremental internationalisation with the network perspective, Coviello and Munro (1997) also found network relationships to be of great importance for HTSMEs. Their findings suggest that these relationships heavily influence the strategic internationalisation choices such firm make. Unable to engage in direct sales, due to their limited research base, the investigated firms create partnerships, for example with distributors, to overcome the



constraints they faced at a very early stage of their international activities. At a later stage, firms were seen to develop more complex relationship structures in foreign markets.

As an extension of network approaches to SME internationalisation, the NC concept has started to gain momentum amongst SME internationalisation scholars (Mitrega et al., 2012; Sullivan Mort and Weerawardena, 2006), with researchers showing a growing interest in the capabilities of firms and/or the key individuals to successfully exploit such network relationships. Consequently, the NC concept is discussed in more detail in chapter four.

### **2.3 International Entrepreneurship**

Over the last two decades, IE research has evolved as a unique field of enquiry that recognises the entrepreneurial aspect of SME internationalisation (Ruzzier et al., 2006). McDougall and Oviatt (2000) consider IE as the most recent approach to the internationalisation of small firms, and an emerging area at the interface of entrepreneurship and IB research. Jones et al (2011:623) assert “*IE is positioned at the nexus of internationalization and entrepreneurship, where entrepreneurial behaviour involves cross border business activity.*”

The differentiation of international new ventures (hereafter INVs) from their domestically operating counterparts (McDougall et al., 2003, Oviatt and McDougall, 1994; McDougall, 1989) represents the foundations of IE research. Scholarly investigation on IE further stems from the limitations of the earlier-discussed internationalisation theories (Oviatt and McDougall, 1994; Ibeh and Young, 2001; Etemad, 2004; Jones and Coviello, 2005).

Coviello and McAuley (1999) similarly argue that the phenomenon of small firm internationalisation is more complex and no single internationalisation theory can explain its dynamic nature. Oviatt and McDougall's (1994) seminal contribution that defines INVs integrates business, entrepreneurship, and strategic management theory. This framework provided an important theoretical foundation and has been widely acclaimed and adopted by other researchers in the field. It rightfully proposed that the INV phenomenon is incongruent with commonly assumed characteristics of MNEs.

Early approaches to internationalisation have largely neglected the possibility of individuals in firms making strategic choices and have not taken into consideration the vital role entrepreneurs play in these businesses (Andersson, 2000; Reid, 1983). This has led to a call for integration of entrepreneurial thinking and strategic management (Hitt et al., 2001). Foss et al. (1995) characterise the entrepreneur as a strategist who is eager to find a match between what a firm can do (organisational strengths and weaknesses) within the universe of what it might wish to do (environmental opportunities and threats).

There is no single IE definition that scholars agree on. McDougall and Oviatt (2000: 903) consider IE as *“a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value in organizations.”* Zahra and George (2002: 261) define IE as *“the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage”*, a definition that emphasises the notion of opportunity, as well as its international nature. Here, entrepreneurial firms are defined by their actions and not by

the types of resources they have or control (Zahra, 2005). Ruzzier et al. (2006: 489) argue that IE is *“a research approach to internationalization from the entrepreneurial perspective, which best integrates all the relevant approaches in internationalization with entrepreneurship, as a composite part of SMEs’ internationalization.”*

Styles and Seymour (2006) offered a more holistic view on IE a few years after McDougall and Oviatt (2000) provided their commonly adopted definition. Styles and Seymour (2006: 134) consider IE as *“behavioural processes associated with the creation and exchange of value through the identification and exploitation of opportunities that cross national borders.”* This definition takes into account opportunity-related behaviour (Peiris et al., 2012), goes beyond the legal entity of the firm under investigation, and considers the firm, its actors, as well as its resources (Chandra et al., 2012). It provides a more solid basis for IE theory development, but does not incorporate the cognitive perspective of the entrepreneur (Peiris et al., 2012). Peiris et al., (2012: 286) redefine the IE phenomenon as *“the cognitive and behavioral process associated with the creation and exchange of value through the identification and exploitation of opportunities that cross national borders”* This definition, broadening the notion of entrepreneurial behaviour by incorporating cognitive elements, is strongly associated with the individual decision-makers’ perspective and their personal perceptions. It best reflects the behavioural dimension of the KDM as well as the processes associated with the identification and subsequent seizing of opportunities in foreign markets.

The academic literature shows some inconsistency in terms of conceptualisation and terminology. SME Internationalisation and IE are often discussed together (Etemad and Wright, 2003) and both terms are used interchangeably (OECD, 2009; Ruzzier et al., 2006). Others (Peiris et al., 2012; Jones et al. 2011) consider IE as a unique discipline in its own right, and emphasise the entrepreneurial approach conveyed in the research as a prerequisite in the IE field. Researchers have regularly reviewed the IE and SME internationalisation literature to track the developments in these fields of enquiry. Table 1 lists these papers which provide notable insights into how smaller firms internationalise. It indicates their respective research focus and summarises their main outcomes and conclusions. For the purposes of this section, the differentiation of the two categories, originating from the terminology the authors use in the respective title of their papers, is helpful.

**Table 1: List of Key Review Papers on IE and SME Internationalisation Research**

**1. IE:**

<b><u>Author(s)</u> <u>(Year)</u></b>	<b><u>Research Focus and Outcomes</u></b>
Zahra and George (2002)	Review of past empirical work on IE, analysis of its theoretical foundations, and synthesis of the key factors believed to influence IE. Proposition of an integrative framework that connects the antecedents, types, and outcomes of IE. Recognition of the importance of contextual variables for future research.
Keupp and Gassmann (2009)	Review of existing IE research. Identification of lack of a unifying paradigm in IE research and great variety in the theoretical and methodological approaches, stemming from a lack of definitional rigor regarding what IE is. Identification of researchers' preoccupation/tendency to adopt theoretical IB frameworks rather than integrating entrepreneurship perspectives.

Kraus (2011)	Bibliometric citation analysis in order to categorise and map the academic IE literature. Confirmation of the influence of the scientific fields of IB, entrepreneurship theory, SME internationalisation, and born-global/international new venture theory. Calls for more interdisciplinary research. Highlights internationalisation as a context-specific phenomenon.
Jones et al. (2011)	Thematically mapping and assessment of the IE literature, synthesising and organising it into themes and subthemes. Indicates that the academic field of IE is growing in coherence, and is not as fragmented as earlier research and reviews suggest.
Kiss et al. (2012)	Systematic review of IE research in emerging economies. Emphasises its importance due to the growing influence of emerging markets on the global economy. Calls for more systematic research on IE in emerging markets. Highlights the importance of market/country contexts for the applicability of theoretical perspectives.
Peiris et al. (2012)	Examination of trends and gaps in the IE literature. Proposition of an integrative framework based on IB, entrepreneurship, strategic management, social network and marketing theories. The suggested model highlights the significant role played by the entrepreneur and firm- and network-resources that act as antecedents to IO development
Terjesen et al. (2016)	Systematic review of comparative international entrepreneurship research. Outlines the importance of multi-country studies of entrepreneurial activity. Classification of IE research into 4 categories/levels: individual, firm, industry, and country each with respect to characteristics, antecedents, and outcomes of entrepreneurial activities.

## **2. SME Internationalisation**

<b><u>Author(s)</u></b> <b><u>(Year)</u></b>	<b><u>Research Focus and Outcomes</u></b>
Miesenbock (1988)	Review of the exporting behaviour of SMEs in order to provide recommendations for trade and export stimulating governmental programmes and initiatives. Acknowledges the fragmented SME internationalisation research landscape and inconsistencies in terminology and theory. Identifies the decision-maker as key variable of the SME internationalisation process.
Leonidou and Katsikeas (1996)	Review of the export development processes of SMEs, as well as discussion on existing conceptual frameworks. Highlights the interdisciplinary nature of the phenomenon of investigation. Criticises the predominant microeconomic paradigm in this research area, and advocates the adoption of a strategic management view to investigate export behaviour of small firms.
Coviello and McAuley (1999)	Review and assessment of empirical research on the internationalisation of the small firm in the context of foreign direct investment, the Uppsala model and the network perspective. Concludes that SME internationalisation can be best understood by integrating various theoretical lenses. Challenges the traditional view of SME internationalisation as a gradual and incremental process, and provides evidence for accelerated internationalisation. Advocates the value of network approach as it reflects the dynamic nature of SME internationalisation.

Manalova and Manev (2004)	Review of empirical research on SME internationalisation and performance outcomes. Criticises the limitations of existing performance measurements, as well as the variety and inconsistency of measurements used. Suggests that antecedent factors of the internationalisation of the small firm have a significant impact on its pattern (speed and scope) and ultimately its performance.
Ruzzier et al. (2006)	Identification of similarities and differences in the internationalisation of SMEs and MNEs, and the specific factors affecting them; based on a review of literature in the context of the most predominant internationalisation theories. Proposes a new integrated model of IE, based on four internationalisation properties (mode, market, product, time) as well as key antecedents (environmental, firm, and entrepreneur's characteristics). Discusses SME internationalisation and IE interchangeably. Does not differentiate the two concepts.
Katsikeas et al. (2009)	Critical review of exporting research in the context of the most predominant theoretical perspectives. Broadly discusses the main theoretical underpinnings of the respective theories. Proposes future longitudinal studies to investigate and track the export development process of the firm.
OECD (2009)	Discussion on the main motives, drivers and barriers of SME internationalisation, in order to provide implications and advice for governmental support programmes. Identifies the four main barriers of: shortage of working capital to finance exports; Identifying foreign business opportunities; limited information to locate/analyse markets; and inability to contact potential overseas customers. Discusses SME internationalisation and IE interchangeably. Does not differentiate the two concepts.
Leonidou et al. (2010)	Bibliographic analysis depicting how empirical export research has evolved and developed over time. Depicts the interdisciplinary nature of export research and encourages the integration of theoretical perspectives from other (well established) research areas, such as marketing, management, and finance. Highlights the increased collaborative and interdisciplinary research efforts, and advocates more research of such kind.
McAuley (2010)	Analysis of the past decade's research on SME internationalisation; comparison of the findings with previous ones (1989-1998) to track the advancements in the field and to identify trends. Encourages research which is of relevance to policy makers, as well as longitudinal studies which investigate and track internationalisation processes over time.

SME internationalisation research seems to be interested in the internationalisation patterns, processes and foreign market entries performed by SMEs, rather than the entrepreneurial, opportunity-focused and risk-seeking behaviour to gain competitive advantage. IE research, by contrast, tends to take a closer look at the entrepreneurial thought processes associated with value-creating, cross-border activities. It examines the decision-maker' or management team's characteristics and traits that foster or impede the

identification and seizing of IOs. The actual market entry strategies, however, are not of key interest, but can be considered more an outcome of entrepreneurial activities.

The discussions in these review papers and the terminology used throughout does not confirm and support a clear differentiation of the two concepts, apart from the distinction provided by Peiris et al. (2012) and Jones et al. (2011). The review of these papers suggests that key aspects under investigation, constructs and variables discussed overlap. The authors fail to provide an agreed understanding of what differentiates disciplines from one another. The review of these papers further confirms that papers which, by definition and title position themselves in the SME internationalisation literature, simultaneously claim to contribute to IE research (OECD, 2009; Ruzzier et al., 2006), and vice versa (Kraus, 2011). Given the predominant lack of differentiation between the two concepts, this present study avoids the literary distinction between SME internationalisation and IE.

IE realises that decision-making in smaller firms often resides with a single decision-maker. This differs from the decision situation in larger firms where the senior management team engages in strategic planning while undertaking critical decisions (Acedo and Galán, 2011; Brouthers et al., 1998). Alvarez and Busenitz (2001: 757) rightfully claim that *“there is no group of individuals that have received more discussion and have been assumed to be more heterogeneous from the rest of the population than entrepreneurs.”*

Decision-making in SMEs often takes place in bounded conditions in terms of information processing capabilities (Shrader and Simon, 1997) as well as intelligence gathered (Nutt, 2007). These conditions place the KDM at the very core of IO exploitation, and make individual factors related to information processing highly relevant for the effectiveness of the decision made (Jansen et al., 2013). Research by Crick and Spence (2005) as well as Crick and Jones (2000) on HTSME internationalisation strategies, for example, provides excellent insights into how these conditions affect how IOs are identified and exploited, and how the KDMs accumulate knowledge about new foreign markets.

The characteristics of individual decision-makers, their personal perception and interpretation of decision situations, as well as their social ties, play important roles in IO exploitation outcomes (Jansen et al., 2013). Research by Crick and Crick (2014) on UK HTSMEs internationalisation strategies supports these assertions, in claiming that that entrepreneurs indeed have a unique mindset (Lumpkin and Dess; 1996). Busenitz and Barney's (1997) exploratory study on the differences in decision-making between entrepreneurs in small firms and managers in large organisations suggests that entrepreneurs use heuristics more substantially than managers in larger firms. Empirical research by Crick and Spence (2005) confirms that the decision-makers in high-performing HTSMEs exhibit this particular behaviour in these complex and uncertain market conditions.

According to Scase and Goffee (1987) KDMs in small firms display a pragmatic, yet chaotic behaviour, according to the business priorities at any given time, since they tend



to respond to opportunities when they arise. Others (Crick and Crick, 2014; Nordman and Melén, 2008; Acedo and Jones, 2007; Crick and Spence, 2005) discuss external ‘windows of opportunity’, and suggest that the entrepreneur needs to react quickly when they present themselves. Hales (1999: 338) refers to managerial work as “*short, interrupted and fragmented activities; a need to react to events, problems and requirements of others, a preoccupation with the exigent, ad hoc and unforeseen, rather than the planned, a tendency for activities to be embedded in others rather than undertaken separately [...]*” These differences in managerial work influence how IOs are identified and enacted (Peiris et al., 2013/2012), as empirical research by Crick and Jones (2000) on internationalising HTSMEs and the KDMs’ entrepreneurial behaviour confirms.

Alongside Peiris et al.’s (2012) call for research that takes the individual decision-maker as a starting point, scholars (Lu and Beamish, 2001; Knight, 2000) agree that foreign market entry is an entrepreneurial activity and that opportunities in foreign markets are identified by individuals, not by firms (Shane and Venkataraman, 2000). Researchers have thus called for a closer focus on the relationship between entrepreneurial behaviour and the firm’s internationalisation (Andersson and Florén, 2008). Peiris et al. (2012) assert that most IE research focuses on static orientations, mindsets and characteristics of the KDM, rather than the actual behaviour of the individual. This study concludes that the central role played by the entrepreneur is a more recent development, and IE research exploring this role and behaviour is still in its infancy.

### **2.3.1 International Entrepreneurship and International Opportunity**

Identifying opportunities for value creation lies at the heart of entrepreneurship (Karra et al., 2008). Scholars (Oviatt and McDougall, 1994; Oviatt and McDougall, 2005; Jones et al., 2011) assert that the discovery and exploitation of IOs is a central theme in the emerging field of IE. The IE process starts with the exploitation of IOs (Oviatt and McDougall 2005; Ellis 2011) discovered by individuals (Venkataraman, 1997). Zahra and George (2002) introduced the notion of opportunity discovery and exploitation into IE scholarship, and later research (Butler et al. 2010; Chandra et al. 2009; Johanson and Vahlne 2009, 2006; Freeman and Cavusgil, 2007) recognised it as a critical element in the field. Consequently, it can be asserted that “*without opportunity there is no entrepreneurship*” (Short et al., 2009: 1). IO remains a fundamental concept in the domain of IE, and a majority of existing exploratory work on IO recognition or creation stems from the conceptual extensions of entrepreneurship literature (Mamun, 2015).

In highlighting the limitations of the predominant internationalisation theories in exploring IO identification and exploitation, Coviello and McAuley (1999) invited more inclusive research, taking the best of these theories, as well as managerial characteristics into consideration in SME internationalisation research. From that point, IE scholars have moved forward and identified the need for more research on IO (Jones et al., 2011). Despite this commonly shared understanding, researchers (e.g. Mainela et al., 2014; Chandra et al., 2014) have more recently discussed the relatively limited research on IO. They have called for more research on this matter, since it is still at the early stages of academic treatment, despite the noticeable efforts in this thematic area (Chandra et al.,

2014). Mamum (2015) takes this a step further; arguing that research on IO is still in its embryonic stage. IE research often depicts opportunities as a rather abstract phenomenon whose features are difficult to compare (Mainela et al., 2014, Peiris et al., 2013).

The literature on IO identification suggests that such opportunities are identified in three ways (Karra et al., 2008; DeTienne and Chandler, 2004). In the first case, entrepreneurs identify opportunities through active search, their superior search skills and capacity to scan the environment for gaps in the market (Dess et al., 1997). Secondly, entrepreneurs identify opportunities through passive search or serendipitous discovery, in the course of other activities, or by virtue of their particular experiences and existing knowledge (Ardichvili et al., 2003). Thirdly, opportunities can be identified through creativity and imagination, a set of cognitive processes that allows KDMs to imagine and consider new resource combinations that could lead to the development of new products and services (Schumpeter, 1934).

With regard to opportunity discovery, it is assumed that these opportunities exist, regardless of whether individuals are aware of their existence, as they are often caused by industry/market changes or technological inventions (Alvarez and Barney, 2007; Shane and Venkataraman, 2000). These opportunities are discovered through active, but not necessarily clearly directed search behaviour (Shane, 2012). Opportunity creation is realised through enactment by means of human imagination and social interaction (Alvarez and Barney 2010, Chiles et al., 2007), and instead of being actively searched for, opportunities are endogenously formed in everyday entrepreneurial activities and through

interactions between various actors (Sarasvathy et al., 2010; De Clercq and Voranov, 2009; Steyaert, 2007). Research by Crick and Crick (2014) and Crick and Spence (2005) on internationalising HTSMEs confirms these assertions, in providing excellent insights on how entrepreneurs create these IOs in dynamic and fast-changing markets.

Mainela et al.'s (2014) recent review on IO-focused IE studies identifies numerous gaps in the literature stream, and identifies the 'interaction-focused approach' as one major direction for future research. This research direction proposes to focus on the processes of human interaction in the IO development, and is based on IE research that emphasises creation of opportunities as a dialogical process of enactment through the involvement of others (Fletcher et al., 2012; Rindova, 2009).

It derives from the realisation that interactions in international partnerships, customer-supplier relationships as well as institutional relationships are the basis for new opportunities (De Clercq et al., 2010; Johansson and Vahlne, 2009). IO development is seen as a process of relationship activities and interactions to establish shared interests, in which all actors become constituent parts of the opportunity (Schweizer et al., 2010), making IOs collective in nature. Consequently, the IO reflects firstly how the decision-maker relates to and interacts with others, and secondly the possibility for others to enact the opportunity jointly (Mainela et al, 2014). They (2014: 122) conclude that "*IO is discussed, interpreted and produced between various actors from different markets, and the challenge [for researchers] therefore is to uncover these interactions.*" The unit of analysis should be the interaction within these relationships.

These contentions are in line with Peiris et al.'s (2013) conceptual paper. This contribution introduces a conceptual framework that depicts the IO identification processes in IE, which derives from learning, knowledge and capabilities of the KDM, and in particular their engagement within network relationships for new resource development. In concluding that human interaction is key in IO identification, Peiris et al. (2013) claim that previous conceptualisations have overlooked its relevance. In sum, research interest in IO identification dominates, while IO enactment remains understudied. Table 2 summarises selected IE studies that focus on network relationships and IO identification.

**Table 2: Selected IE Studies that focus on Network Relationships**

<u>Author (Year)</u>	<u>Method</u>	<u>Research Focus</u>	<u>Role of Networks in the IO identification</u>
Sullivan Mort and Weerawardena (2006)	Case Study	Investigation of the role and characteristics of the entrepreneurial owner/manager and the development of networking capability over time	Networks help to overcome the resource constraints of the firms and thus present opportunities.
Lorentz and Ghauri (2008)	Case Study	Investigation of network opportunity development in emerging markets	Embeddedness in local networks is critical for the recognition of opportunities. The critical supply chain and value chain activities performed in the foreign market result from interaction of players in the networks.
Sasi and Arenius (2008)	Case Study	Investigation of the role of networks, particularly social networks, in the rapid internationalisation process.	IO identification is influenced more by the personal networks of the founders than the relationships of the firm.

Styles and Genua (2008)	Case Study	Exploration of the effects of networks and entrepreneurial orientation on the internationalisation processes of high technology firms	IO identification is influenced more by the personal networks of the founders than the relationships of the firm.
Schweizer et al. (2010)	Case Study	Development of an entrepreneurial process model, based on Johanson and Vahlne's business network internationalisation process model (2009)	Internationalisation should be seen as a result of the firm's efforts to improve its position within its network or networks, and/or as the result of an entrepreneurial action.
Ellis (2011)	Survey	Investigation of the effects of networks on opportunity recognition and internationalisation of manufacturing firms	IO identification is influenced more by the personal networks of the founders than the relationships of the firm.
Vasilchenko and Morrish (2011)	Case Study	Investigation of the effects of entrepreneurial networks on opportunity recognition and internationalisation of IT firms	IO identification is influenced more by the personal networks of the founders than the relationships of the firm.
Kontinen and Ojala (2011)	Case Study	Investigation of the effects of network ties on IO recognition of family SMEs	Weaker ties are more important for the recognition of opportunities in foreign markets than strong ones. Family SMEs respond reactively to opportunities that emerge coincidentally entry.
Chandra et al. (2012)	Case Study	Identification of patterns of rapid internationalisation	Both rapid and gradual internationalisation is based on opportunity recognition, influenced by past and present networks.

Sullivan Mort and Weerawardena's (2006) qualitative investigation into the role and characteristics of owner/managers and their development of networking capability over time asserts that networks can help overcome resource constraints of the firms and thus foster the identification of new opportunities. Styles and Genua's (2008) exploration of

the effects of both networks and entrepreneurial orientation on the internationalisation processes of HTSMEs suggests that IO identification is influenced more by the personal networks of the founders rather than the ones of the firm. Research by Sasi and Arenius (2008) on the role of social networks in the rapid internationalisation process of SMEs confirms this assertion.

Ellis (2011) and Vasilchenko and Morrish (2011) affirm the significant role personal networks play, and consider them more important than firm-level networks. Research by Lorentz and Gauri (2008) on network opportunity development in emerging markets asserts that embeddedness in local networks is critical for the recognition of opportunities. They conclude that decisions in regards to the critical supply chain and value chain activities in the foreign market result from the interaction of the players in the networks.

Kontinen and Ojala's (2011) exploratory investigation of the effects of network ties on IO recognition of family SMEs suggests that weaker ties are more important for the recognition of opportunities in foreign markets than strong ties. Their findings show that foreign market entry results from a reactive response to IOs which emerge coincidentally. Chandra's (2012) research on the patterns of rapid internationalisation of Australian SMEs likewise suggests that both past and present networks foster IO recognition.

As opposed to the predominant view of IO identification as an outcome of IE and entrepreneurial behaviour, Karra et al. (2008) consider IO opportunity identification an entrepreneurial capability in its own right, and sees it as fundamentally important for

successful international new venture creation. Further, they also assign a key role to the capabilities of institutional bridging, and a capacity and preference for cross-cultural collaboration.

Once an opportunity is identified, KDMs have to integrate the new knowledge with existing knowledge stocks, products, processes or strategies in order to exploit it (Ardichvili et al., 2003; Zahra and George, 2002; Shane and Venkataraman, 2000). The involvement of relevant others is necessary to acquire resources for the evaluation of the opportunity and for new value creation (Ardichvili et al., 2003). Social interactions, as well as organisational routines, are needed to integrate knowledge that is more tacit in nature (Grant, 1996).

### **2.3.2 International Entrepreneurship and High-Technology SMEs**

HTSMEs have received much attention in IE research, and have often provided the context for investigations of entrepreneurial behaviour and internationalisation pathways. Such firms are generally characterised by SMEs that create and sell knowledge-intensive products (Ruokonen et al., 2008). They are organisations with advanced knowledge and capabilities in technology, an educated workforce and the ability to adapt quickly to fast-changing environments (Crick and Spence, 2005, Crick and Jones, 2000). Higher education, a common characteristic of high-technology entrepreneurs (Baruch, 1997; Baruch and Peiperl, 1997) is associated with greater international openness, and a more welcoming attitude towards foreign operations (Bloodgood et al., 1996).



Oviatt and McDougall (1995) state that the founders of HTSMEs are often proactive, risk-taking individuals with an international mindset as well as prior international experience, and committed to pursue IOs. These managerial characteristics facilitate internationalisation, since they enable HTSMEs to quickly act and react when IOs arise (Karagozoglu and Lindell, 2004; Karagozoglu and Lindell, 1998; Baldwin and Gellatly, 1998). For many high-technology firms, however, internationalisation is no longer a matter of choice, but a necessity and a prerequisite for survival (Spence, 2003).

HTSMEs are considered capable of technological change and involved in the process of creating and developing new technological possibilities (Maillat, 1988). Although innovative firms can exist in nearly every industry, innovative high-tech firms tend to be R&D-driven and are more likely to be involved in radical rather than incremental innovations (Crick and Jones, 2000). For many modern technologies, the industry is international per se, and the international expansion of the small firm may be technology-driven or market-led (Crick and Jones, 2000).

In order to meet the complex challenges associated with globalisation and technological change, HTSME managers need to have a strong entrepreneurial mindset and must emphasise both exploration- and exploitation-type opportunities (Gedajlovic et al., 2012). Conventional production-oriented companies are embedded in a multidimensional system of suppliers, competitors as well as other companies, and are limited by the specific rules of these networks. By contrast, innovation-driven SMEs have a concentrated product scope which facilitates efficiency in various functions such as production, R&D, or

marketing. This is considered beneficial to the process of internationalisation (Boter and Holmquist, 1996).

Scholars (Andersson and Florén, 2008; Crick and Spence, 2005; Kalantaridis, 2004; Spence, 2003; Gilmore et al., 2001; Jones, 2001; McDougall and Oviatt, 1996; Boter and Holmquist, 1996) agree that SMEs face numerous disadvantages and constraints with regard to the task of advancing into foreign markets in comparison to larger counterparts. A few researchers (Crick and Jones, 2000; Bell, 1995; Oviatt and McDougall, 1995) argue that for many HTSMEs their lack of resources is no longer the constraining factor they used to be, as certain firms do have the capabilities as well as managerial experience which enable them to operate internationally from an early stage onwards.

HTSMEs often operate in specialised global niche markets that are spread thinly across the world (Crick and Jones, 2000). These markets are considered complex, fast-paced, uncertain and risky, but have a high growth and profit potential and need to be targeted carefully (Rosen et al., 1998). Firms face the challenge of launching their products, services as well as their IP into international markets without the luxury of gradual development in the domestic market beforehand (Oviatt and McDougall, 2005). In order to generate profits from these uncertain markets, many HTSMEs decide to enter multiple foreign markets simultaneously (Ruokonen et al, 2008; Oviatt and McDougall, 2005) or in rapid succession (Bell, 1995).

Crick and Jones (2000) confirm that these firms internationalise in different ways compared to firms operating in mature trade sectors. HTSME entrepreneurs need to react to changes and developments rapidly rather than developing a long-term approach to internationalisation (Crick and Jones, 2000). HTSME research points out that these firms often internationalise in unforeseen ways, influenced by uncontrollable events and serendipitous encounters (Spence and Crick, 2006; Crick and Spence, 2005; Rahman, 2003; Spence, 2003). A limited domestic demand for specialist high-technology products might also force firms to consider international activities (Crick and Jones, 2000).

Other critical developments could be a change in management or ownership, a fresh infusion of capital or a change in scope of a domestic customer (Bell et al., 2003). As a consequence, these firms often undergo rapid internationalisation, typically by using newly acquired networks (Crick and Crick, 2014). Decision-making is considered emergent and initiated by taking advantage of ‘windows of opportunity’ which might not stay open for long (Crick and Spence, 2005). The international expansion of innovative SMEs is based on the entrepreneurial culture in the firm and opportunistic strategies (Boter and Holmquist, 1996).

Dynamic and rapidly changing technological conditions are considered to lead to much shorter product life cycles and therefore require rapid decisions (Bell et al., 2003). Ruokonen et al. (2008) suggest that most HTSMEs typically have only one major innovation which is generating cash flow. Therefore, they face the need to find a balance between targeting the current and the latent needs of customers.

Table 3 lists key HTSME internationalisation papers. It provides information on the rationale of each study, the key aspects under investigation, sample and sample size, country and industry sector, as well as data collection method employed.

**Table 3: Key HTSME Internationalisation Studies**

<u>Author / date</u>	<u>Sample</u>	<u>Country/ Countries</u>	<u>Data Collection</u>	<u>Key aspects under Investigation</u>
<b>Bell (1995)</b>	187 firms	Finland, Ireland, Norway	Survey	Examination of internationalisation pathways - challenging the stage model
<b>McDougall and Oviatt (1996)</b>	62 firms	USA	Survey	Investigation of the relationship between international new venture internationalisation and performance
<b>Coviello and Munro (1997)</b>	4 firms	New Zealand	Case Study	Examination of the influences of network relationships on the internationalisation processes, integrating the stage and network perspective
<b>Karagozoglul and Lindell (1998)</b>	34 firms	USA	Survey	Key challenges and motives that drive internationalisation of HTSMEs
<b>Crick and Jones (1999)</b>	156 firms	United Kingdom	Survey	Characteristics and strategies of successful firms - also in relation to design and innovation
<b>Jones (1999)</b>	196 firms	United Kingdom	Survey	Early internationalisation and growth. Internationalisation is seen as a holistic process with interrelated and integrated decisions
<b>Yip et al. (2000)</b>	60 firms	USA	Survey	Examination of the role of the internationalisation process in the performance of newly internationalising firms
<b>Knight (2000)</b>	800 firms	USA	Interviews, survey	Investigation of interrelationships of entrepreneurial orientation, marketing strategy, tactics and firm performance
<b>Burgel and Murray (2000)</b>	246 firms	United Kingdom	Survey	Analysis of the determinants of start-up's export decisions.
<b>Crick and Jones (2000)</b>	10 firms	United Kingdom	Interviews	Investigation into the overseas expansion processes
<b>Burgel et al. (2001)</b>	600 firms	United Kingdom and Germany	Survey	Investigation into rapid internationalisation processes

<b>Stray et al. (2001)</b>	44 firms	United Kingdom	Interviews and questionnaires	Study on market selection, MEM and international expansion processes in relation to the degree of internationalisation
<b>Jones and Crick (2001)</b>	41 firms	United Kingdom	Interviews, Survey	Perceived international competitiveness
<b>Jones (2001)</b>	213 firms	United Kingdom	Survey	Investigation into the first steps in internationalisation
<b>Spence (2003)</b>	8 firms	Canada	Case Study -	Initial international strategy formation and formulation, and its emergent nature
<b>Moen et al. (2004)</b>	5 firms	Norway	Case study	Investigation of MEMs and country selection / network relationship influence on decisions made
<b>Spence (2004)</b>	20 firms	Canada	Case Study	Value creation in the relationships between firms and stakeholders
<b>Crick and Spence (2005)</b>	12 firms	United Kingdom	In-depth interviews	Planned and unplanned internationalisation strategies of high-performing HTSMEs
<b>Spence and Crick (2006)</b>	24 firms,	Canada and United Kingdom	In-depth interviews	Planned and unplanned strategies, opportunistic behaviour
<b>Ojala and Tyrväinen (2007)</b>	165 firms	Finland	Survey	Priorities in market entry - cultural and geographical difference, market size
<b>Ojala and Tyrväinen (2006)</b>	8 firms	Finland	Case Study	Investigation into the relation between business model and entry mode choice
<b>Ojala and Tyrväinen (2007)</b>	165 firms	Finland	Survey	Priorities in market entry: cultural and geographical difference, market size
<b>Ruokonen et al. (2008)</b>	2 firms	Finland	Case Study - Interviews and questionnaire	The role of market orientation in internationalisation
<b>Kennedy and Keeney (2009)</b>	10 firms	Ireland	Interviews	Investigation into the strategic partnering activities of software SMEs
<b>Crick (2009)</b>	21 firms	United Kingdom	Questionnaires and interviews	Examination of difference in performance between BGs and INV

<b>Spence and Crick (2009)</b>	5 firms	Canada	Case study	Study on how management teams in INV assess international opportunities
<b>Kuivalainen et al. (2010)</b>	124 firms.	Finland	Survey	Investigation of the effects of organisational capabilities on internationalisation and performance
<b>Andersson (2011)</b>	1 firm	Sweden	Case Study	Enhancing the understanding of a BG firm's early internationalisation. Looking at the entrepreneur's decisions by using effectuation theory
<b>Lindstrand et al., (2011)</b>	14 firms	Sweden	Case study	Investigation of how social capital affects the acquisition of foreign market knowledge
<b>Gemser et al. (2012)</b>	54 firms	European Union	Interviews, questionnaires	Examination of the cooperation strategy to internationalise in light of differences in firm size
<b>Gabrielsson and Gebrielsoon (2013)</b>	21 firms	Finland	Case study	Investigation of entrepreneur-level decision-making logic in B2B new ventures.
<b>Crick and Crick (2014)</b>	16 firms	United Kingdom	Interviews	Investigation of aspects of causation and effectuation decision-making in respect of planned and unplanned internationalisation strategies

In reviewing the HTSME-focused IE research landscape, several characteristics are evident. First, scholars show a growing interest in the internationalisation of such firms. These studies provide excellent insights into how these firms internationalise, in acknowledging that strategies and processes differ from those of firms in non-technology industries and markets. In turn, HTSME internationalisation has developed into an own research substream within IE research, and the academic community consequently holds commonly shared assumptions, in understanding that *“high technology firms are often faced with different challenges”* (Jones and Crick, 2001: 129).

Secondly, earlier studies predominantly employed a quantitative research methodology. These researchers conducted surveys in order to identify internationalisation patterns and pathways as well as aspects associated with these pathways (Burgel et al., 2001; Jones, 2001/1999; Yip et al., 2000; Bell, 1995), investigated firm characteristics and their influence on internationalisation outcomes (Burgel and Murrey; Crick and Jones, 1999) and firm performance (Knight, 2000; McDougall and Oviatt, 1996), and looked at internationalisation motives and challenges (Karagozolu and Lindell, 1996). These studies commonly neglect the individuals' role and behaviour, and its influence on the decisions made, and tended to investigate 'what' happened in terms international growth and expansion, rather than 'how' these decisions were made.

Later studies moved away from a heavy quantification in the field, and engaged more in qualitative, exploratory research. The main data collection tool these studies employed were personal interviews with entrepreneurs. Most of these studies (Crick and Crick,



2014; Ruokonen et al., 2008; Ojala and Tyrväinen, 2006; Crick, 2006; Crick and Spence, 2005) use a broader concept, namely internationalisation strategies, and only offer a less specific research focus. In these papers, the IO is an overarching theme, but these opportunities remain largely unexplored, as neither their prominent features nor the specific nature of them are identified.

Thirdly, the research focus on network relationships becomes increasingly important amongst HTSME internationalisation scholars, as they are more aware of their critical role. Scholars have recently investigated influences of network relationships on internationalisation and key decisions made (Moen et al., 2004; Coviello and Munro, 1997), have looked at value creation through networking and interactions (Crick and Crick, 2014; Spence, 2004), and focused on the acquisition of knowledge about foreign markets through network relationships (Lindstrand et al., 2011). Other studies explore HTSME internationalisation strategies in a broader sense, and discuss network relationships as a significant influencing factor alongside other aspects (Crick and Spence, 2005; Crick and Jones, 2000).

Lastly, the academic literature on HTSME internationalisation has recently witnessed growing interest in the KDM's role and influence, and in particular, in entrepreneurial thinking (Crick and Crick, 2014; Gabrielsson and Gabrielsson, 2013; Andersson, 2011). These studies commonly refer to the entrepreneur's mind as a unique resource, which enables them to make sense of the uncertainty resulting from the dynamic and rapidly

changing environment, in order to make effective decisions concerning the internationalisation of the firm.

## **2.4 Summary of the main Gap in the Literature**

It can be concluded that there is still a lack of a relevant theory on small firm internationalisation (Sullivan Mort and Weerawardena, 2006). Having reviewed key internationalisation theories in the light of IO identification of SMEs in general, and HTSMEs in particular, this present study asserts that future research should increase efforts to examine IO (Mainela et al., 2014), given its infancy state in terms of theoretical and conceptual understanding (Mamun, 2015). Following these propositions, this study identifies one main research gap. This gap refers to the need to further explore IO exploitation, and to do so by theoretical integration (Nisar et al., 2012; Maekelburger, 2012). It alludes to the finding that no predominant internationalisation theory alone can explain how small entrepreneurial firms exploit IOs, and asserts that these extant internationalisation theories tend to rely on MNEs as unit of analysis.

This study proposes to address this gap by exploring in detail the roles of network relationships in the enactment of IOs. While most predominant internationalisation theories fall short of adequately reflecting small firm characteristics (Laufs and Schwens, 2014) and the challenges they face in foreign markets (Pinho, 2007; Cheng, 2006; Gilmore et al., 2001; Smallbone et al., 1995; Carson 1990), both NT and IE provide a wealth of theoretical insights into how networks, and relationships within these, influence and support IOs identification. The abilities to build and sustain important relationships (Johanson and Vahlne 2009) and to make use of the contingencies evolving in those

relationships (Schweizer et al. 2010) remain key tasks of the entrepreneur. While opportunity identification remains to hold a central position in current IE research (Peiris et al., 2013, 2012; Styles and Seymour, 2006), studies exploring the exploitation of such opportunities are rare.

Hence, this present research identifies the need to pay closer attention to the enactment of IOs. This gap confirms that “*we need to understand how entrepreneurs evaluate and exploit these opportunities to gain competitive advantage in international markets*” (Peiris et al., 2012: 297). The significance and influence of networks and interactions of network players on the identification of IOs is already well-researched in IE (Vasilchenko and Morrish, 2011; Ellis, 2011; Lorentz and Gauri, 2008; Sasi and Arenius, 2008; Styles and Genua, 2008; Sullivan Mort and Weerawardena, 2006). Their respective role in the actual enactment of opportunities, however, remains underresearched. This void corresponds to Mainela et al.’s (2014) ‘interaction-focused approach’ to future IO research.

In asserting that actors might become a constituent part of the opportunity itself (Schweizer et al., 2010), and taking into account the possibility of joint exploitation of it (Mainela et al., 2014), the study identifies the need to look into the role and influence of networks in the enactment of IOs in greater depth. While research confirms that opportunities emerge through interactions in network relationships (Sarasvathy et al., 2010; De Clercq and Voranov, 2009; Steyaert, 2007), little is known about how these opportunities are subsequently enacted. To summarise, the number of IE studies that

integrate network perspectives in IO enactment investigations remains low, while the focus on IO identification prevails. Exploring how the players in networks and their interactions impact on IO enactment would extend the theoretical knowledge of the discipline, and would offer new insights into the IO-oriented entrepreneurial behaviour in network relationships.

## **2.5 Conclusion**

This chapter has reviewed the academic literature on internationalisation and IO identification. In doing so, it has examined a series of key internationalisation theories through the lens of IO opportunity identification of SMEs, and has highlighted their main theoretical assumptions and underpinnings. Such theories were particularly reviewed in the light of their applicability to the specific type of firms this study focuses on, HTSMEs. The literature review alludes to the fact that no predominant internationalisation theory alone may explain how SME operating in dynamic high-tech markets exploit IOs, while both NT and IE offer some valuable theoretical insights into the role and significance of network relationships on the identification of IOs. Research on IO exploitation in the context of such firms, however, lacks a comprehensive explanation to date. Given the proposition to continue the focus on network relationships, to explore IO enactment further, the next chapter discusses such relationships in greater depth. Particular interest is devoted to the concept of NC.

## **Chapter Three: Business Relationships and Networking Capabilities**

### **3.1 Introduction**

This chapter reviews the literature on B2B relationships, and examines the role of NCs within these relationships. It is divided into 6 main sections. The first section introduces B2B relationships, and discusses these relationships at three different levels, namely the inter-personal level, the inter-organisational (firm) level, and the country (culture) level. It highlights key characteristics of these relationships, as well their significance and impact on IO enactment and international expansion. The second section introduces the concept of COO, and reviews studies which contribute to the associated theoretical knowledge. Section 3.4 goes on to discuss COO in the context of business relationships. Section 3.5 introduces the NC concept, and elaborates on its origins and conceptual development. It reviews the impact of NC on business relationships and internationalisation outcomes, and discusses key studies which contribute to the theoretical knowledge associated with NC. The penultimate section summarises the main gap, and the last section concludes the chapter.

### **3.2 Business Relationships**

In IB, IM and relationship marketing research scholars have investigated various aspects of network relationships between firms and/or the key people within these. In B2B markets, it is increasingly difficult to gain a competitive advantage, either based on product quality or on price. Consequently, more and more industrial firms have sought to differentiate themselves from their competitors by implementing B2B branding and

communications strategies (Mudambi, 2002; Mudambi et al., 1997). Kotler and Pfoertsch (2007) suggest that such initiatives for firms in international B2B markets can increase perceived value to customers, and reduce the complexity involved in the buying decisions.

Pimentel Claro and Borin de Oliveira (2004: 405) rightfully state that B2B relationships *“are valuable long-term assets of a company. It is necessary to invest in such relationships and to manage this investment to ensure their repeat business. Getting a customer or a supplier to come back over and over again is a challenge for businesses that operate in a competitive environment.”* Mitraga et al. (2011) contend that dealing with the dynamic nature of B2B relationships requires the development or possession of capabilities that allow them to understand other actors and relationships, and to actively shape their networking position (Ford et al. 2003).

Research on business relationships commonly builds on the theoretical foundations of Hakansson’s seminal contribution (1982), in which he proposes, at that time, a new ‘interaction approach’ to research on IM and buyer-seller relationships. The cross-country empirical research emphasises the key role individuals play in such B2B interactions, and concludes: *“At least two individuals, one from each organization, are involved in a relationship. [...] More commonly, several individuals from different functional areas, at different levels in the hierarchy and fulfilling different roles become involved.[...]. They exchange information, develop relationships and build up strong social bonds which influence the decisions of each company in the business relationship. The varied*

*personalities, experience, and motivations of each company's representatives will mean that they will take part in the social exchange differently.” (Hakansson, 1982: 27).*

In a network context firms learn and seek various resource synergies through exchange relationships (Mitrega et al., 2012). B2B relationships are complex phenomena that consist of various dimensions, such as technical, social, or knowledge-related aspects (Ford and Hakansson, 2006; Dyer and Singh, 1998). Aminoff and Tanskanen (2013) rightfully assert that in such business relationships, partners are eager to find ways of encouraging other parties to voluntarily make the desired choices, while many exchanges and interactions are non-contractual.

Nieminen (2011) agrees that value is created through actions and interactions that are not might not be determined by contracts. This emphasises the social dimension of such relationships. Network relationship development takes place on two distinct levels, namely inter-organisational and inter-personal level, a dichotomy commonly accepted in the academic literature (Mainela et al., 2014; Peiris, 2013). Inter-organisational and inter-personal relationship development and cultivation require different entrepreneurial capabilities, and they are conceptually distinct relationships categories (Mitrega et al., 2012).

A network of business relationships provides a firm with an extended knowledge base (Coviello, 2006; Kogut, 2000). In general, business networks are considered as valuable assets, as they facilitate the acquisition of resources and knowledge, which are essential

for firm survival and growth. There is empirical evidence suggesting that SMEs particularly benefit from networking (Julien, 1995). Through useful network relationships, also with MNEs, SMEs can benefit from economies of scale without having the disadvantages of being large-scaled themselves (Watson, 2007). International exchange relationships evolve and develop a dynamic, less structured behaviour, while increased mutual knowledge facilitates greater commitment between firms operating in international markets (Blankenburg and Johanson, 1992).

Research by Coviello and Cox (2006) suggests that networks foster the acquisition, mobilisation and development of organisational, human, physical, financial as well as social capital. Similarly, Hallén and Eisenhardt (2012) argue that although network ties are critical for firm performance, the strategies and processes adopted by their key individuals in the formation of such ties remain relatively unexplored. Despite recent efforts in previous research on inter-organisational networks and supply chain management, the processes through which a focal company deals with the dynamic nature of its business relationships, and the specific capabilities to do so effectively, remain little understood (Mitrega et al., 2012). This gap is more evident in respect to HTSMES, the dynamic markets such firms operate in, and the associated necessity to engage in network relationships (Crick and Crick, 2014).

In fast-moving and dynamic markets, 'hyper-competition' (D'Aveni and Ravenscraft, 1994) and time pressure shifts the locus of corporate innovation into networks of inter-organisational relationships. Rothwell (1994) talks about the so called 'fifth generation



innovation processes', where external knowledge-production in cooperation with various actors across a variety of organisations, including enterprises, universities, research institutes and governmental institutions, can be a success factor for SMEs. In this context, Kreis-Hoyer and Grünberg (2004) refer to inter-organisational knowledge networks. Both external knowledge sourcing and the ability to act in inter-organisational partnerships are understood in both theory and practice (Grünberg-Bochard and Kreis-Hoyer, 2009).

Johanson and Mattson (1988) differentiate micro- and macro-positions in the network. Whereas the micro-position refers to the relationship with an individual firm, the macro position refers to relations to the network as a whole. From the micro-perspective, both competitive and complementary relationships influence SME growth. With regard to the macro perspective, both direct relations (partners in a network) and indirect relations (firms in the network that are not partners) are taken into account (Ruzzier et al., 2006). As external resources are accessed through the firm's network positions, and the use of assets in one firm is dependent on the use of other firms' assets, these investment processes are interdependent.

Through social interaction within network relationships, entrepreneurial firms are able to identify and exploit opportunities quicker, and manage their environmental uncertainties better (Elfring and Hulsink 2003; Burt, 1997). Networking enables firms to get access to knowledge and resources in a timely and cost-effective manner (Gulati and Higgins, 2003; Powell et al., 1996). Zaheer and Bell (2005) further assert that network resources can help

firms develop and strengthen their internal capabilities, which in turn may contribute to enhanced firm performance.

Creating long-term relationships is seen as mandatory in SMEs' development of their international business. Establishing these relationships takes place within both business and personal networks, which act as communication infrastructure to establish shared interests (Hallén, 1992). Personal relationships are found to derive from serendipitous encounters, as empirical research by Crick and Spence (2005) as well as Meyer and Skak (2002) highlights. Such studies confirm the relevance of serendipity for IO identification.

Research on inter-organisational relationships, relationship marketing and supply chain management typically sees business relationships as the primary source of competitive advantage (Mesquita and Lazzarini, 2008; Dyer and Singh, 1998). Such relationships are changeable, often even turbulent phenomena (Ahuja et al., 2007; Dahlin, 2007), which undergo dynamic phases (Dwyer et al., 1987; Ford, 1980). The questions of 'how' SMEs deal with such changes and 'how' specific capabilities enable them to do so effectively, have only received limited scholarly attention to date.

Numerous studies have, like early contributions in IE, commonly regarded the inter-organisational relationships as mechanism for internationalisation (Al-Laham and Souitaris, 2008; Zhou et al., 2007). Other research explored network development (Kiss and Danis, 2008; Wakkee, 2006), and changes in the composition of the networks over time (Coviello, 2006). Minniti (2004) claims that entrepreneurial behaviour depends more

on the relationships between individuals than the characteristics and (international) orientations of the individual entrepreneur.

Scholars (Davidsson and Honig, 2003; Hoang and Antoncic, 2003) assert that knowledge embedded in long-term relationships is often concentrated in one individual in the firm, who has a significant impact on the internationalisation due to close social relationships with others. Others (Gulati, 1998; Uzzi, 1996) argue that firms tend to attract partners on the basis of information spread through managers' personal ties. Such literature suggests that attracting new business partners takes place within a somewhat predefined set of given network actors.

Interpersonal relationships are often considered the core and heart of the business relationship (Yao et al., 2009; Gulati et al., 2000). Hutt et al. (2000: 51) state that *“many alliances fail to meet expectations because little attention is given to nurturing the close working relationships and interpersonal connections that unite the partnering organizations.”* Ma et al. (2009) suggest that companies should keep a balance between networking efforts on inter-company and inter-personal level, in arguing that both relationships cannot be regarded and studied independently. They conclude that inter-personal ties and relationships complement inter-organisational ones (ibid.).

Haytko (2004) identifies three categories of inter-personal relationships and differentiates ‘strictly business’, ‘business friends’, and ‘highly personal’ ties. She claims that the development of close inter-personal relationships is beneficial to both personal and

professional lives of KDMs. This research also asserts that inter-organisational and inter-personal relationships interact and overlap, in arguing that a clear distinction in terms of both conceptualisation and business practice is misleading. She found that the relationship development may take place at both levels simultaneously, while in other cases the inter-personal level transcends the inter-organisational level, and vice versa.

More recently, the literature has emphasised the ‘dark side’ (Abosag et al., 2016; Abosag et al., 2015) of inter-firm relationships, discussing such issues as partner firm opportunism (Das and Rahman, 2010), inter-organisational conflict (Duarte and Davies, 2003), and negative effects associated with deep and intense relationships (Mitrega and Zolkiewski, 2012). With these aspects in mind, conflict management becomes a constituent part and required capability of KDMs within these network relationships.

Moorman et al. (1992) argue that personal relationships may be powerful enough to continue and maintain an inter-organisational relationship long after it should have been terminated. They go on to propose that familiarity resulting from strong inter-personal ties and friendships fosters boredom and can result in a lack of new and fresh ideas. This may well impede innovation and mutual knowledge construction. Commitment in personal relationships can lead to increased vulnerability to partner’s opportunism within the relationship (Williamson, 1996; Weiss and Anderson, 1992).

Schoonjans et al. (2013) found evidence that formal business networking is significantly correlated associated with SME growth. In particular their findings suggest that

participation in a government-supported initiative aimed at providing small business with structured formal networking contacts is indeed associated with net asset and added value growth. Their investigation, however, does not constitute an international or border crossing dimension and is limited to a domestic focus.

The term embeddedness in the inter-organisational network relationship context has received some scholarly attention. Lorentz and Gauri's (2008) investigation on network opportunity development suggests that embeddedness in local networks is critical for the recognition of opportunities. Jack and Anderson's (2002) exploration argues that embeddedness plays a key role in shaping and sustaining business, as the social structures create opportunities. Earlier, Frenzen and Davis (1990) also used the concept of embeddedness and discussed it in the context of both economic and social utility to the firm.

Moran (2005) differentiates relational and structural embeddedness. While the former broadly refers to the quality of the relationships in which a firm engages, the latter relates to both the configuration of a firm's network and a firm's (strategic) position within this structure. A possible drawback of strong relationships is the risk of overembeddedness (Uzzi 1997/1996). When the frequency of interactions between two actors is high over a long period of time, there is an increased risk that these actors will eventually have the same capabilities and knowledge at their disposal (Sosa, 2011), which might decrease the focal firm's competitiveness.

The concept of interpersonal liking (Abosag et al., 2016; Abosag, 2015; Abosag and Naude, 2014; Nicholson et al., 2001) and its role in the formation and development of network relationships is discussed in a few studies. Nicholson et al. (2001) explore the role of interpersonal liking in trust building, and assert that the role of liking differs significantly from the cognitive antecedents and attributes of trust. They contend that interpersonal linking between KDMs in partner firms helps to establish and define shared business values and norms. Much earlier, Caballero and Resnik (1986) discussed the concept of attraction in the context of dyadic relationships.

Others (Abosag, 2015; Abosag and Naude, 2014) discuss interpersonal liking in the light of the special relationship forms of 'Et Moon' and 'Guanxi' relationships. The scholars argue that interpersonal liking plays a crucial role in the development of such relationships. Their findings show that managers often consider the actual personal relationships and as more important than the business opportunities resulting from those. Business agreements are reportedly made in light of nurturing the friendship, rather than the other way around. Hawke and Heffernan (2006) suggest that the interplay between personal similarities, communication professionalism, and personality are the driving forces of interpersonal liking. Their findings, however, are limited to the banking sector, and only refer to lender-customer relationships.

Harris et al. (2003) earlier used the concept of attraction, in assigning it a significant role in the initiation, development and maintenance stages of business relationships. They base their investigation on previous findings which suggest that some degree of attraction is a

necessary precondition for the initiation of interaction, while ongoing attraction determines whether parties are motivated to maintain a relationship in the mid and long-term (Halinen, 1997; Dwyer et al., 1987). Harris et al., (2003: 12) define attraction in a network relationship context as *“the extent to which relational partners perceive past, current, or potential future partners as professionally appealing in terms of their ability to provide superior economic benefits, access to important resources, and social compatibility.”*

Moving forward, Ellegaard (2012) adopts the term interpersonal attraction in the context of buyer-supplier relationships, and proposes a model which is rooted in social psychology. He concludes that in such relationships, attracted individuals wish to increase the frequency, breadth, and intensity of exchanges to reciprocate rewards in future business. A relationship where parties identify with one another becomes particularly strong, as the parties' roles are defined with reference to one another. This evokes a high degree of perceived jointness. In a related study, Tóth et al. (2012) discuss the concept of relational attractiveness in the context of relationship initiation, and particularly focus on partner selection processes. They differentiate the attractiveness of the potential organisational partner, the attractiveness of the potential new business relationship, and the perceived attractiveness of the whole network.

Such studies insufficiently derive managerial implications on ‘how’ to create or generate these desirable exchange stimuli, hence ‘how’ KDMs in SMEs may increase such interpersonal liking and/or (interpersonal) attraction, in particular in the enactment of IOs.

Empirical findings by Aminoff and Tanskanen (2013) contend that in order to improve attractiveness, firms should use a differentiated approach with each individual business partner. These managerial implications remain theoretical, as they do not include any feasible and practical propositions on how to achieve this.

Trust is another key factor of relationship sustainability and/or performance (Abosag and Lee, 2013; Blankenburg and Johanson, 1992; Hallén, 1992). Strong relational ties are generally characterised by high levels of trust and closeness between actors. Trust is an important governance mechanism that can help reduce transactional uncertainty and the risk of opportunistic behaviour of partners in the network (Molina-Morales and Martinez-Fernandez, 2010; Uzzi 1996). Since trust causes network members' behaviour to become more predictable, reliable and transparent, it can create an environment in which the transfer of tacit and specific knowledge is strongly encouraged and facilitated (Uzzi 1996).

The theoretical knowledge pertaining to what competencies and capabilities firms need to develop and acquire to successfully implement external knowledge partnerships remains limited (Heimericks and Duysters, 2007; Lorenzoni and Lipparini, 1999). Existing literature on external knowledge sourcing is predominantly focused on knowledge transfer (Appleyard, 1996; Mowery et al., 1996), rather than adopting the interaction perspective of mutual knowledge production.

Table 4 provides an overview of key concepts discussed in the business relationship literature, and summarises key conclusions associated with these conceptualisations. It



differentiates the corresponding relationship levels discussed in these contributions (inter-personal or inter-organisational levels) in reflecting the two main perspectives of business relationships research in Marketing and IE literatures.

**Table 4: Key Conceptualisations in Business Relationship Research (1/3)**

<b>Concept</b>	<b>Authors</b>	<b>Role and Influences in the Business Relationship</b>	<b>Relationship level</b>
<i>Commitment</i>	Blankenburg and Johanson (1992) Abosag (2015) Abosag and Lee (2013)	<ul style="list-style-type: none"> <li>- Commitment is triggered by mutual knowledge of the partner firms</li> <li>- The relationship between trust and commitment becomes more dynamic and changeable as the relationship evolves.</li> <li>- Commitment is a major factor in the Establishment of relationships.</li> </ul>	Inter-organisational
<i>Trust</i>	Abosag (2015) Abosag and Lee (2013) Molina-Morales and Martinez-Fernandez (2010) Nicholson et al. (2001) Uzzi (1996) Ring and Van de Ven (1992) Blankenburg and Johanson (1992)	<ul style="list-style-type: none"> <li>- Trust is a prerequisite for long-term business relationship existence</li> <li>- Trust reduces the risk of partner opportunism</li> <li>- Strong relational ties are characterised by high levels of trust and closeness between actors</li> <li>- Commitment is a major factor in the establishment and development of relationships.</li> </ul>	Inter-personal inter-organisational
<i>Knowledge</i>	Coviello (2006) Kogut (2000) Rothwill (1994) Kreis-Hoyer and Grünberg (2004) Grünberg- Bochard and Kreis-Hoyer, 2009)	<ul style="list-style-type: none"> <li>- A network of business relationships provides a firm with an extended knowledge base</li> <li>- Business networks are valuable assets, facilitating the acquisition of knowledge which are essential for firm survival and growth</li> </ul>	Inter-organisational

**Table 4: Key Conceptualisations in Business Relationship Research (2/3)**

<b>Concept</b>	<b>Authors</b>	<b>Role and Influences in the Business Relationship</b>	<b>Relationship level</b>
<i>Social Capital</i>	Coviello and Cox (2006)	Networks foster the acquisition, mobilisation and development human and social capital.	Inter-personal
<i>Opportunism</i>	Das and Rahman (2010) Mitreęa and Zolkiewski (2012) Williamson (1996) Weiss and Anderson (1992)	- Personal relationships further can lead to increased vulnerability to partner's opportunism within the relationship - Strong inter-firm relationships increase the risk of the partner-firm's opportunistic behaviour	Inter-personal inter-organisational
<i>Embeddedness</i>	Lorentz and Gauri (2008) Jack and Anderson (2002) Frenzen and Davis (1990) Moran (2005)	- Embeddedness in local networks are critical for the recognition of opportunities - embeddedness plays a key role in shaping and sustaining business, as the social structures create opportunities - Embeddedness constitutes both economic and social utility	Inter-organisational

**Table 4: Key Conceptualisations in Business Relationship Research (3/3)**

<b>Concept</b>	<b>Authors</b>	<b>Role and Influences in the Business Relationship</b>	<b>Relationship level</b>
<i>Interpersonal Liking</i>	Abosag (2015) Hawke and Heffernan (2006) Abosag and Naude (2014) Nicholson et al. (2001)	<ul style="list-style-type: none"> <li>- Interpersonal liking facilitates trust between network partners</li> <li>- Interpersonal linking between KDMs in partner firms also helps to establish and define common business values and norms.</li> <li>- Interpersonal liking plays a crucial role in the development of such relationships</li> </ul>	Inter-personal
<i>Attraction</i>	Ellegard (2012) Tóth et al. (2012) Aminoff and Tanskanen (2013) Harris et al. (2003) Dwyer et al. (1987) Halinen (1997) Caballero and Resnik (1986)	<ul style="list-style-type: none"> <li>- Attraction plays a significant role in the initiation, development and maintenance stages of business relationships</li> <li>- Attraction is a necessary precondition for the initiation of interaction, while ongoing attraction determines whether parties are motivated to maintain a relationship in the mid and long-term.</li> <li>- Mutual high attraction is needed for mutual success.</li> </ul>	Inter-personal inter-organisational

The importance of perceived relationship quality has also been recognised as an important factor of B2B relationships (Bendixen et al., 2004; McQuiston, 2004). In buyer-seller relationships, the perceived quality includes personal contact and support services, together with the product's physical quality, increasingly forming the basis for competitive advantage (Morgan et al., 2013; Spreng et al., 2009; Alvarez and Galera, 2001). Other researchers confirm that such relationship characteristics are critical to purchasing decisions and branding (Beverland, 2009; Rauyruen and Miller, 2007).

Although industrial buyers are now able to obtain more information from various sources of online information, such industrial B2B markets are still characterised by asymmetric information (Sharma et al., 2001). In most cases, sellers have more information than buyers (Van Riel et al., 2005). Therefore, informed and efficient purchasing decisions require adequate and detailed information services provided by sellers. In the case of long-lasting capital goods, ongoing personal contact and face-to-face interaction between the buyer and seller is important the buyers' satisfaction and perceived quality (Morgan et al., 2013; Spreng et al., 2009).

Networks contribute to the success of SMEs by helping identify new market opportunities and to build market knowledge (Chetty and Holm, 2000; Madsen and Servais, 1997; Coviello and Munro, 1995). Studies (Chetty, 2003; Ritter and Gemunden, 2003) also investigated the development of knowledge-intensive products through mutual creation within networks. Others (Andersson and Wictor, 2003; Rasmussen et al., 2001) examined the role of the entrepreneur in developing network relationships. Moen et al. (2004)

identified the role of industry networks in the market entry forms and market selection processes of small software firms. More recently, Harris and Wheeler (2005) focused on the role of personal relationships of young entrepreneurs in internationalisation, in highlighting that relationships are commonly initiated outside a business context.

To conclude, the academic literature on business relationships has provided a wealth of theoretical knowledge on how business relationships are initiated, developed and terminated, and shows a sound understanding of the antecedents and attributes that foster relationship-longevity, -efficiency and -performance. The literature has accumulated a considerable body of knowledge pertaining to the benefits that both KDMs and firms can gain in the quest for a competitive advantage. Potential risks and dangers associated with such relationships are also well understood. The findings that contribute to this body of knowledge typically provide insights into the inter-personal level or inter-organisational relationship level, while few studies include both perspectives simultaneously.

However, it remains largely unclear ‘how’ KDMs in SMEs can contribute to these success drivers, and ‘how’ their entrepreneurial behaviour can or should be altered accordingly. Hence, the major part of the literature on business relationships remains limited to the identification of such antecedents, and their influence on the nature of the networks, while managerial implications on how to approach the challenges associated with these remain less explored. Internationalisation and the enactment of IOs entail the transfer of capabilities across national borders. This represents particular challenges for the KDMs in such firms (Luo, 2000), but the literature has not sufficiently reflected this.

This void is more apparent in respect to KDMs in HTSMEs operating in fast-moving and dynamic markets, where network relationships play a particularly important role (Crick and Crick, 2014; Sullivan Mort and Weerawardena, 2006; Coviello and Munro, 1997). Such behaviour in business relationships needs to be further explored in the context of IO enactment, since the extant literature insufficiently explores the IO and internationalisation dimensions of such relationships. This requires the identification and exploration of corresponding entrepreneurial capabilities that KDMs in internationalising HTSMEs need to possess and/or develop.

### **3.3 Country-of-Origin Effect**

Among the many factors which affect the international competitiveness of firms, COO effects have received growing attention in the academic literature. The national origin of products and goods and the role of the image of the product's country of origin have been the subject of extensive research (Dinnie, 2004). COO specifically relates to the examination of how consumers perceive goods with origins from particular countries (Roth and Romeo, 1992). Comprehensive reviews of the COO literature are, for instance, presented by Bloemer et al. (2009), Dinnie (2004) and Al-Sulaiti and Baker (1998). These papers cover a variety of different high- and low-involvement product categories for consumers around the globe.

There are several inconsistent definitions of COO, each with a different focus and emphasis on different conceptualisations. The first official definition stems from Nagashima (1970: 68) who defines the concept as *“the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This*

*image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions.*” According to Wang and Lamb (1983) COO effects are intangible barriers to enter new markets in the form of negative consumer bias toward imported products, highlighting negative associations with origins and product sources, as well as stereotypes. Johansson et al. (1985) and Ozsomer and Cavusgil (1991) take a different approach, and define COO as the country where corporate headquarters of the company marketing the product or brand is located, thus emphasising on the final stages of the international value chain.

Others (Lee and Schaninger, 1996; Papadopoulos, 1993; Han and Terpstra, 1988; Bilkey and Nes, 1982; Cattin et al., 1982), use a simpler conceptualisation and define the product’s COO as *“the country of manufacture or assembly”*. This refers to the final stage of manufacture which can be the same as the headquarters for a company. Samiee (1994: 581) explains that *“country of manufacture pertains to firms that maintain a relatively large global network of operations or do business with a variety of suppliers, e.g., contract manufacturing.”*

The growth of MNEs and the consideration of products and goods with components and/or spare parts from numerous source countries have blurred the accuracy and validity of ‘made-in-labels’ (Baker and Michie, 1995; Baughn and Yaprak, 1993; Chao, 1993). This problem, in particular, refers to goods and devices which are only assembled in what the firms call headquarters or home countries, while integrating the notion of ‘made-in’ into their advertising and branding activities (SPECTARIS Jahrbuch, 2015). Studies which



explore the influence of COO effects on various outcomes such as product acceptance, willingness to purchase and overall perception of value have a long tradition in IB, IM, consumer marketing and international trade literature. Such studies contributed to the overall development of the notion of typical stereotypes. These stereotypes are associated with specific product categories, while image and reputation of both the brand (firm) and products are typically affected by these developments.

In one of the very early COO studies, Schooler (1965) conducted experiments on food and beverage products with fictitious labels. The study showed that products made in less developed countries were not evaluated as quality products. Reiersen (1966) tried to determine the attitude of American consumers toward foreign products in a variety of industries such as mechanical, food, and fashion. The study found that stereotyping of foreign products was present among respondents. Nagashima (1970) found that the 'made-in' stereotype differed between Japanese and American businessmen. While Japanese respondents rated 'Made in Germany' first, the American counterparts ranked their domestic label as highest.

A few years later, Dornoff et al. (1974) examined consumers' perceptions of imports from particular countries in product categories such as mechanical, food products, fashion merchandise and electronic equipment. The study found customers' neutrality towards 'Made in France', and a perception of substitutes for US products for 'Made in Japan'. Japan outranked the USA in electrical equipment and Germany ranked first in mechanical products.

Roth and Romeo (1992) revealed that consumers establish a so called 'product-country match' which relates to their perception of and to what extent a product reflects the country's image and characteristics, while such a match serves as an indicator of willingness to buy imported products. The study asserts that if a country is perceived as having a positive image, and this image is important to a given product category, consumers have a higher purchasing intention for the product from that country. Their empirical findings suggest that participants are more willing to buy a car or watch from Japan, Germany, and the USA, since these countries are evaluated highly on dimensions important to these particular product categories.

Tse and Wah (1996) examined how COO affects consumers' propensity to buy a high-involvement consumer electronics product in Hong Kong, Germany, Japan, and South Korea. The empirical results indicated that COO significantly affects consumers' purchasing intention. Consumers from Hong Kong, for instance, were more likely to buy German and Japan-made devices than those made in Hong Kong and South Korea. Such studies confirm consumers' bias towards COO.

Lawrence et al. (2013) examined consumers' attitudes towards automobiles of Japanese, German, French and Italian origin. The empirical results suggest the existence of COO stereotyping, which constitutes a determining factor in the car-buying-process. Respondents ranked automobiles 'Made in Germany' as the most favoured COO. The German stereotypical image, its reputation for manufacturing well-engineered and assembled cars which function competently and reliably, were valued and admired. In a

related study, Keown and Casey (1995) measured the factors that influence consumers' wine-buying-behaviour, and their results indicate that COO is the most important factor for wine selection and purchase intention.

COO stereotypes are partly influenced by ethnocentrism (Stoltman et al., 1991; Hooley et al., 1988;). Yaprak and Baughn (1991: 265) assert that this term "*appears to impact consumer choice both through product attribute evaluation and through direct affective factors regarding the purchase itself.*" Han and Terpstra (1988) found that 'consumer patriotism' affects cognitive evaluations of goods, which affects purchasing intention significantly. US consumers prefer US products (Johansson et al., 1994; Levin et al., 1993; Olsen et al., 1993; Gaedeke, 1973; Nagashima, 1970; Reiersen, 1966), French consumers favour domestic products (Baumgartner et al., 1978), and Japanese consumers prefer Japanese products (Narayana, 1981).

Related studies indicate that Canadian consumers are willing to purchase Canadian products that are more expensive but equal in quality to imported products (Wall and Heslop, 1986), Turkish managers purchase products of Turkish origins (Gül Güdüm and Kavas, 1996), Polish and Russian consumers prefer their home country's products (Good and Huddleston, 1995), Spanish consumers prefer home-made products (Peris et al., 1993), and European consumers are more likely to buy European products than imported products (Schweiger et al., 1995). COO was also seen to affect the perceived service quality, as for example, Kaynak et al.'s (2000) study on airline passengers shows. Passengers rated the service quality domestic airlines provide as higher as foreign

counterparts. Similar results were found by Al-Sulaiti and Baker (1997) in their study on perception and selection of domestic versus foreign airlines.

In realising the significance of COO in global economies and international trade, Al-Sulaiti and Baker (1998:150) conclude that “*the country of origin may be an important element in the perceptions consumers have of products and services especially where little other information is known.*” Baker and Currie (1993) even suggested that the COO concept should be considered a fifth element of the marketing mix.

Knight (1999) provides evidence that COO effect strongly influences consumer decision-making in globally available product categories. Consumers in B2B relationships are found to prefer domestically manufactured goods and are often willing to pay a higher price for them than for imported goods. B2B consumers are only willing to pay more for foreign devices and goods when they are of (perceived) significantly superior quality. Bilkey and Nes (1982) found that attitudes towards products from specific countries vary by product and product category, as well as industry context.

Klein (2002) introduced the concept of ‘consumer animosity’. Its main assumption is that consumers avoid products from certain countries, not because of inferior quality, but due to antipathy stemming from previous or ongoing military, political, or economic events. Consumer animosity has been demonstrated in a number of studies, such as the case of the Dutch towards Germany as COO because of the two World Wars (Nijssen and

Douglas, 2004) and the Australians toward the French because of nuclear tests in the South Pacific (Ettenson and Klein, 2005).

### **3.4 Country-of-Origin in Business Relationships**

Traditional COO studies have focused predominantly on consumer goods. COO research has received much scholarly attention in the past two decades, and scholars have more recently attempted to extend theoretical knowledge on the concept by relating it to industrial B2B markets (Edwards et al., 2007). Despite these developments, research which discusses COO specifically in the light of international B2B relationships remains scarce. This is confirmed by the review of Magnussen and Westjohn (2011), which identifies only six of such studies between 2000 and 2010, while in the year after that, research has only moved forward marginally.

In a more recent study Chen et al. (2011) explored the effects of COO on industrial brand equity in international B2B markets, suggesting that COO has significant effects on the buyer's perception and attitude towards the seller's brand and brand values. The empirical findings further confirm COO effects on perceived product quality, perceived service quality and brand loyalty. This study followed previous IM research on the brand equity topic and its dependence on COO (e.g. Ahmed and d'Astous, 2006). Such studies confirm that COO influences the buyer's perception, expectation, and associations in business relationships, while this affects their view of the business partner's brand. Chen et al.'s (2011) study remains one of only a few devoted to the COO effect on relationships in international and industrial B2B markets.

The few studies which investigate aspects of COO in the B2B relationship context stem from an increased awareness of the changes in global market, the increased competition and pressure to extend global reach. An important question that SMEs in business relationships face is concerned with how they can set themselves apart, influence buyers' perceptions, and thereby succeed in being selected as a supplier or in retaining their current position. The consideration of increased use of COO associations in branding and advertising is one outcome, as COO is a source of brand equity and loyalty (Chen and Su, 2011).

Gupta et al. (2010) state that even though procurement in industrial markets and B2B relationships is often rational and monetary, brand associations can play a significant role in establishing an initial set of potential suppliers in buyers' minds. While several of the determinants of customer-based brand equity such as brand awareness, brand loyalty and perceived quality are well-researched in B2B relationships, the influence of COO on such perceptions and outcomes remains understudied (Van Riel et al., 2005).

Ferguson et al. (2008) add that knowledge of the COO preferences and associations of B2B brands and their products can indicate to KDMs in the targeted international sellers to either stress favourable COO associations or to distract from those. La et al. (2009) assert that while the seller's competitive resources such as reputation, specialised skills and industry knowledge (both technical and interpersonal) determine the quality of the business relationship, the perception of these factors are also influenced by the effects of COO.

The interest in COO has also been influential in scholarly investigations of B2B consumer ethnocentrism and heuristic evaluation of products (La et al., 2009). Empirical evidence (Javalgi et al., 2001; Verlegh and Steenkamp, 1999; Peterson and Jolibert, 1995) suggests that COO plays a significant role in pre-purchase attitude formation and purchase intention. There are numerous factors such as product type, product attributes, brand familiarity and level of involvement in purchase decisions which influence the use of COO-related information when evaluating products in global market places (Samiee, 1994). These associations are particularly relevant when brand names are not well-known (Javalgi et al., 2001; Ofir and Lehman, 1986).

La et al., (2009) argue that if a given country conveys a positive image of its friendliness, creativity, economy, as well as high professional and educational standards in foreigners' minds, then such perceptual attitudes are likely to be useful associations for customers in B2B settings. Inexperienced buyers are expected to include these clues in their evaluation and selection processes of the firm's products or services. Specifically, when evaluating devices and products that are customised solutions and require confidence in the manufacturing firm, customers may have difficulty in evaluating such firms (Gürhan-Canli and Maheswaran 2000).

La et al. (2009) contend that the COO effect on product and business partner perception is context- and situation-specific. When customer-perceived COO is unfavourable, then the customer is expected to be surprised when the manufacturer demonstrates high technical skills and performs in additional provisions such as after sales services. In the

opposite condition of a given positive perceived COO, customers already expect a high level of technical skills. Thus, prior COO associations are a benchmark against the actual performance of the partner firm in the relationship in B2B marketplaces.

The afore-discussion alludes to the fact that there is limited academic research which integrates the COO concept with the study of business relationships. The role of COO on the nature of relationships in dynamic B2B markets requires more attention. Little is known about how COO effect influences entrepreneurial behaviour within networks and business relationships. More research is needed that integrates COO with business relationship and network research, by studying the role of COO in entrepreneurial behaviour in networks and human interactions within those.

Given the considerable empirical evidence of how COO impacts customers' perception towards device, firm and brand (Magnussen and Westjohn 2011; Dinnie, 2004; Knight; 1999 and Al-Sulaiti and Baker, 1998), the knowledge of these perceptions may alter the behaviour of the KDM in business relationships and interactions with other network players. COO associations could also reflect and/or require specific entrepreneurial capabilities in such manufacturing SMEs. These might entail capabilities in communicating with others, information sharing (on products/devices) and positioning in industry networks. In the study's German High-Technology B2B context, the COO and the associations with Germany as a global technology hub (SPECTARIS Jahrbuch, 2015) are likely to impact on the KDM's behaviour within network relationships, and the human interaction with other actors.



### **3.5 Networking Capability**

Long before the NC concept found acceptance amongst scholars, Coviello and Munro (1995) explored how HTSMEs use network relationships to capitalise on IOs in order to seek international expansion. Without using the NC terminology, they examined the entrepreneurial behaviour and desired qualities of KDMs within these networks. They later continued investigating how the internationalisation process and the exploitation of foreign market opportunities of such firms depends on the abilities to engage with both formal and informal relationships (Coviello and Munro, 1997). IE involves building a competitive advantage by developing complex international resource configurations (Karra et al., 2008). Research provides empirical evidence that business networking is a source of knowledge and such desired competitive advantage (Mitrega et al., 2012; Dyer and Singh, 1998).

The emerging concept of NC consequently gains momentum amongst IE scholars. It has different theoretical and conceptual roots and origins. Being a multidisciplinary and multi-theoretical approach, it unifies very different assumptions and underpinnings. The conceptualisation is a more recent extension of the network approach to internationalisation (c.f. section 2.2.5), and simultaneously stems from the theoretical assumptions of the dynamic capabilities (hereafter DC) approach discussed in Strategic Management literature (Eisenhardt and Martin, 2000; Teece et al., 1997).

Building on these insights, the entrepreneurship literature developed the notion of ‘entrepreneurial capabilities’. These refer to *“the ability to identify and acquire the*

*necessary resources to act upon opportunities identified in the market, or to create new market opportunities [...]. The appropriate combination of these capabilities decreases firms' liability of newness, and makes it easier for them to deal with the complexity and uncertainty often associated with international markets."* (Karra et al., 2008: 443).

The DC approach itself constitutes a further development of the RBV of the firm (Grünberg-Bochard and Kreis-Hoyer, 2009) (c.f. section 2.2.4), and continues the tradition of the 'relational view' (hereafter RV) of the organisation (Ford and Hakansson, 2006; Dyer and Singh, 1998). The RV shifts the focus of attention from value appropriation to value creation. Its main argument is that superior competitiveness stems from a firm's ability to capitalise on their potential to use resources and capabilities in an effective way (Nahapiet and Goshal, 1998).

RV assumes that the source of a company's competitiveness lies outside the company, particularly in its relationships with other business actors, such as customers and suppliers. It asserts that a firm learns, and through exchange relationships achieves various resource synergies (Mitrage et al., 2012; Ford and Hakansson, 2006). Research using the RV has included various relationship contexts. These include managing individual business relationships (Dyer and Singh, 1998), managing a set of business relationships (Parise and Casher, 2003; Lavie, 2007), and designing portfolios of direct and indirect customer and supplier relationships (Gadde et al., 2003).

The terminology of capabilities refers to the ability to appropriately adapt, integrate and reconfigure internal and external organisational skills, resources, and functional competences (Teece et al., 1997). This takes place through exploitation (Nooteboom, 2004). These capabilities become dynamic when they refer to changes in the business environment, innovation and exploration, and describe the ability continuously renew competencies and resources. The actual value DC provides for competitive advantage lies in the new configurations they create, not in the capabilities themselves (Karra et al., 2008).

Eisenhardt and Martin (2000: 1107) hence define DC as *“the firm’s processes that use resources – specifically the process to integrate, reconfigure, gain and release resources – to match and even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve and die.”* Intangible assets such as knowledge, expertise, skills and processes of learning receive a core role. Although these DCs are path-dependent, idiosyncratic and industry-specific, their articulation and formation typically requires external relationships (Coombs and Metcalfe, 1998; Peteraf, 1993).

Luo’s (2000) contribution elaborated on the DC perspective in the IB context, in rightfully differentiating capability possession, capability deployment and capability upgrading. Capability possession of distinctive resources is critical to gaining competitive advantages and determining firm-level strategies to exploit such advantages. Capability deployment, the allocation of resources, is crucial to mitigate the disadvantages of foreignness and pre-

empt emerging opportunities. Capability upgrading, as dynamic learning capability, is essential to the evolutionary development of sustainable advantages and creating new bundles of resources. While this differentiation of DCs received considerable scholarly attention, the discussion remains limited to the capabilities' usefulness for the international expansion of MNEs. The SMEs' perspective remains largely unexplored.

In line with previous research on internationalising HTSMEs in a network context, this study defines NC as *“the capacity of the firm to develop a purposeful set of routines within its networks, resulting in the generation of new resource configurations and the firm's capacity to integrate, reconfigure, gain and release resource combinations.”* (Sullivan Mort and Weerawardena, 2006: 558). It understands NC as the complex organisational capabilities which are oriented towards managing business relationships along all main development stages, and sees it as behavioural routines which are followed within the organisation (Mitraga et al., 2012).

Schiefer et al. (2009) provided empirical results which suggest that inter-firm NC affects both supplier and buyer performance significantly. According to their conceptualisation, a firm with a high inter-firm NC has advanced its capability to firstly build an effective network structure, secondly foster close working relationships with a limited number of firms, and thirdly develop a long-term orientation to achieve mutual gains and shared interests. Their conceptualisation, however, shows significant similarities with the conceptualisation of market orientation in the marketing literature (Day, 1994; Narver and Slater (1990), rather than constituting a novel approach to the study of NCs.

Human and Naudé (2009) sought to differentiate network competencies from NCs, in the quest for adequate measurements and scales, and the identification of associated managerial challenges. They adopt Heene and Sanchez' (1997) definition of a competence as resource and ability to sustain the coordinated deployment of assets in a way that helps a firm achieve its goals, and Hunt and Lambe's (2000) conceptualisation of competence as a higher-order resource and combination of more basic resources. By contrast, Human and Naudé (2009) consider NC as 'marketing assets' (Hooley et al., 2001) including customer-based assets, supply-chain-based assets, internal assets and alliance-based assets. They regard network competence as a company-specific ability to handle, use, and exploit inter-organisational relationships (Ritter and Gemünden, 2003, Ritter et al., 2002).

Other related constructs include 'alliance capability' (Heimericks and Duysters, 2007; Kale et al., 2002) and 'relational capability' (Lorenzoni and Lipparini, 1999). Such papers argue that, in order to successfully operate in cooperative settings, firms need to develop relationship intelligence (Sawhney and Prandelli, 2000). Heimericks and Duysters (2007) explored various mechanisms to share, configure, and implement alliance management knowledge. They divide these mechanisms into organisational tools, functions, control mechanisms and external sources, in arguing that these steer the DC development process by embedding alliance experiences into organisational routines.

These routines result from learning processes and function as merely standardised collaboration mechanisms, to increase the effectiveness of managing partnerships (Simonin, 1997). Alliance experience is found to have a direct causal relationship with

alliance success (Gulati, 1998; Podolny and Page, 1998). This means that the likelihood of a network failure decreases with increasing network experience of network players. Partners learn to exploit knowledge within the network without behaving opportunistically, and through such behaviour, they are more likely to benefit from other business relationships in the future (Powell et al., 1996; Gulati, 1995).

Capability-based theory is rooted in the view that a firm's specific capabilities do not accumulate and flow into the firm, based on a good fit with specific industry and/or environmental requirements. They are developed consciously and systematically by intentional choices and actions of KDMs (Lado et al., 1992). The main aspect which differentiates the capability-based model from the resource-based model (c.f. section 2.2.5) is the KDM's ability to develop organisational routines and reoccurring behaviours (Grant, 1991).

The notion of firm capabilities in a network context is further developed by Walter et al. (2006) who define NC as a firm's ability to develop and utilise inter-organisational relationships. In acknowledging the contribution of RBT to the network capability debate, they distinguish the four broad types of capabilities or 'intra-firm antecedents' of coordination, relational skills, partner knowledge, and internal communication. Mitrega et al. (2011) rightfully suggest that Walter et al.'s (2006) operationalisation of such capabilities has not appropriately reflected the changeable nature of these business networks, and thus developed a relationship process perspective of network initiation,

development and termination stages. Such stages are associated with different NCs the KDM and/or the firm of focus require during each phase.

Due to the increasing knowledge intensity as well as diversity of products and production processes (Coombe and Metcalfe, 1998), intangible assets and knowledge become more important (Grünberg-Bochard and Kreis-Hoyer, 2009). An SME is considered effective in knowledge networking, if it firstly participates in at least one knowledge-oriented network, secondly its network participation is long-term oriented, thirdly the network has produced a concrete outcome, fourthly the entrepreneur has the perception that her/his firm is a successful cooperator in the network, and lastly the firm is asked to participate in knowledge-oriented partnerships (ibid.).

A core prerequisite for successful and efficient collaboration is the capability to install trust in the network and the associated relationships (Grünberg-Bochard and Kreis-Hoyer, 2009; Lindqvist, 1997; Blankenburg and Johanson, 1992). In this capability-context, trust has two dimensions, and includes both the ability to signal to other partners being trustworthy partner, as well as the ability to rely on trust in regards to external partnerships (Ring and Van den Ven, 1992). Trust reliance can arise from both the frequency of alliance transactions and the diversity of transactions carried out within partnerships.

Recent studies focus on capabilities oriented at specific stages of business relationship development, such as relationship termination (Havila and Medlin, 2012; Ritter and Geersbro, 2011), but do not explore capabilities that are important for managing different

stages of the relationship life cycle. Others only include relationships and perspectives such as the context of customer relationship management, while excluding important relationships with suppliers and/or other stakeholders (e.g. Reinhartz et al., 2004).

In reflecting the necessity to include major stages of the relationship in the NC conceptualisation, researchers commonly speak of relationship initiation capability (RIC), relationship development capability (RDC) and a relationship termination capability. Table 5 summarises these capabilities and lists their main features.



**Table 5: Stage-Components of NC, and associated Actions and Skills (1/3)**

<b>Networking Capability</b>	<b>Studies</b>	<b>Description of Capability</b>	<b>Associated business activities</b>
<b><i>Relationship Initiation capabilities (RIC)</i></b>	Mitrega et al. (2012) Capaldo (2007) Dittrich and Duysters (2007) Hagedoorn (2006) Edvardsson et al. (2008) Lavie (2007) Zaefarian et al. (2011) Gulati and Higgings (2003)	<ul style="list-style-type: none"> <li>- Successful firms continuously look for potential new partnerships.</li> <li>- New relationships bring new stimuli for innovation into the network, thus increasing the focal firm's competitiveness.</li> <li>- The initiation phase terminates when an agreement with a customer/supplier is made and a contract is signed.</li> </ul>	<ul style="list-style-type: none"> <li>- Selecting valuable companies as new business partners.</li> <li>- Attracting valuable companies.</li> <li>- Focusing on desirable attributes (commercial, technological, reputation) of the firm rather than the envisaged relationship quality.</li> <li>- Attracting potential partners takes place through both already existing contacts of the KDM, and without previous contact and communication.</li> </ul>

**Table 5: Stage-Components of NC, and associated Actions and Skills (2/3)**

<b>Networking Capability</b>	<b>Studies</b>	<b>Description of Capability</b>	<b>Associated business activities</b>
<p><b><i>Relationship Development Capabilities (RDC)</i></b></p>	<p>Blomqvist and Levy (2006)            Mitrega et al. (2012)            Mitrega and Zolkiewski (2012)            Walter et al., (2006)            Das and Rahman (2010)            Duarte and Davies (2003)</p>	<p>-Managing and developing mutually beneficial relationships are equally important managerial tasks.</p> <ul style="list-style-type: none"> <li>- A set of activities and organisational routines which are implemented at the organisational level of the focal company to develop, manage and strengthen business relationships for the benefit of the company.</li> <li>- Relationship development takes place on two distinct levels: inter-organisational and inter-personal relationship development.</li> <li>- Inter-company development capability and interpersonal development capability constitute different skill sets and two inter-connected but conceptually distinct sub-components of RDC.</li> </ul>	<ul style="list-style-type: none"> <li>- RDC on inter-company level refers to all firm-level activities to increase mutual understanding, coordination, and adaptation, such as resource as well competence adjustments between cooperating firms.</li> <li>- Other features include information sharing, communication between partners, joint decision making, risk and benefit sharing, as well as knowledge sharing and coordination.</li> <li>- This stage includes conflict management capabilities.</li> </ul>

**Table 5: Stage-Components of NC, and associated Actions and Skills (3/3)**

<b>Networking Capability</b>	<b>Studies</b>	<b>Description of Capability</b>	<b>Associated business activities</b>
<b><i>Relationship Termination Capabilities (RTC)</i></b>	Mitrega et al. (2012) Giller and Matear (2001) Ritter and Geersbro (2011) Reinhartz et al. (2004)	<ul style="list-style-type: none"> <li>- A set of activities and organisational routines. which are implemented at the organisational level of the focal company, aimed at terminating undesired business relationships</li> <li>- The more experience a company has regarding relationship termination, the better the termination will be handled and therefore the more favourably the termination process will be perceived.</li> <li>- The ability to terminate certain customer relationships increases the overall value of the relationship portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>- This comprises both the company's capability to identify and select unfavourable business. relationships, and the company's capability to discontinue relationships with unfavourable partners, while these capabilities complement each other.</li> <li>- Such capabilities reduce the likelihood of instances where unfavourable relationships cannot be terminated, and/or where valuable relationships terminate, thus facilitating the value and quality of the relationship portfolio.</li> </ul>

NC facilitates rapid new foreign market entry through newly established relationships in other host markets (Sullivan Mort and Weerawardena, 2006). The literature also suggests that a focal firm may gain benefits from a business relationship opportunistically. Researchers defined such behaviour as ‘Trojan horse’ strategy (Mesquita et al., 2008; Kale et al., 2002; Hennart et al., 1999). Indeed, more recent studies emphasise the unilateral or unequal appropriation of relationship-based benefits and gains, and discuss the problem of this ‘intra-network-opportunism’ (Dyer et al., 2008; Lavie, 2007).

Montealegre (2002) identified that the NC building process can be path-dependent and strategically planned, while the entrepreneur makes small, incremental and accumulative steps towards the gradual creation of NC over time. This includes the establishment of so-called ‘secondary networks’ which KDMs seek in their efforts to exploit emerging market opportunities and respond to newly established market competition (Sullivan Mort and Weerawardena, 2006). The differentiation of fundamental and secondary networks remains at an early stage of research, and is little understood.

Empirical findings (Sullivan Mort and Weerawardena, 2006) suggest that networking capability enhances the range of strategic options that internationalising SMEs can pursue. Indeed, these researchers provide ample insights on the impact of NC on the identification and rapid exploitation of market opportunities and internationalisation. They assert that rapid internationalisers, in the development of NC, display behavioural characteristics of proactiveness, innovativeness and risk-taking, consistent with the highly entrepreneurial

nature of such firms (Knight, 2000; McDougall and Oviatt, 2000; Madsen and Servais, 1997).

Although the role of networks in the identification of IOs is well understood (c.f. Chapter Two for a more detailed account), the literature has only given scant attention to networking activities and capabilities enabling SMEs to overcome their resource-based constraints in IO exploitation (Crick and Crick, 2014; Nordman and Melén, 2008; Acedo and Jones, 2007; Crick and Spence, 2005; Zahra, 2005). Even though the literature assigns a prominent role to networking activities in SME internationalisation, it has not yet explored networking activity as dynamic capability in the exploitation of IOs.

Several studies highlight the critical role played by the KDM in the creation and development of NC (Sullivan Mort and Weerawardena, 2006; McDougall and Oviatt, 2000; Knight, 2000). Such papers highlight that entrepreneurial firms display innovativeness, proactiveness and risk-taking in their strategic decisions, reflecting the behavioural characteristics of IE. The KDMs need to actively develop and nurture NCs (Sullivan Mort and Weerawardena, 2006), while realising that their creation relies on considerable effort over a long period time (Hayes et al., 1996).

Against this background and existing knowledge, there remains insufficient research which examines the behavioural characteristics driving the creation and development of NCs in support of IO exploitation. The development of dynamic NC thus is central to successful internationalising and taking products to global markets. Despite these

contentions, there remains limited discussion and insights on 'how' IO enactment is facilitated by NC, specifically in dynamic, fast changing high-technology markets.

McGrath and O'Toole (2013) provide empirical evidence which identifies describes the factors that both enable and inhibit the development of NC in SMEs. They suggest that the development of such NCs is complex and time-consuming, and contend that the factors inhibiting their elaboration outweigh the ones enabling it. Past network experience, information sharing and participation in coordinated consumer events represent 'enablers' of NC network capability. A desire for control over decision making, a lack of knowledge sharing and the perception that value chain activity links are unnecessary typically inhibit the development of NCs.

Elango and Pattnaik (2007) sought to explain how small entrepreneurial firms from emerging markets develop capabilities to successfully operate in international markets. Their empirical data suggest that in order to build such capabilities these firms draw on the international experience of their parental and foreign networks. Findings also indicate that network scope is beneficial for increasing exposure to international markets. Woldesenbet et al. (2012) examined the capabilities which allow small firms to establish long-term business and supply chain relationships with large organisations. They identify NC as one essential capability such firms require, and assert that various capabilities are intertwined in complex ways. Their empirical findings show that the development of one capability shapes and is shaped by the development and use of another one. This suggests that various dynamic, entrepreneurial and network-related capabilities are interdependent.

Research by Ngugi et al. (2010) also examined how the relational capabilities of SME suppliers influence value co-creation and innovation in the supply chain relationships with larger customers. Their empirical data from case study research indicate that relational capabilities are crucial for such firms. These relational capabilities contribute to cooperative innovation and long-term existence of such B2B relationships. Recent conceptual work by Koryak et al. (2015) agrees on these assertions, and contend that the interrelationships between substantial capabilities, leadership and dynamic capabilities support the sustained pursuit of new opportunities. They conclude that NCs allow access to more information and consequently enhance the ability to identify new opportunities. This confirms earlier findings (Kelley et al., 2011; Wiklund and Shepherd, 2003) that firms with extensive networks are expected to identify more opportunities.

While the above-discussed papers notably contribute to the theoretical knowledge of NC, its predecessors, characteristics, constituent parts, and its affect on relationship performance outcomes, the link between NC and the exploitation of IOs remains understudied. Existing researches commonly take the network relationships as such as unit of analysis. Networking and NCs, however, should be seen as means to achieve a concrete business aim and outcome, such as IO exploitation, foreign market entry, and international expansion.

Engel et al. (2017:35) heavily criticise the current state of research on entrepreneurial capabilities and behaviour in business relationships. They witness an inappropriate common view of *“entrepreneurs as heroic network architects who search, plan, and*

*pursue contact with targeted ties*” of scholarship investigating ways by which entrepreneurs form and maintain network ties. They go on to argue that while predominant research has taken a planned and instrumental perspective, it has widely neglected the notion of uncertainty into explorations of how international entrepreneurs engage in formal and informal networking.

Table 6 lists selected key papers which contribute to the theoretical understanding and knowledge of NC. It highlights the papers’ research aim and focus, methodological approach, and provides information on the sample and sample size. It summarises the afore-discussion and confirms that the link between NCs and IO enactment remains understudied, and requires more attention. In line with the afore- discussion in this chapter, the overview table highlights that some scholars participate in the discussion and debate on NC without adopting the terminology or conceptualisation of NCs. These researchers speak of ‘networking abilities’, ‘relational capabilities’, ‘entrepreneurial behaviour’ in networks, or discuss ‘entrepreneurial capabilities’ which include the ability to network effectively. Others refer to networking as entrepreneurial action in its own right. In acknowledges this inconsistency in terms of conceptualisation and terminology, this overview includes various studies by authors, who do not consciously contribute to the theoretical knowledge of NCs.



**Table 6: Key Studies contributing to the Development and Understanding of NC (1/5)**

<b>Author(s) (Year)</b>	<b>Methodology</b>	<b>Sample</b>	<b>Research Focus and Results</b>
<b>Engel et al. (2017)</b>	Conceptual paper	n.a.	<ul style="list-style-type: none"> <li>- Development of a conceptual model which takes a novel perspective on entrepreneurial networking,</li> <li>- The model aims to reflect how entrepreneurs act when desired ties cannot be identified in advance, networking outcomes cannot be predicted, and ongoing social interactions fuel the emergence of new objectives.</li> <li>- This model highlights distinctive elements such as altruism, pre-commitment, serendipity, and co-creation.</li> </ul>
<b>Koryak et al. (2015)</b>	Conceptual paper	n.a.	<ul style="list-style-type: none"> <li>- Review and synthesis of extant research on entrepreneurial leadership, capabilities and their influence on the growth of small- and medium-sized enterprises (SMEs).</li> <li>-Examination of the NC, which extend, modify or create new substantive (growth) capabilities, to support the sustained pursuit of new opportunities.</li> </ul>
<b>McGrath and O'Toole (2013)</b>	In-depth interviews	19 Irish and Northern Irish Micro-breweries	<ul style="list-style-type: none"> <li>- Identification and description of the factors that both enable and inhibit the entrepreneurial firm's development of its NC.</li> <li>- Information sharing and participation in coordinated consumer events represent enablers of NC network capability.</li> <li>- A desire for control over decision making, a lack of knowledge sharing and the perception of value chain activity links and resources as unnecessary inhibit NCs.</li> </ul>
<b>Woldesenbet et al. (2012)</b>	Case Study approach	18 small supplier firms	<ul style="list-style-type: none"> <li>- Exploration of the DC of small firms within supply chains of large purchasing firms.</li> <li>- Identification of four types of capabilities that allow small firms to operate as suppliers to large organisations: entrepreneurial capability; NCs; resource development capabilities; and strategic service delivery capabilities.</li> <li>- DCs, entrepreneurial capabilities and NCs are interdependent.</li> </ul>

**Table 6: Key Studies contributing to the Development and Understanding of NC (2/5)**

<b>Author(s) (Year)</b>	<b>Methodology</b>	<b>Sample</b>	<b>Research Focus and Results</b>
<b>Mitraga et al. (2012)</b>	Qualitative preliminary interviews; focus groups, online survey	796 MBA students with relevant work and leadership experience	<ul style="list-style-type: none"> <li>- Development and testing of a NC measurement model which integrates all main relationship stages and all major stakeholders/partners in business-to-business relationships.</li> <li>- Conceptualisation from the perspective of a focal firm with the two most important business partners - customers and suppliers.</li> </ul>
<b>Prashantham and Floyd (2012)</b>	Conceptual paper	n.a.	<ul style="list-style-type: none"> <li>- Capability learning in international new ventures in the light of internationalisation and network exploitation.</li> <li>- These capabilities result in routine micro-processes that the KDM engages in.</li> <li>- Social capital arising from network relationships is an important source of external knowledge and capability learning.</li> </ul>
<b>Mitrega et al. (2011)</b>	Conceptual paper	n.a.	<ul style="list-style-type: none"> <li>- Development of a conceptual model which adopts a process view of NC.</li> <li>- The model suggests three sets of NCs, namely network initiation, network development, and network termination capabilities.</li> </ul>
<b>Ngugi et al. (2010)</b>	Case Study Approach	3 SME suppliers in the UK	<ul style="list-style-type: none"> <li>- Examination of the relational capabilities developed by SME suppliers in relationships with larger customers.</li> <li>- Exploration of the influences of these relational capabilities on value co-creation and innovation.</li> </ul>

**Table 6: Key Studies contributing to the Development and Understanding of NC (3/5)**

<b>Author(s) (Year)</b>	<b>Methodology</b>	<b>Sample</b>	<b>Research Focus and Results</b>
<b>Human and Naudé (2009)</b>	Mixed methods: - 8 exploratory interviews, survey	288 respondents in 1000 South African firms	<ul style="list-style-type: none"> <li>- Refinement and scale development of the measures of network competencies and NC.</li> <li>- Consideration of the relationship between these resources and subjective measures of firm performance.</li> <li>- Identification of network management challenges.</li> </ul>
<b>Grünberg-Bochard and Kreis-Hoyer (2009)</b>	Case Study approach: Industry expert interviews	German SMEs embedded in knowledge network relationships	<ul style="list-style-type: none"> <li>- Proposition of a holistic and practical concept of knowledge-NC by combining knowledge-oriented and interaction oriented capabilities discussed and elaborated in previous studies.</li> <li>- Contextualising the conceptualisation to German SMEs.</li> <li>- Conceptualisation as a combination of knowledge production and external corporate networks.</li> </ul>
<b>Elango and Pattnaik (2007)</b>	Survey	794 Indian firms	<ul style="list-style-type: none"> <li>- Exploration of how firms from emerging markets build capabilities to operate in international markets through learning from networks.</li> <li>- Small firms draw on the international experience of their parental and foreign networks to build such capabilities.</li> <li>- Network scope is beneficial for increasing exposure to international markets only in the case of networks that are either small or medium sized.</li> </ul>
<b>Schiefer et al. (2006)</b>	Survey	176 Dutch firms	<ul style="list-style-type: none"> <li>- Development and testing of the inter-firm NC construct.</li> <li>- Inter-firm network capability significantly and substantially affects supplier performance as well as buyer performance.</li> <li>- A firm with high INC is considered as a firm that puts high priority on its network of inter-firm relationships and has advanced its capability to: build an effective network structure; foster close working relationships with a limited number of firms; and develop a long-term orientation to achieve mutual gains.</li> </ul>

**Table 6: Key Studies contributing to the Development and Understanding of NC (4/5)**

<b>Author(s) (Year)</b>	<b>Methodology</b>	<b>Sample</b>	<b>Research Focus and Results</b>
<b>Walter et al. (2006)</b>	Existing database	149 University spin-offs	<ul style="list-style-type: none"> <li>- Investigation of the impact of NC and Entrepreneurial orientation on organisational performance.</li> <li>- NC strengthens the relationship between EO and spin-off performance.</li> </ul>
<b>Sullivan Mort and Weerawardena (2006)</b>	Case Study	6 Australian firms in low and high tech industries	<ul style="list-style-type: none"> <li>- The role and characteristics of the entrepreneurial owner/manager and the development of NC over time.</li> <li>- Examination of the generative mechanisms and processes of NC.</li> <li>- Exploration of how NC enables IO identification and exploitation.</li> <li>- Proposition of a conceptual model.</li> </ul>
<b>Owusu (2003)</b>	Book / Single case study	In-depth case study of one large-scale electrification project in Ghana	<ul style="list-style-type: none"> <li>- Investigation of how collective NC is created in international project business.</li> <li>- Exploration of how this collaborative NC evolves over time in the course of a large-scale project.</li> </ul>
<b>Montealegre (2002)</b>	Longitudinal single case study	1 Ecuadorian firm	<ul style="list-style-type: none"> <li>- Exploration of the process of NC development.</li> <li>- Inductive modelling of the NC development process.</li> </ul>

**Table 6: Key Studies contributing to the Development and Understanding of NC (5/5)**

<b>Authors (Year)</b>	<b>Methodology</b>	<b>Sample</b>	<b>Research Focus and Results</b>
<b>Luo (2000)</b>	Conceptual paper	n.a.	<ul style="list-style-type: none"> <li>- Adaptation of a DC perspective on international business.</li> <li>- Identification and discussion of three essential ingredients of dynamic capability: capability possession (distinctive resources), capability deployment (resource allocation), and capability upgrading (dynamic learning).</li> <li>- NC play a role in capability deployment, but is not main research focus.</li> </ul>
<b>Coviello and Munro (1997)</b>	Case Study	4 software firms from New Zealand	<ul style="list-style-type: none"> <li>- Exploration of how the internationalisation process of software firms is influenced by its formal and informal network relationships.</li> <li>- exploration of the corresponding entrepreneurial capabilities to engage capitalise on these relationships.</li> </ul>
<b>Coviello and Munro (1995)</b>	Case Study	4 software firms from New Zealand	<ul style="list-style-type: none"> <li>- Exploration of how HTSMEs exploit network relationships to take advantage of foreign market opportunities and to internationalise.</li> <li>- Examination of the HTSMEs' approach to international market development, focusing on their use of network relationships to pursue foreign market opportunities and conduct international marketing activities.</li> </ul>

To conclude, NC is an emerging, yet largely unexplored concept. The theoretical knowledge pertaining to the influences of NC on the business relationship, firm performance and internationalisation outcomes remains limited. Indeed, in SME internationalisation scholarship, the conceptualisation of NC remains at an initial stage of discovery and there is much more research to be done on this topic. This includes research which integrates insights from IO research, and focuses on the desired NCs in IO enactment situations and procedures.

### **3.6 Summary of the Main Gap in the Literature**

Having reviewed the literature on business relationships and NCs, the study identifies one major gap. While NC is a growing theme within the field of IE, there is little research which integrates IO research with the NC concept. IE scholars have generated a sound theoretical knowledge on how IOs are identified in SMEs (Mainela et al., 2014) and thoroughly investigated the corresponding role and significance of network and network relationships (Ellis, 2011; Schweizer et al., 2010; Lorentz and Ghauri, 2008; Sasi and Arenius, 2008; Ellis, 2011; Moen et al., 2004; Minniti, 2004). Against this background, little is known about the particular NCs that KDMs in such firms require to exploit opportunities once they are identified. More insights on the entrepreneurial and networking behaviour in the enactment of IOs are needed, and the required NCs need to be explored further.

This study proposes to explore such interactions and corresponding NCs by integrating all three levels of business relationships discussed in this chapter. While the majority of B2B relationship papers have either adopted an inter-personal or inter-organisational

perspective to study relationship performance and/or antecedents of it, research exploring COO in B2B relationships is extremely rare (Magnussen and Westjohn, 2011). In this chapter, it becomes apparent that relationships at different levels require different entrepreneurial capabilities. Despite these findings, there is literally no research which integrates these three levels and relationships dimensions. To conclude, based on earlier findings on the impact of network relationships on IO identification, and the discussion on network relationships at different levels, more research is needed which explores NCs in the enactment of IOs. Both IO enactment and NC research remain at an initial stage, and need to be studied in an integrative and complementary manner.

### **3.7 Conclusion**

This chapter has reviewed the academic literature on business relationships and NCs. It has discussed business relationships at inter-personal, inter-organisational (firm) and COO (country) levels, and identified requirements and antecedents of relationship success and performance at each of them. The chapter acknowledges the scarce research of NC, and identifies the need to integrate IO and NC research to address this gap. Thus, this chapter concludes that research lacks sufficient exploration of IO enactment through the adoption of the NC framework. Addressing this gap further requires the integration of all three levels of business relationship levels discussed in this chapter.

## **Chapter Four: Research Context**

### **4.1 Introduction**

This chapter introduces the context of the study. It provides a background of the German high-technology SME industry, and introduces the SPECTARIS association of German high-tech firms, as well as their member firms. This is followed by a discussion on the industry markets these firms operate in, including the identification of current developments and trends. It goes on to highlight the challenges such firms face, in particular in regards to internationalisation and foreign market entry. The chapter also discusses contextual and cultural implications of studying the phenomena of NCs and IO enactment within this German HTSME context. The last section concludes the chapter.

### **4.2 German HTSMEs**

The Federal Republic of Germany is considered world champion for high-tech products (SPECTARIS, 2015). Johanna Wanka, Head of the Federal Ministry of Education and Research (2014) announced that *“innovations from Germany are demanded as never before.”* No other country produces more R&D intensive products for global markets. In terms of global market share for high-technology products and devices, Germany ranks first with 12.1%, followed by China and the United States. One out of seven high-technology related patents are of German origin and the industry has created more than 100.000 new jobs since 2005 (DESTASTIS, 2015). Out of a total of €76 billion turnover generated by firms in the Medical Technology industry within the EU, the Federal Republic of Germany accounts for around €26 billion alone. In total, German Medical, Life Science and Laboratory Technology constitute a worldwide market share of around



8% out of the global market value of \$360 million. German HTSMEs typically struggle to maintain their advantage against the growing competition of Asian players, as innovation cycles become shorter and cost pressure rises (SPECTARIS Jahrbuch, 2015).

Although there is currently no official definition of a high-technology firm, the Centre for European Economy Research (ZEW) considers these as organisations with a high R&D intensity and a strong focus on product innovation (Spotfolio, 2015). In a broad sense, the German high-technology sector can be divided into three categories: ‘Spitzentechnik’, (leading technologies): manufacturing firms with a very strong focus on product innovation and a R&D intensity of at least 7%; ‘Hochwertige Technik’ (high class technologies): manufacturing firms with a strong focus on new product innovation and a R&D intensity between 2.5 and 7%; and ‘Technologie-intensive Dienstleister’ (technology-focused service firms): service firms with a strong focus on R&D, including software and software developments firms (Spotfolio, 2015).

The German Medical, Life Science and Laboratory Technology Industry is the fastest growing in the Federal Republic of Germany, and their products and devices are highly valued across the globe. This is due to high quality standards as well as production and assembly procedures (SPECTARIS Jahrbuch 2015). These firms generated more than €25 billion in 2014 while business in foreign markets accounts for more than €17.26 billion (ibid.). Amongst those firms, there are around 1.500 SMEs in the High-Technology Medical and Laboratory Field with less than 250 employees, and these provide employment to around 125.000 people (DESTATIS, 2015).

Key success factors are often an excellent grasp of business opportunities abroad, and a focus on innovation (Dieter Walter Haller, Head of Economic and Sustainable Development at the German Ministry of Foreign Affairs). The R&D quota, which refers to the investments made in research and development in respect to the overall turnover, equals 9%, and more than 15% of the employees work in R&D-related areas. (SPECTARIS Jahrbuch, 2015). Michael Koller, Director of Medical Technology at SPECTARIS (2015) confirms that while recent growth of the industry stems from operations in foreign markets, business collapsed in many regions due to unfavourable economic developments, political changes, humanitarian catastrophes or war/civil war situations. Such developments make the identification and exploitation of new business opportunities abroad particularly important and ongoing tasks (Dieter Waller Haller, 2015).

The SPECTARIS association of German high-technology firms pools the interests of around 420 member companies in the industries of Consumer Optics, Photonics, Medical Engineering, Bio Technology as well as Laboratory Technology and Medicine. Through its political activities, public relations and industry marketing, the association allows for and encourages networking, organises international trade events and fairs, and offers themed conferences and congresses in cooperation with Governmental institutions and bodies (SPECTARIS, 2015).

Josef May (Chair of SPECTARIS) states that “*‘Made in Germany’ is still a figurehead for quality, richness of ideas and service. Especially medium-sized high-technology firms*

*are increasingly developing new foreign markets by offering customised products and solutions”*, thus reinforcing the significance and reputation of high-technology of German origin in global markets. A current foreign sales rate of around 70% highlights the importance of international operations for these firms (Dieter Walter Haller, 2015). The German Government provides ongoing and systematic support to those HTSMEs, in particular through the Ministry of Foreign Affairs. The institution disposes of around 230 foreign subsidiaries which provide networking activities, assist in critical question pertaining to registration procedures, and provide legal advice abroad (SPECTARIS Jahrbuch, 2015).

Despite a recent global economic downturn, some German HTSMEs could boost their sales abroad in recent years. To date, countries from the EU remain the most significant markets for German HTSMEs accounting for 45% of all foreign sales. Asian markets come second with a share of 19% and Northern American markets account for 15% of the total exports, followed by the Middle East (4%), other European countries (11%), Africa (3%) and Latin America (3%) (DESTATIS, 2015). In particular, overseas markets outside Europe provide these firms with growth opportunities with sales into overseas non-European markets having increased by 11% between 2014 and 2015 alone. Specifically, demand from the BRIC-states of Brazil, Russia, India and China and some Western African countries increases steadily. At the same time, domestic demand further decreases for some firms as the public health care sector cuts its spending (BMWF, 2015). These developments mean that identification and exploitation of business opportunities becomes

increasingly important. Manufacturers of capital goods, such as the firms of focus in this study, are particularly affected. (SPECTARIS Jahrbuch, 2015).

Becoming increasingly aware of these challenges these firms face, and in recognising the importance of ongoing foreign market entry, the SPECTARIS association of German regularly holds events and congresses, in cooperation with Governmental institutions and bodies, to assist in critical questions pertaining to international growth and expansion (Martin Leibing, Head of Business Development and Mike Bähren, Head of Research, SPECTARIS). For instance, the ‘SPECTARIS Aussenwirtschaftstag’ at the Ministry of Foreign Affairs in Berlin on the 16th of September in 2014 was themed ‘The internationalisation of the HTSMEs’. In line with the recent challenges HTSMEs face, this event emphasised on the discussion of suitable and effective market entry strategies for the SPECTARIS member firms, and the identification of new IOs.

In this industry context, the notion of knowledge exchange and close communication in B2B relationships with customers becomes increasingly important. Even high-scale Governmental or infrastructural projects and tenders require close communication between manufacturing firms and end-users of devices. HTSMEs need to engage with a number of network players to understand local needs and requirements, as well as cultural differences. Needs analysis talks and close collaboration with both end-users and industry experts becomes increasingly important (SPECTARIS Jahrbuch, 2015).

SPECTARIS member firms typically operate in highly profitable B2B markets (Mike Bähren, SPECTARIS, 2014). These fields of medical technology, optical technologies as well as of analytical, biological, laboratory devices, represent niche markets (Crick and Jones, 2000) that are very specific, and considered fragmented industries (Mike Bähren, SPECTARIS). Their devices, apparatuses and technical solutions are technically complex goods, in need of detailed explanation and instruction, and with a long lifespan. Markets in which these firms already operate in fear saturation, and demand is limited. This stems from the high level of device specificity, and the resulting low number of suitable customer firms available in individual target markets. These market characteristics support the assertion that for many HTSMEs internationalisation is no matter of choice, but a necessity and a prerequisite for survival (Spence, 2003).

The HTSMEs' customers in these B2B relationships are often institutional customers such as hospitals, research institutes and other institutions, partly funded by the host country government, or international and project-related international investment funds. Other customers include firms in heavy industries, where the devices are integrated into large-scale industrial processes. The involvement of a variety of stakeholders commonly reflects a slow purchasing decision-making process. These institutional buying processes are typically complex, exhaustive and time-consuming (Mike Bähren, SPECTARIS).

Governmental involvement, centralised purchasing procedures and political influences present further challenges. Rather than being a single good to be sold abroad, the devices are referred to as solutions to problems, and often are customised according to customer's

and end' user's requirements (Martin Leibing, SPECTARIS). As such, they are expensive capital goods. After-sales services, such as maintenance and repairs, and an expected fast reaction time associated with these, are typical value chain characteristics (ibid.).

### **4.3 Contextual Implications**

SPECTARIS states *“'Made-in-Germany' is more than a simple label for products and devices. Many customers see it as seal of approval, which guaranties quality, reliability and longevity. Even though these characteristics are associated with higher prices, many customers are willing to pay the difference. Also, a reliable after-sales service as well as training and educational offerings play a significant role”* (SPECTARIS Jahrbuch, 2015: 25).

Legally, the question pertaining to which products can claim the 'Made in Germany' COO' identification remains blurry, since there are insufficient guidelines in Germany or the European Union do date. In its purest form, products and devices which are entirely manufactured in and only contain spare parts from Germany do not pose any problems to its categorisation. Increasingly global value chains and procurement procedures, however, mean that such firm examples hardly exist. This is particularly the case with capital goods manufactured by such HTSMEs. Moreover, the EU does not oblige such firms to indicate the roots of products and/or its spare parts, by for example providing specific percentages of production processes and value chain parts and their locations (SPECTARIS Jahrbuch, 2015).

Therefore, ‘Made in Germany’ can be used voluntarily by German HTSMEs and other German firms in the industry sector. There is no institution responsible for the appointment of such a ‘Made-in’ label. The missing guidelines and definitions, however, do not mean that the firms of focus can randomly use such a description for branding and advertising (SPECTARIS Jahrbuch, 2015). In making these decisions, firms need to comply with both the EU Competition Law (European Commission, 2016), and the International Customs Law (International Customs Legislation, 2016).

In the light of the former, it is crucial that labelling does not create any false or misleading impressions. Here, since customers create expectations in terms of device quality and reliability with the ‘Made in Germany’ label, the EU competition law only accepts such labelling, if, from the customer’s point of view, a value chain stage crucial for the device’s quality takes place in Germany. For the latter, the last major stage of the value chain in terms of assembling or final treatment of the device is the key differentiating factor. Such major value chain stages refer to the creation of a new good, or a clear and visible transformation of it (European Commission, 2016; International Customs Legislation, 2016).

Section 3.3 has discussed the COO effect and the implications on the perception of products, or services, and firms with an origin from different countries. The cultural and stereotypic implications are particularly important in this German HTSME context. German cultural norms and values, as well as the implications of Germany as a globally-

perceived technology hub (SPECTARIS Jahrbuch, 2015) must be considered when studying the phenomena of IO opportunity enactment and NCs in this context.

Already decades ago, mechanical products from Germany were ranked first in international comparisons of perceptions of products of such kind, suggesting performance, reliability and longevity (Dornoff et al., 1974). In the light of a high product-country match (c.f. section 3.3.1), German car and watch manufactures enjoy a high reputation, since their home country is evaluated highly on dimensions that are of importance to these product categories (Roth and Romeo, 1992; Lawrence et al., 1992). The German stereotypical image, its reputation for manufacturing well-engineered and assembled devices and machineries which function competently and reliably, are valued and admired (ibid.)

Since the COO effect significantly affects consumers' propensity to buy a high-involvement consumer electronics product, potential customers in international studies were seen more likely to buy German devices in such product categories (Tse et al., 1996). In other product categories, such as wine and spirits, the COO stereotyping assigns a lower level of attractiveness to Germany compared to the European neighbours of France and Italy (Lawrence et al., 1992). Another potentially detrimental factor associated with the German COO is the concept of 'consumer animosity' (Klein et al., 1998), which corresponds to consumers' avoidance of products due to antipathy stemming from previous or ongoing military, political, or economic events. This has been demonstrated



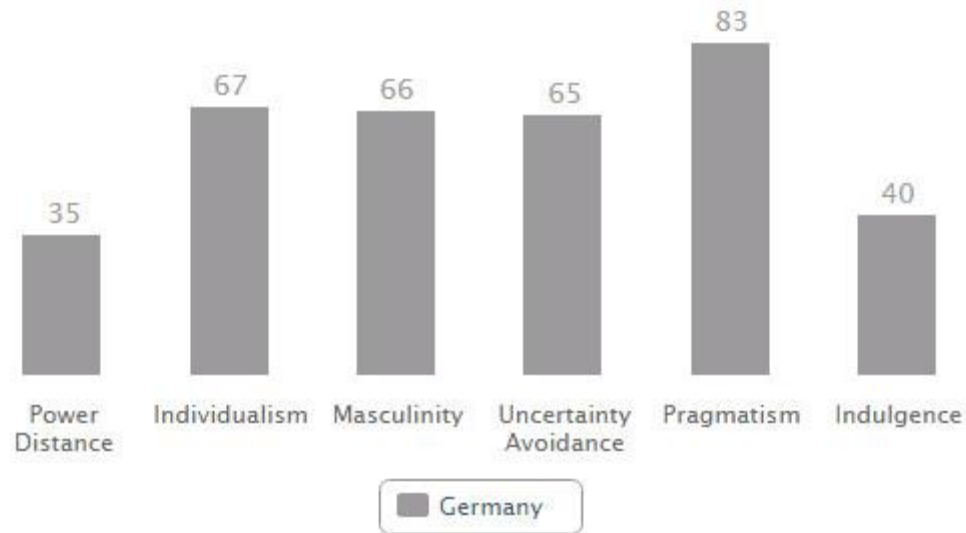
by findings of Nijssen and Douglas (2004) which saw Dutch customers rejecting German products due to persistent memories of the two World Wars.

Historically, Germany has been called ‘Das Land der Dichter und Denker’ (The country of poets and thinkers) (Spiegel Online, 2011). In 2013, Germany was ranked the world's second most respected nation among 50 nations worldwide (Anhold GfK Nation Brand Index, 2015). Global research by the BBC (2014) indicates that Germany is considered for having the most positive influence in the world in 2011, 2013, and 2014. German citizens are considered to place emphasis on structure, privacy and punctuality. They embrace the values of thriftiness, hard work and industriousness, and are believed to be most comfortable when they can break down their world into smaller and controllable units (ibid.).

Germans are considered stoic people who strive for perfectionism and precision in all aspects of their lives. They are regarded as careful thinkers, while changes rarely occur after an agreement is made. Employees at all levels are judged heavily on their competence and diligence, rather than interpersonal skills. Communication with colleagues and business partners tends to be direct and not always diplomatic (German Business Culture Guide, 2015). Hofstede (2016) reviews Germany’s culture through the lens of his ‘6-D Model’, in using the determinants of power distance, individualism, masculinity, uncertainty avoidance, pragmatism and indulgence, to understand German culture relative to other country cultures. While Figure 4 depicts the scores, each determinant is briefly discussed in Table 7.

**Figure 4: Hofstede’s Cultural Dimensions and Germany’s Scores**

Source: <https://geert-hofstede.com/germany.html>



**Table 7: Hofstede’s Cultural Dimensions, Germany’s Scores and Summary**

Adapted from: <https://geert-hofstede.com/germany.html>

<u>Cultural Dimension (score)</u>	<u>Explanation</u>
<u>Power Distance</u> 35	<ul style="list-style-type: none"> <li>• The extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally.</li> <li>• Highly decentralised and supported by a strong middle class, Germany is among the lower power distant countries.</li> <li>• Co-determination rights are comparatively extensive and have to be taken into account by the management.</li> <li>• A direct and participative communication and meeting style is common, control is disliked and leadership is challenged to show expertise and best accepted when it is based on it.</li> </ul>
<u>Individualism</u> 67	<ul style="list-style-type: none"> <li>• The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. This refers to people’s self-image, in terms of “I” or “We”. In Individualist societies people are supposed to look after themselves and their direct family only. In Collectivist societies people belong to groups and communities that take care of them in exchange for loyalty.</li> <li>• The German society is a truly Individualist one</li> <li>• Small families with a focus on the parent-children relationship are most common.</li> <li>• There is a strong belief in the ideal of self-actualisation.</li> </ul>

	<ul style="list-style-type: none"> <li>• Loyalty is based on personal preferences for people as well as a sense of duty and responsibility. This is defined by the contract between the employer and the employee.</li> <li>• Communication is among the most direct in the world, while direct feedback gives the counterpart a fair chance to learn from mistakes.</li> </ul>
<u>Masculinity</u> 66:	<ul style="list-style-type: none"> <li>• A high score on this dimension indicates that the society is driven by competition, achievement and success, with success being defined by the winner/best in field, a value system that starts in school and continues throughout organisational life.</li> <li>• Germany is considered a Masculine society.</li> <li>• Performance is highly valued and required early, as the school system separates children into different types of schools at the age of ten.</li> <li>• People rather 'live in order to work' and draw a lot of self-esteem from their tasks.</li> <li>• Managers are expected to be decisive and assertive. Status is often shown, especially by cars, watches and technical devices.</li> </ul>
<u>Uncertainty Avoidance</u> 65	<ul style="list-style-type: none"> <li>• This determinant has to do with the way that a society deals with the fact that the future can never be known. This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways. The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the score on Uncertainty Avoidance.</li> <li>• Germany is among the uncertainty avoidant countries</li> <li>• In line with the philosophical heritage of Kant, Hegel and Fichte there is a strong preference for deductive rather than inductive approaches, be it in thinking, presenting or planning.</li> <li>• In combination with their low Power Distance, where the certainty for own decisions is not covered by the larger responsibility of the boss, Germans prefer to compensate for their higher uncertainty by strongly relying on expertise.</li> </ul>
<u>Pragmatism</u> 83	<ul style="list-style-type: none"> <li>• This dimension describes how every society has to maintain some links with its own past while dealing with the challenges of the present and future, and societies prioritise these two existential goals differently. Normative societies which score low on this dimension, for example, prefer to maintain time-honoured traditions and norms while viewing societal change with suspicion</li> <li>• Germany is a pragmatic country. In societies with a pragmatic orientation, people believe that truth depends very much on the situation, context and time.</li> <li>• They show an ability to adapt traditions easily to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results.</li> </ul>
<u>Indulgence</u> 40	<ul style="list-style-type: none"> <li>• This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called "Indulgence" and relatively strong control is called "Restraint". Cultures can, therefore, be described as Indulgent or Restrained.</li> <li>• The German culture is Restrained in nature.</li> <li>• Societies with a low score in this dimension have a tendency to cynicism and pessimism.</li> </ul>

	<ul style="list-style-type: none"><li>• Restrained societies do not put much emphasis on leisure time and control the gratification of their desires.</li><li>• People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong.</li></ul>
--	--

Such cultural specifications affect the entrepreneurial behaviour and communication in network relationships and interaction with them, and affects how the KDM are perceived and seen by their counterparts, in networking, needs analysis talks, as well as negotiation procedures.

#### **4.4 Conclusion**

This chapter has introduced German HTSMEs and, in doing so, has set the contextual background for this thesis. It has provided a background of the German high-technology industry in the fields of Medical, Research and Laboratory Technology, and discussed key characteristics, developments and trends of the markets such firms operate in. Following this, the chapter has discussed important aspects of Germany as a nation, as well as a global technology hub. Cultural implications for this thesis deriving from this country context have been discussed. The study emphasises that German HTSMEs provide a suitable context to address the research objectives. The next chapter discusses the methodology of this study.

## **Chapter Five: Research Methodology**

### **5.1 Introduction**

This chapter discusses the methodology employed in the study. It is divided into seven sections. After a discussing the philosophical principles of the study, a detailed description of the selected research design is presented. The third section explains the sampling procedures, in introducing the firms under investigation as well as the KDMs interviewed for this study. The fourth section discusses the data collection methods chosen to address the formulated research objectives. After that, the systematic data analysis procedures are highlighted, and the validity and reliability issues are addressed. The last section concludes the chapter.

### **5.2 Research Philosophy**

It is important to understand a researcher's philosophical stance because "*questions of methods are secondary to questions of paradigm*" (Guba and Lincoln, 1994: 105). Paradigm is "*a set of basic beliefs that deals with ultimates or first principles. It represents a worldview that defines, for its holder, the nature of the world, the individual's place in it, and the range of possible relationships of that world and its parts*" (Guba and Lincoln, 1998: 200). The assumptions within a paradigm can be broken down into the three components of ontology, epistemology and methodology (Saunders et al., 2012; Guba and Lincoln, 1998/1994; Kuhn; 1970). Ontology refers to the way we think the world is; epistemology addresses what we think can be known about it; and methodology relates to how we think it can be investigated (Fleetwood, 2005; Ackroyd, 2004).

Ontology concerns how things really are and how things really work (Kuhn, 1970). Only those questions that relate to matters of real existence as well as real action are acceptable, whereas other questions that concern matters of moral or aesthetic significance, are outside the ontological scope (Easterby-Smith et al., 2012). Epistemology concerns the question of what is regarded as acceptable knowledge in a particular discipline (Bryman and Bell, 2007). The answers that can be given to the epistemological questions are constrained by the ontological assumptions (Klein and Myers, 1999).

In this study, the philosophical discussion and positioning draws on Guba and Lincoln's (1994) seminal discussion of competing paradigms in qualitative research. The wording of their title suggests that the term 'qualitative' is an umbrella term which, hierarchically, is superior to the term 'paradigm'. This is a common perception in social science. It remains their position, however, that the term 'qualitative' should only be used in questions relating to research methodology. This study supports this view and asserts that both quantitative and qualitative methods might well be used with any research paradigm. This study's philosophical assumptions are driven by the belief that *"the notion that findings are created through the interaction of inquirer and phenomenon (which, in social sciences, is usually people) is often a more plausible description of the inquiry process than the notion that findings are discovered through objective observation as they really are, and as they really work"* (Guba and Lincoln, 1994: 107).

In taking Guba and Lincoln's (1994) paradigmatic categorisation as a framework, this study adopts their labels, but acknowledges the controversy about the adoption of terms

in research philosophy discussions amongst scholars. It is aware of the resulting different adoptions of terms and labels to refer to inquiry paradigms, and inherent ontological and epistemological beliefs and assumptions. The four major alternative inquiry paradigms they evaluate and compare in their book chapter, namely positivism, post-positivism, critical theory, and constructivism, are summarised in Table 8.

**Table 8: Basic Beliefs of four alternative Inquiry Paradigms**  
Source: Guba and Lincoln (1998; 1994)

<b>Item</b>	<b>Ontology</b>	<b>Epistemology</b>	<b>Methodology</b>
<b>Positivism</b>	Naive realism, 'real reality' but apprehensible	Dualistic, objectivist, findings true	Experimental, manipulative; verification of hypotheses; mainly quantitative methods
<b>Post-positivism</b>	Critical realism, 'real' reality but only imperfectly and probabilistically apprehensible	Modified dualist, objectivist, critical tradition/community, findings probably true	Modified experimental, manipulative; critical multipism, falsification of hypotheses; may include quantitative methods
<b>Critical Theory</b>	Historical realism, virtually shaped by social, political, cultural, economic, ethnic, and gender values, crystallised over time	Transactional, subjectivist; value mediated findings	dialogical, dialectical
<b>Constructivism</b>	Relativism, local and specific constructed realities	Transactional, subjectivist; created findings	hermeneutical, dialectical

In line with this paradigmatic categorisation, this study is framed by a constructivist inquiry paradigm. This paradigm questions whether organisations do exist beyond the conceptions of its actors, so it assumes that its understanding has to be based on the experiences of the individuals who work within them (Burrell and Morgan; 1979). This study asserts that this philosophical stance represents *“an alternative to the positivist orthodoxy [...] It is predicated upon the view that a strategy is required that respects the differences between people and the objects of the natural science and therefore requires the social scientist to grasp the subjective meaning of social action”* (Bryman and Bell, 2007:19).

A relativist ontology is inherent in a constructivist inquiry paradigm. Realities are realised and understood in the form of *“multiple, intangible mental constructions, socially and experientially based, local and specific in nature [...] and dependent for their form and content on the individual persons or groups holding those constructions. Constructions are not more or less true, in any absolute sense, but simply more or less informed and/or sophisticated”* (Guba and Lincoln, 1994: 110-111). What exists is primarily a property of perception as well as an expression of the human mind (Easterby-Smith et al, 2012).

A subjectivist epistemological stance is inherent in a constructivist inquiry paradigm. The researcher and the phenomenon under investigation are linked interactively, and the findings are created as the investigation proceeds (Guba and Lincoln, 1998). Knowledge is considered ideographic; and something is explained if it has shown to have specific properties unique to its essential qualities as well as its particular context and situation



(Ackroyd, 2004). The conventional distinction between ontology and epistemology disappears (Guba and Lincoln, 1994), assuming that our knowledge of reality is gained through social constructions such as consciousness, language, shared meanings, tools, documents and other artefacts (Klein and Myers, 1999).

This study asserts that *“individual constructions can be elicited and refined only through interaction between and among investigator and respondents. These varying constructions are interpreted using conventional hermeneutical techniques, and are compared and contrasted through dialectical interchange”* (Guba and Lincoln, 1994: 111). It advocates these hermeneutical methods in order to explore the complexity of human sense-making (Kaplan and Maxwell, 1994), and attempts to understand phenomena through the meanings which individuals assign to them (Boland, 1986).

Thus, methodologically, constructivist approaches to research commonly rely on naturalistic methods such as interviewing or observation and analysis of existing texts, and meanings are emerging from the research process (Guba and Lincoln, 1998). The constructivist inquiry paradigm tends to see the social world as an emergent process, which is created by the individuals involved (Burrell and Morgan, 1979). To interpret any human act means to recreate the actor’s web of motivations, which requires the empathetic identification with the situation of the other (Ackroyd, 2004).

In reflecting on alternative paradigmatic assumptions, this study rejects the notion of an objective and ‘real reality’ which a naïve realist and a critical realist ontology advocate;

and denies dualist and objectivist epistemologies associated with the positivist and post-positivist inquiry paradigms (Guba and Lincoln, 1994). Further, this research opposes the historical realist ontological assumption that an apprehensible reality consists of historically situated structures, constructed from social, political, cultural, economic, ethnic and gender factors (Guba and Lincoln, 1998). The following sections discuss the methodological approach employed, and focus on data collection methods and tools used to address this study's aims and objectives.

### **5.3 Methodological Approach**

IO-related entrepreneurial behaviour has the focus of a substantial amount of empirical studies, while research on NC gains momentum amongst IE scholars. Scholarly contributions which investigate both phenomena jointly are rare, specifically if one considers the focus on human interactions in network relationships. In seeking a clearer understanding of the entrepreneurial behaviour and the NCs required for IO enactment, by examining the human interactions in network relationships, this study can only be exploratory.

Given the broadly formulated research objectives, and the exploratory nature (Yin, 2009), this study follows the current trend away from an initial heavy emphasis on quantification in empirical internationalisation and IE research (Hennert and Slangen, 2015; Shaver, 2013). It employs a qualitative research methodology, believing that the richness of the empirical data stems from respondents' lived experiences and personal narratives (Crick and Jones, 2000). No hypotheses are formulated prior to fieldwork. Hypothesis formulation would have reduced the flexibility of this research, and impeded the

possibility for new, unexpected insights and emerging findings to be explored (Strauss and Corbin, 1990; Glaser and Strauss, 1967).

The decision to adopt a qualitative research approach stems from the belief that HTSMEs, operating in innovative high-tech markets, internationalising more rapidly and following internationalisation pathways that differ from firms in low-tech markets (Crick and Spence, 2005, Karagozolu and Lindell, 2004; Jones, 2001/1999; Crick and Jones, 2000; McDougall and Oviatt, 1994) require particular attention independent of generalised surveys. This research uses empirical findings as arguments for interpretations rather than testing if a theory is true or not (Andersson, 2011; Alvesson and Deetz, 2000). Qualitative methodological approaches are gaining momentum amongst IE scholars investigating aspects associated with the internationalisation of HTSMEs, especially research focusing on network relationships and entrepreneurial behaviour. Table 9 presents exemplary qualitative HTSME internationalisation studies that have included network relationships in their discussions. It specifies their research foci, sample size, data collection method(s), and highlights their method specifications.

**Table 9: Exemplary HTSME Internationalisation Research which includes Network Relationships in their Discussions (1/2)**

<b><u>Author / date</u></b>	<b><u>Sample</u></b>	<b><u>Research focus</u></b>	<b><u>Data Collection Method(s)</u></b>	<b><u>Method specifications</u></b>
<b>Coviello and Munro (1997)</b>	4 firms	Influences of network relationships on the internationalisation processes	Case study approach	Multiple sources of evidence (in-depth interviews, documents, archival records)
<b>Moen et al. (2004)</b>	5 firms	Entry strategy and country selection, and the network relationship influences on these decisions	Case study approach	Numerous interviews alongside numerous firm visits, supported by email and telephone correspondence with the respondents
<b>Spence (2004)</b>	20 firms	Value creation in relationships between firms and key stakeholders	Case Study approach	Semi-structured interviews with the owner/manager, or the senior member of the managerial team responsible for international activities
<b>Crick and Spence (2005)</b>	12 firms	Planned and unplanned internationalisation strategies of 'high-performing' HTSMES, and the KDM's entrepreneurial behaviour	In-depth interviews	Semi-structured interviews with the owner/manager, or the senior member of the managerial team responsible for international activities
<b>Spence and Crick (2006)</b>	24 firms	Planned and unplanned internationalisation strategies, opportunistic entrepreneurial behaviour	In-depth interviews	Semi-structured interviews with the owner/manager, or the senior member of the managerial team responsible for international activities
<b>Kennedy and Keeney (2009)</b>	10 firms	Strategic partnership activities of software SMEs	In-depth interviews	Semi-structured interviews with the owners/managers

**Table 9: Exemplary HTSME Internationalisation Research which include Network Relationships in their Discussions (2/2)**

<u>Author / date</u>	<u>Sample</u>	<u>Research focus</u>	<u>Data Collection Method(s)</u>	<u>Method specifications</u>
<b>Spence and Crick (2009)</b>	5 firms	INV management teams' assessment of IOs	Case study approach	In-depth interviews with managers of INVs, supplemented by information from websites, brochures, news clippings.
<b>Andersson (2011)</b>	1 firm	Born-global firms' early internationalisation through co-operations with local network partners.	Case study approach	Semi-structured interviews with the current CEO and former CEOs, supplemented with annual reports, newspaper articles and information from publicly available databases.
<b>Lindstrand et al. (2011)</b>	14 firms	Effects of social capital on the acquisition of foreign market knowledge	Case study approach	Multiple interviews with the founders or managers, supplemented by follow up interviews via e-mail and telephone, observational data; background interviews with experts, annual reports; company homepages
<b>Gabrielsson and Gebrielsoon (2013)</b>	21 firms	Entrepreneurial decision-making logic in B2B new ventures.	Case study approach	Semi-structured in-depth interviews with the founders, CEOs, or senior management of the firms, supplemented by company presentations, financial data, news releases, previous studies
<b>Crick and Crick (2014)</b>	16 firms	Entrepreneurial decision-making in respect to planned and unplanned internationalisation strategies	In-depth interviews	Semi-structured face-to-face in-depth interviews with managers in the firms

Note: The labelling of the method chosen derives from the respective authors' adopted terminology and description. This might not correspond to this study's own labelling and understanding of these methods.

These IE researchers focusing on internationalising HTSMEs commonly use small sample sizes and choose personal in-depth interviews as main data collection method. The overview confirms the tendency amongst those researchers to engage in what they define as case study approach. These scholars mostly supplement their empirical data with secondary and primary sources such as company websites, business reports, firm databases, interviews with industry-specialists, and follow-up communication with their respondents.

This research draws upon these studies, believing that the usage of additional primary and secondary sources is useful to enrich the empirical data, and to augment the data corpus. This research selects appropriate individuals and firms in order to explore common characteristics and to identify patterns and similarities in the KDMs behaviour “*rather than presenting case histories in their own right*” (Crick and Spence, 2005:174). Consequently, it refrains from labelling the methodological choice as ‘case study approach’.

In examining NCs to enact IOs, qualitative face-to-face interviews with these KDMs in these firms under investigation were conducted as main data collection method. Its methodological stance locates the study within an emergent body of IE scholarship that prefers qualitative methods as main form of inquiry. This choice is made to address the broadly formulated research questions, and to investigate the ‘how’ and ‘why’ aspects associated with HTSMEs’ internationalisation strategies (Spence and Crick, 2006; Crick and Spence, 2005; Spence, 2003; Crick and Jones, 2000; Coviello and Munro, 1997).

The empirical data from the personal interviews are supplemented by further sources of both primary and secondary data to allow data triangulation (Moen et al., 2004). This research is designed to provide the highest degree of insight into the phenomenon under investigation, as it aims to accurately depict and reflect the respondents' world (Easterby-Smith et al., 2012). The respondents' world in this study concerns the KDMs' interactions in network relationships in the enactment IOs.

This research supports the view that *“most quantitative data techniques are data condensers. They condense data in order to see the big picture. [...] Qualitative methods, by contrast, are best understood as data enhancers. When data are enhanced, it is possible to see key aspects of cases more clearly”* (Ragin, 1994: 92). Qualitative research seeks answers to questions by examining settings and the individuals who inhabit these settings (Berg, 2007), as is the case in this present research, which explores the KDM's human interactions in network relationships.

The strength of qualitative research stems from its capacity to provide situated insights, detailed descriptions and rich details (Jack and Anderson, 2002), while richness is provided by paying close attention to both context and process (Hjorth et al., 2008; Steyaert, 2007). The chosen methods allow comparisons which clarify whether an emergent finding is simply idiosyncratic to a single firm or consistently replicated (Eisenhardt, 1991). The procedure is a bottom-up approach, since the specifics of data produce the generalisations of the theory (Eisenhardt, 1989). As such, this research design allows for the establishment of similarities and patterns of the respondents' entrepreneurial behaviour and their NCs pertaining to IO enactment.

Research methods should be context-specific, and believes that qualitative data can reduce the problem of context-stripping by providing contextual information (Strauss and Corbin, 1990; Glaser and Strauss, 1967). It supports numerous scholars' view (Rahman, 2003; Guba and Lincoln, 1994; Strauss and Corbin, 1990; Glaser and Strauss, 1967) that qualitative data can provide rich insights into human behaviour, in acknowledging that human behaviour cannot be understood without reference to the meanings and purposes attached by human actors and their activities. In line with this study's aims and objectives, gaining rich insights into the HTSME KDMs' behaviour, while exploring how these individuals attribute meaning to their interactions within network relationships, seems indispensable.

## **5.4 Data Collection**

This section elaborates on data collection methods. It provides rationales for each method chosen, and illustrates their benefits for this study. In particular, this section discusses an initial meeting with SPECTARIS representatives, considers the sampling procedures prior to conducting the qualitative personal interviews, specifies these in-depth interviews undertaken with the HTSME KDMs, and describes further encounters with industry-experts on an industry-specific event.

### **5.4.1 Industry-Experts Meeting at SPECTARIS**

Prior to conducting personal interviews with the KDMs in the selected firms, the researcher visited the Head of Market Research (Mike Bähren) and Head of Business Development (Martin Leibing) of SPECTARIS in June 2014 in Berlin. Through this discussion, the study sought to obtain relevant information on the firms under investigation, as well as the particular characteristics of the markets these firms operate and compete in. In particular, these two industry-experts elaborated on the key



challenges German HTSMEs face when entering foreign markets, and discussed how these challenges stem from firm and product specifications, as well as associated value chain requirements (cf. section 5.4.3).

This procedure is in line with other HTSME IE research which uses industry-expert interviews to supplement the in-depth interviews with further insights, to allow data triangulation (Lindstrand et al., 2011; Moen et al., 2004). Further, in preparation of the qualitative in-depth interviews with the HTSME KDMs, this meeting facilitated a better understanding of key HTSMEs' internationalisation challenges. This helped the researcher to approach and contact potential respondents appropriately during the ongoing sampling and recruitment procedures. This industry-expert interview lasted for an hour and was followed by regular email correspondence.

## **5.4.2 Sampling Procedures**

### **5.4.2.1 Theoretical Sampling**

The selected firms did not have to be representative of some population, as are data in large-scale hypothesis testing research. This study adopted a theoretical rather than a statistical sampling approach (Andersson, 2011; Johansson and Vahlne, 2009, Glaser and Strauss, 1967). Its basic principle is to select cases according to concrete content criteria instead of using abstract methodological criteria, and to select cases, individuals and material according to the probable level of empirical insights they can provide (Easterby-Smith et al., 2012; Flick, 2009). Firms were selected to ensure a closely defined and homogeneous sample (Eisenhardt 1989), and sampled *“for theoretical reasons, such as revelation of an unusual phenomenon, replication of findings from other cases, contrary replication, elimination of alternative*

*explanations, and the elaboration of the emergent theory*” (Eisenhardt and Graebner, 2007: 27).

Researchers must be pragmatic in selecting their participants, in particular when the topic under investigation is very specific and there are problems of accessibility and respondents’ willingness to participate (Cope, 2011). This is the case with the identification of KDMs in HTSMEs, who are difficult to get hold of due to their demanding work routine and their reservations to openly sharing experiences in a research setting. This expected difficulty prevailed during the ongoing recruitment process.

This sampling method supports the use of small samples, which enables the researcher to develop a competent theoretical perspective, as long as an adequate contextualisation is sustained (Chapman and Smith, 2002). This study was committed to producing a detailed account that draws on each participant’s unique personal experience (Smith and Osborn, 2008). Consequently, the strengths of this sample method lie in the theoretical, rather than its empirical generalisability (Ram et al., 2008).

#### **5.4.2.2 Sample Frame**

The sampling frame for this study is the SPECTARIS industry association of German high-technology firms. The association is a representative body in the areas of medical technology, optical technologies and analytical, biological, laboratory, and ophthalmic devices. SPECTARIS pools the interests of around 420 member companies from Germany. Through political activities, public relations and industry marketing, the

association facilitates networking, organises events and conferences. It also assists in questions pertaining to international growth and expansion. Its member firms are listed on the SPECTARIS website (SPECTARIS, 2015).

In order to make a pre-selection and to narrow down the sample according to the desired characteristics, further information was obtained from the company's corporate websites as well as the Bisnode online firm database. The advantages of using the Bisnode database are that it allows for the categorisation of firms according to specific characteristics such as number of employees, annual turnover during the last four years, subsidiaries, foreign operations (markets), and displays contact details of key individuals in the firms (Bisnode, 2014).

To narrow down the sample of potentially eligible firms for this study, an initial personal database was created using the information from the aforementioned sources. This list comprised 141 firms which fulfilled the two main criteria outlined by the SME definition of the European Commission (cf. Glossary). Consequently, the firms in this database had less than 250 employees, and generated a yearly turnover of less than €50 Mio. As the focus of this study is internationalising HTSMEs and the exploitation of IOs in these firms, these firms had to be operating in foreign markets.

#### **5.4.2.3 Pre-screening Questionnaire**

These 141 firms were contacted via telephone to ask for permission to send out the pre-screening questionnaire alongside a brief description of the study. This was done in order to inform the potential interview partner initially rather than sending out the documents without prior reference. As this study focuses on the individual KDMs

responsible for the development of international operations in respective firms, it was critical not only to identify the particular suitable contact persons but also to establish a personal rapport with them.

The pre-screening questionnaire was designed using the Qualtrics software, and sent out as an online link in an email, with further information about the study. The questionnaire was used to narrow down the sample and to gather more information about the firms. After abundant potential respondents refused to participate, or the phone call in some cases revealed that the firm did not meet the desired criteria, 58 potential respondents agreed to receive the email.

The pre-screening questionnaire identified the foreign countries, and the geographical regions the firms operate in. The respondents were also asked to state their international sales ratio (FSTS: ratio foreign sales to total sales). This allowed the identification and exclusion of firms that were only marginally active in overseas markets, generating less than 25% of their turnover abroad. Respondents were asked to name the countries their respective firm had entered between 2009 and 2014. This was done in order to facilitate retrospective recall (Crick and Spence, 2005) later in the interviews, and only firms with entries into foreign markets which took place in this five-year period were considered for inclusion in the data collection.

Thirty usable pre-screening questionnaires were received for further investigation. Firms with a very low FSTS ratio and firms that had not entered foreign markets between 2009 and 2014 reduced the number of firms eligible for the study to 17, as

another 13 firms had to be excluded from the sample. These interview partners were called once again to clarify any issues, to confirm the focus for the interviews, and to agree on a date and time. The interviews commonly took place between two and four weeks after the initial contact.

### **5.4.3 Sample of this Study**

#### **5.4.3.1 High-Technology SMEs and their Devices**

IE scholars agree that firm- and product-specifications affect how IOs are identified and enacted (Sedoglavic, 2012; Morschett et al., 2010; Canabal and White, 2008; Ruzzier et al., 2006). The 17 manufacturing HTSMEs, members of the SPECTARIS association of German high-technology firms, operate in highly profitable B2B markets (Mike Bähren, SPECTARIS, 2014). These are fields of medical technology, optical technologies as well as of analytical, biological, laboratory devices, representing niche markets (Crick and Jones, 2000). They are associated with a high level of industry specificity, and considered as fragmented industries (Mike Bähren, SPECTARIS).

The devices, apparatuses and technical solutions these 17 firms manufacture are technically complex goods, in need of detailed explanation and instruction, and with a life span of 5 to 20 years. This makes internationalisation and foreign market entry continuous tasks and indispensable business objectives. Markets in which these firms already operate in fear saturation, since demand for these devices is limited. This stems from the high level of specificity, and the resulting number of suitable customer firms available in target markets (Martin Leibing, SPECTARIS). Respondent C, CEO of Firm C, confirms these market characteristics, and supports the earlier assertion that

for many HTSMEs internationalisation is not a matter of choice, but a necessity and a prerequisite for survival (Spence, 2003). Respondent P confirms this. He speaks of the longevity of the devices and concludes that foreign market entry remains an ongoing task.

*“When you realise that in some countries you are already successful and you are facing market saturation, you need to focus on developing markets that you haven’t developed yet. This is clear.” (Respondent C)*

*“We constantly need to engage in sales and sales-related activities in foreign markets. Someone, who buys one of our devices, is sorted! These devices run for over 15 years. So we cannot expect that they will get back to us soon!” (Respondent P)*

Rather than being a sole good to be sold abroad, the devices of the selected firms are solutions to problems, and typically customised according to customers’ specific requirements and wishes. As such, they are expensive capital goods (Mike Bähren, SPECTARIS). After-sales services, such as maintenance and repairs, and an expected fast reaction time associated with these, are commonly reported. Respondent B depicts the nature of his firm’s apparatuses, and illustrates the substantial consulting procedures associated with the sales of bio-bank storing solutions:

*“This is not one of those things that you sell within one sales talk. Rather, this sometimes takes a year. You have to consult the customer for a whole year, you need to develop the project with them, until he knows what he wants, until he has secured*

*the money for it, until the infrastructure is put in place, until it can finally be installed. So, in fact we do not sell a device, we sell a solution, regarding how he can store his samples in the best way, and according to his needs and wants. This encompasses a lot.” (Respondent B)*

Figures 5, 6, 7 and 8 show exemplary capital goods, explanation-intensive devices manufactured by the HTSMEs under investigation.

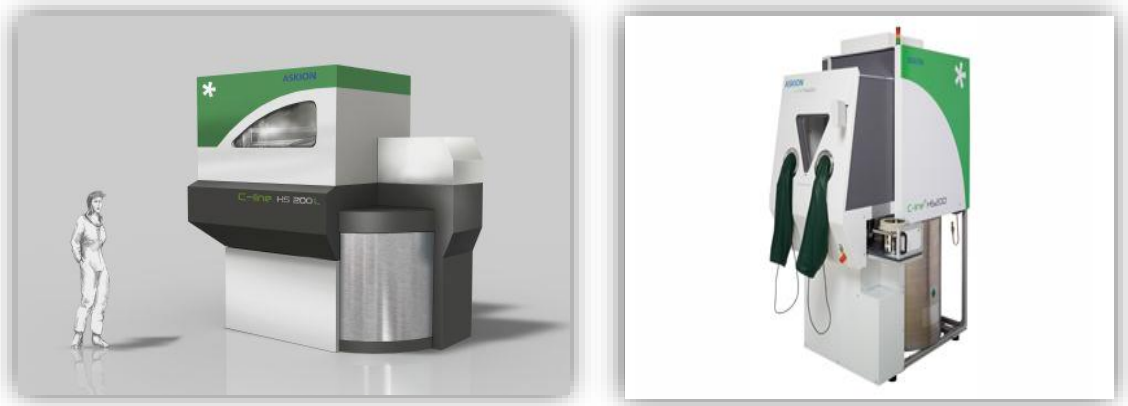
**Figure 5: Sulphur and nitrogen analysis devices from Firm C**  
Source: <http://www.elementar.de/>



These devices are analytical instruments for the tracing and measurement of non-metallic elements like carbon, nitrogen, sulphur, hydrogen, oxygen or chlorine in all organic and most inorganic substances. They are used in a variety of industries, including food and beverage, agriculture, chemical engineering, pharmaceutical, as well as in environmental sciences.

**Figure 6: Biobank storing solutions from Firm B**

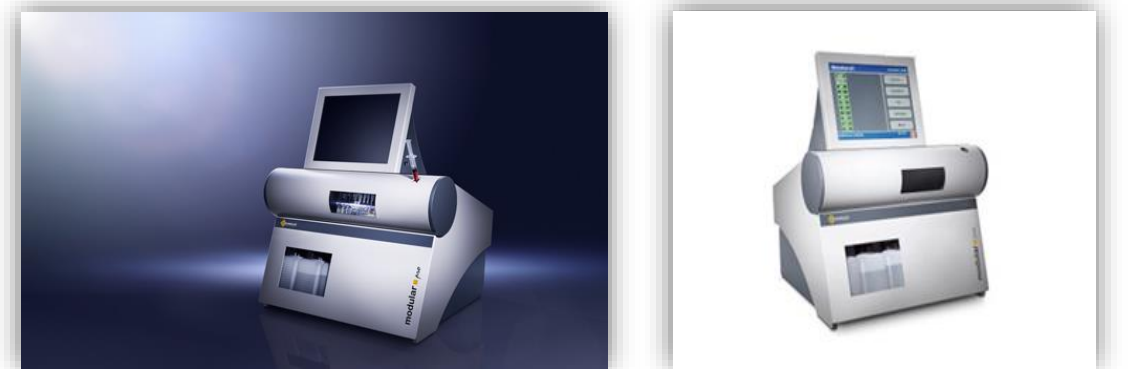
Source: <http://www.askion.com>



The Biobank Storing Devices store and handle samples of blood, sperm and excrements for both medical and research purposes. They are used in particular by hospitals, pharmaceutical firms, research institutions and universities.

**Figure 7: Blood gas analysis systems from Firm H**

Source: <http://www.eschweiler-kiel.de>



The blood gas analysis devices analyse the contents of different gases (such as hydrogen and oxygen) in human blood, in the diagnosis of medical conditions and health problems, in particular in third world countries.



**Figure 8: Gas analysis mass spectrometers from Firm M**

Source: <http://www.in-process.com/>



The gas mass spectrometers are integrated into large scale industrial processes and attached to large mechanical systems, in order to analyse key components of gases and fluids. The devices are also used for research purposes, and used as laboratory equipment, when gas analysis is required.

Respondent C asserts that due to the complex nature of the devices, each project requires an individual approach. Other respondents also speak of the specific nature of their devices, their technical complexity and the need to engage in needs analysis and consultancy talks.

*“We are a manufacturer and distributor of expensive capital goods which really need detailed explanation and instruction. This has to be dealt with through singular projects.” (Respondent C)*

*“We are not a manufacturer of consumer goods, we make capital goods.” (Respondent J)*

*“They are technical devices, really explanation-intense. Customised solutions.”*

*(Respondent M)*

*“Selling such highly complex and technical products is very much based on explanations and consulting. You cannot handle this via normal and conventional distribution channels.” (Respondent N)*

Respondent H, Managing Director at Firm H, discusses the after-sales services required for his blood gas analysis devices, stressing how difficult it is to engage in these initiatives directly, and without the help of a technical specialist abroad.

*“You must also offer technical service and support, because our devices require maintenance and this technical service can only be provided by the distribution partner in that country.” (Respondent H)*

Respondent M also explains the importance of after-sales services and corresponding short reaction times in case of device malfunction, and shares the perceived need for an actual presence on-site. Respondent B confirms that for repairs and maintenance, time is of the essence.

*“We simply cannot guarantee these required reaction times, this means the contact with the end customer is not as good as if you actually have someone there on site.”*

*(Respondent M)*

*“You need to provide service, and service for us means 24/7. You normally need to guarantee at least 48 hours, merely 24 hours. If something does not run smoothly, the hydraulic lift is out of order, or there is a software problem, you do need to solve this the following day. You do need to solve it the following day!” (Respondent B)*

Table 10 provides an overview of the firms under investigation. It illustrates firm-specific information such as business focus, year of foundation, number of employees, turnover, respective number of foreign countries they operate in, and the geographical regions they cover. It also provides information on the international sales ratio. On average, the firms under investigation are 32 years of age, have 53 employees, a yearly turnover of around €7.2 million, and operate in around 50 countries.

**Table 10: Overview of Participating Firms (1/2)**

<b>Firm</b>	<b>Business focus</b>	<b>Founded (Year)</b>	<b>Employees in 2014</b>	<b>Turnover 2014 (in Mio. €)</b>	<b>Foreign markets</b>	<b>Geographical spread</b>	<b>Intl. sales ratio*</b>
<b>B</b>	Manufacturer of bio bank storing solutions and technology (biotechnology)	2005	100	5.2	3	Europe, North America	high
<b>C</b>	Worldwide leading manufacturer of analytical instruments for non-metallic elements in all organic and the majority of inorganic substances	1988	83	17	70	Europe, Middle East, East Asia, Africa, North America, Middle America, South America, Australia / New Zealand	very high
<b>D</b>	Manufacturer of medical devices for cardiological functional diagnostics	1984	75	10	50	Europe, Middle East, East Asia, Africa, North America	medium
<b>E</b>	Manufacturer of lighting technology for medical applications - examination and operation table lights	1947	72	18	80	Europe, Middle East, East Asia, Africa, North America, Middle America, South America, Australia / New Zealand	high
<b>F</b>	Manufacturer of magnetic lap technologies: magnetic stirrers, reactionblocks and magnetic drive systems	2007	11	2.5	60	Europe, Middle East, East Asia, Africa, North America, Middle America, South America, Australia / New Zealand	high
<b>G</b>	Manufacturer of customised orthopaedic insoles made from high technology materials and components	2003	41	4	20	Europe, East Asia, Africa, Australia / New Zealand	medium
<b>H</b>	Manufacturer of devices for bloodgas and electrolyte analysis	1951	20	3	30	Europe, Middle East, East Asia, North America, South America, Australia / New Zealand	very high
<b>I</b>	Manufacturer of medical devices - innovative neurosurgical implants (treatment of hydrocephalus) - valves	1992	50	8	50	Europe, Middle East, East Asia, Africa, Middle America, South America, Australia / New Zealand	high
<b>J</b>	Manufacturer of high-technology medical devices - technical solutions in ventilation, anesthesiology and oxygen supply	1974	100	16	100	Europe, Middle East, East Asia, Africa, Middle America, South America, Australia / New Zealand	very high

**Table 10: Overview of Participating Firms (2/2/)**

<b>Firm</b>	<b>Business focus</b>	<b>Founded (Year)</b>	<b>Employees in 2014</b>	<b>Turnover 2014 (in Mio. €)</b>	<b>Foreign markets</b>	<b>Geographical spread</b>	<b>Intl. sales ratio*</b>
<b>K</b>	Manufacturer of measuring instruments (i.e. for construction sites)	1950	35	3	45	Europe, Middle East, East Asia, Africa, North America, South America, Australia / New Zealand	medium
<b>L</b>	Manufacturer of laboratory instruments, volumetric analysis glass instruments and precision capillaries for laboratory specialists.	1964	120	10	100	Europe, Middle East, East Asia, Africa, North America, Middle America, South America, Australia / New Zealand	high
<b>M</b>	Manufacturers of gas analysis instruments - process mass spectrometers for both industries and research	1997	25	4	30	Europe, Middle East, East Asia, North America, Middle America, South America	high
<b>N</b>	Manufacturer of micro annular pumps which dose small amounts of liquids fast and accurately - for a variety of fields - Life Science, Chemistry, Mechanical Engineering	1998	74	5	17	Europe, East Asia, Africa, North America South America, Australia / New Zealand	very high
<b>O</b>	Worldwide leading manufacturer of optical measuring devices for the optical industry, machine tool industry, research institutes, laboratories and national calibration	2000	16	2	40	Europe, East Asia, Africa, North America, Middle America, South America, Australia / New Zealand	medium
<b>P</b>	Manufacturer of distillation systems for research, development and production in the chemical, pharmaceutical and food industries and in biochemistry	1990	25	3,5	60	Europe, Middle East, East Asia, Africa, North America, Middle America, South America, Australia / New Zealand	high
<b>Q</b>	Provider of glass coating solutions for a variety of industries including architecture, medical engineering as well as technical engineering	1992	30	3	15	Europe, East Asia, North America	medium
<b>R</b>	Manufacturer of medical-electronic devices in innovative areas such as sleep medicine and respirator/ventilator technology	1986	40	5	90	Europe, Middle East, East Asia, Africa, North America, Middle America, South America, Australia / New Zealand	medium

\*the ratio international sales/overall sales and its categorisation stem from the pre-screening questionnaire. Only firms with an international sales ratio of at least 25% are eligible for this study. The categorisation for this table differentiates medium (25-50%), high (50-75%), and very high (>75%).

For the HTSMEs under investigation, potential market entries are often initiated by so-called ‘tender announcements’. Demand for devices and solutions arise and the IO presents itself to the firm, when, for example, a new hospital or a research institution is conceptualised, built and/or modernised, and needs to be equipped. These international or global tenders refer to large-scale projects, and in most cases, are initiated by the host country Governments and their health authorities. Their decision-makers are partly advised by industry- and governmental-consultants. In turn, the HTSMEs must pitch for the contract. Respondent I, Head of Business Development at Firm I, explains the typical procedure. Respondent J, Export Consultant at Firm J, speaks of the Governmental role in creating IOs, while respondent R, Export Manager, highlight implications on key value chain activities, and the resulting importance of branding and advertising for his business:

*“The public health authority calculates, let’s say for the next one, two years, and they make a tender announcement worldwide, and the firms that manufacture these products can apply for the deal.” (Respondent I)*

*“An opportunity is created, when the Government decides to build a new hospital with 1000 beds or so. Before that, the opportunity is non-existing.” (Respondent J)*

*“A lot of country markets are triggered entirely by tender announcements. This means you will only have business if you win the tender. You cannot simply enter those countries, as we could do it in Germany or other surrounding countries to initiate business and to promote ourselves. You do need to establish your brand name*

*somehow. It is crucial to know: What are the product specifications? Does this match our products? Are we able to correspond to the price level? Do we know the decision-makers? How do they perceive our brand? This means, if you haven't been to a certain country, you will, in most cases, not win the tender. This requires careful preparation. Presence and the creation of brand awareness.” (Respondent R)*

Respondent O, Managing Director of Firm O, mentions the potential negative aspects associated with these tender announcements. Individuals in potential partner firms, who identify the tender in their domestic market, often display an opportunistic behaviour, and search for potential manufacturers they can utilise and exploit for a single deal, while they do pursue along-term relationship. Respondent R shares these reservations:

*“Let's say we have had a variety of contacts in Brazil with various firms who wanted to distribute our products. But these had only been singular inquiries. It happens a lot in these countries, when specific tenders are taking place. And you will find lots of firms wanting to jump on the bandwagon and wanting to partner up with you, but in fact, they only want to make this one single deal.” (Respondent O)*

*“I am telling you: That doesn't work out in most cases! Those guys jump on the bandwagon, when they realise there is something going on. They would then say: I am looking for a partner now! Those partnerships don't work, because advertising and establishment of the brand hasn't taken place yet.” (Respondent R)*

Further, respondents commonly report that both size-related and financial constraints influence how IOs are identified and can be exploited. Value chain requirements and characteristics strongly contrast the financial constraints the firms face. IO-related decisions often represent a trade-off between the resources available to the firm and the support requirements of the customer, as previous IE research asserts (Burgel and Murray, 2000). Respondent E contends that inherent resource constraints impede the establishment of sales subsidiaries abroad. Respondent K and respondent H explain how financial constraints limit the strategic options available to them:

*“There are many interesting markets, where we simply cannot find suitable distribution partners. In turn, it is also difficult to establish an own subsidiary, since there are high costs associated with that and you need to have a certain turnover to balance that out. And you cannot expect to reach this turnover in most of the country markets. Not us being such a small provider in a niche market.” (Respondent E)*

*“This [working with distribution partners] is our method, since we just simply don’t have the financial means to engage in a systematic entry and market development, such as, for example: ‘We go there, we try to acquire a firm there’, or anything like that. This is not possible, or this is hardly possible for us.” (Respondent K)*

*“Offering and selling our products in foreign markets in a different way? No! Because we are without an alternative. We are, due to our size, not able to provide this continuous service there. This means we need to find a professional partner, in each country. And we can find them in every country.” (Respondent H)*



Respondents commonly understand that due to financial constraints and the small firm size, the enactment of IOs requires a pragmatic behavioural approach. Respondent H's and respondent N's (Managing Director of Firm N) statements confirm that IO exploitation is a pragmatic and emergent action:

*“We are unstructured and we try to capitalise on opportunities. Yes, we cannot be much more professional than that, since we do not have the in-house capacity here that would allow us to do it differently. As I said, we have 20 employees here, and you need to correspond to that, size wise.” (Respondent H)*

*“As an SME, we are much more opportunity-driven. We do not engage in a systematic market analysis and based on that, make strategic decisions.” (Respondent N)*

Respondent I further confirms that financial considerations play a significant role in the evaluation of IO exploitation pathways.

*“The first and foremost reason is always the cost. That means, transferring the production abroad, will, most likely, not take place due to the associated costs.” (Respondent I)*

The next section introduces the respondents of this study, and highlights their professional and educational background.

#### 5.4.3.2 Key Decision-Makers in German HTSMEs

Early IB research asserts that individuals' personal (Mintzberg, 1989, Mintzberg and Waters, 1982; Cavusgil and Godiwalla, 1982) and educational (Baruch, 1997; Baruch and Peiperl, 1997) background affect decision-making; and IE scholars contend that individual characteristics influence how these individuals identify and perceive IOs (Jansen et al., 2013; Crick and Spence, 2005; Spence, 2003; Loyd and Mughan, 2002, Crick and Jones, 2000). Most of the respondents have no educational background in business administration, management, or marketing. By contrast, most of them are engineers, chemists, biologists or physicists. The respondents report a fundamental knowledge of the product specifications and functions, as well as manufacturing and assembly procedures. Their international sales experience and expertise often results from experiential learning, an incremental and stepwise accumulation of knowledge, and/or experience in previous similar positions in other firms.

Out of these 17 individuals, 5 respondents hold a doctoral degree in chemistry, physics, mechanical engineering and biochemistry, thus confirming the high educational background of high-tech entrepreneurs (Crick and Spence, 2005; Baruch, 1997; Baruch and Peiperl, 1997). The average age of the respondents is 55, and in most cases these KDMs have more than 20 years of work experience in their particular or similar industries. Respondent B, CEO of firm B, explains his personal background accordingly:

*“As one of the CEOs, I am responsible for Marketing and Sales. My personal background: I am not a business or business administration person, but it was learning by doing!” (Respondent B)*

Respondent P, Managing Director at Firm P, also shares his personal career development. He emphasises a non-business educational background, and stresses that his key expertise relates to the development of the distillation apparatuses his firm manufactures. He understands how the complex apparatuses are manufactured and function, and explains that his industry-specific vocational training also mean that he learned the fundamental business administration principles:

*“I am in fact a master craftsman. I was able to build those glass apparatuses myself, the ones that you can see on the picture over there. And also, as a master craftsman you learn how to run a business.” (Respondent P)*

Both respondent M, Product and Sales Manager at Firm M, and respondent D, Managing Director of Firm D, explain their educational and personal background, in emphasising their core competencies and areas of expertise:

*“I am responsible for all international sales here in this firm. I am a chemist, and this can be really helpful in this area of sales of technical and complex devices.” (Respondent M)*

*“I have been in this firm since 1987. I started as hardware development manager, I have studied electronic technologies, and in the past couple of years I have had various positions and responsibilities in this firm. As I said, in the beginning I was developing hardware, later project management, development manager, and now after all those years, I am one of the Managing Directors.” (Respondent D)*

Table 11 lists the respondents that were interviewed for this study, and illustrates their position in their respective firms.

**Table 11: Respondents interviewed**

Firm/ Respondent	Position	Firm/ Respondent	Position
<b>B</b>	Managing Director	<b>K</b>	CEO
<b>C</b>	CEO	<b>L</b>	CEO
<b>D</b>	Managing Director	<b>M</b>	Product and Sales Manager
<b>E</b>	Director of Sales	<b>N</b>	Managing Director
<b>F</b>	CEO	<b>O</b>	Managing Director
<b>G</b>	Managing Director	<b>P</b>	Managing Director
<b>H</b>	Managing Director	<b>Q</b>	Managing Director
<b>I</b>	Head of Business Development	<b>R</b>	Export Manager
<b>J</b>	Export Consultant		

The small size of the participating firms in terms of the number of employees and a non-hierarchical organisational structure mean that respondents are engaged in many overlapping activities and responsibilities simultaneously (Peiris et al., 2013/2012; Hales, 1999). Respondents commonly report an internal conflict in terms of the allocation of workload and tasks. This internal conflict sees, on the one hand, the necessity to be involved in day-to-day business, and on the other hand, the need to make higher-ranking decisions. These time-related constraints influence how IO are identified and perceived by these individuals. Respondent P uses the metaphor of a shirt and a jacket to illustrate this internal conflict, and confirms that daily business remains first priority. In another metaphor, he refers to his firm as a ship and to himself

as the captain, stating that he should spend more time on the bridge rather than in the machine room. He acknowledges shortcomings in management and priority-setting:

*“This means: the shirt which is closer to us than the jacket is our daily business and this has always priority over other aspects. [...] Of course, we had to steer the ship. But we spent most of the time in the engine room” (Respondent P)*

Most of the respondents agree, and claim that because of their direct personal involvement in daily business aspects, they do not allow sufficient time for strategic and higher-ranking decisions. Respondent Q agrees with respondent P’ explanations, and illustrates how he is not able to devote the necessary time to engage in a deliberate and systematic evaluation of opportunities to make informed decisions. He speaks of a rather opportunistic and reactive behaviour:

*“There is always something happening, and for those things you need a certain calmness. And this is maybe one of the drawbacks of being such a small firm like ours. I am always deeply involved in so many things, I do not give myself enough time for certain higher ranking, strategic issues. This would be something typical, where you would sit down at your desk thinking, evaluating: Would this be a route to follow? And: How would you find such a suitable partner firm?” (Respondent Q)*

The next section provides an overview of market entries this study examines, and the entry form the firms under investigation employ.

#### **5.4.3.3 Market Entries Performed**

The firms adopted a variety of different market entry forms. More specifically, while respondents commonly use distribution partner firms, or what Moen et al. (2010) consider as partnership agreements, the empirical data show that the KDMs also opt for mixed modes or mode combinations (Benito et al., 2009; Petersen et al., 2008; Welch et al., 2007; Petersen and Welch, 2002; Petersen et al., 2001). Such decisions are made to correspond to the aforementioned challenges the markets, customers and value chain requirements present. Market entry strategies are often seen to support and complement each other in an overall market penetration strategy (Petersen et al., 2008). Table 12 lists the market entries and the respective entry strategies adopted by the firms between 2009 and 2014.

**Table 12: Market Entries and Entry Strategies Performed between 2009 and 2014**

<b>Firm</b>	<b>Market Entries</b>	<b>Entry Strategy</b>
<b>B</b>	Russia (2009)	Distribution partner
<b>C</b>	Brazil (2009)	Modal mix: Multiple distr. partners / Sales/Marketing Subsidiary
<b>D</b>	China (2010) Korea (2010)	Strategic supplier / OEM* Strategic supplier / OEM*
<b>E</b>	Mexico (2012) Chile (2010)	Distribution partner Distribution partner
<b>F</b>	USA (2009) Vietnam (2010)	Distribution partner Distribution partner
<b>G</b>	Russia (2014)	Distribution partner
<b>H</b>	Bulgaria (2012) Pakistan (2012)	Distribution partner Modal mix: Distribution partner coordinated from partner (India)
<b>I</b>	Iraq (2013) Cuba (2013) Brazil (2012) USA (2009)	Strategic alliance. One big distribution partner (worldwide) Strategic alliance. One big distribution partner (worldwide) Multiple distribution partners (according to regions) Strategic alliance. One big distribution partner (worldwide)
<b>J</b>	Peru (2012) Columbia (2012) Ecuador (2012)	Modal mix: Distr. partner coordinated from Argentina (Sales hub) Modal mix: Distr. partner coordinated from Argentina (Sales hub) Modal mix: Distr. partner coordinated from Argentina (Sales hub)
<b>K</b>	Brazil (2011) Canada (2010) Japan (2010)	Multiple distribution partners Multiple distribution partners Multiple distribution partners
<b>L</b>	Columbia (2014) Guatemala (2014) Nigeria (2013)	Modal Mix: Distribution partner / 'Preferred supplier' Modal Mix: Distribution partner / 'Preferred supplier' Modal Mix: Distribution partner / 'Preferred supplier'
<b>M</b>	Singapore (2012) Malaysia (2011) Thailand (2011) India (2012)	Modal mix: Distribution partner / OEM Modal mix: Distribution partner / OEM Modal mix: Distribution partner / OEM Modal mix: Distribution partner / OEM
<b>N</b>	Israel (2012) Taiwan (2010) Singapore (2012) China (2011)	Distribution partner Distribution partner Distribution partner Distribution partner
<b>O</b>	Mexico (2013) Brazil (2012)	Direct entry (exporting) Direct entry (exporting)
<b>P</b>	Chile (2009) Columbia (2010)	Sales and service subsidiary (Hub) Modal mix: Distribution partner coordinated from Chile (Hub)
<b>Q</b>	India (2011) Poland (2012) Spain (2009)	Direct entry (exporting) Distribution partner Distribution partner
<b>R</b>	Peru (2009) Australia (2009)	Distribution partner Distribution partner

#### **5.4.4 Qualitative Face-to-Face In-depth Interviews**

In line with the research objectives, and in order to explore NCs, the unit of analysis of this study is the individual KDM and the corresponding entrepreneurial behaviour in network relationships. Interviews were conducted during the months of July, August and September 2014, and took place in the respondents' own offices or in dedicated meeting rooms in the firms. These on-site visits, as opposed to telephone or Skype calls, helped the researcher to get to know the respondents, their firms and their devices better. This facilitated the later interpretation and analysis of the data (Lindstrand et al., 2011; Moen et al., 2004), and improved rapport and communication with KDMs.

The interviews discussed foreign market entries the firms under investigation performed in the five-year period 2009 to 2014 (cf. section 6.4.2) and these executed entries during this time ranged from one to four entries. Consequently, the number of IO enactment procedures discussed in the interviews varied accordingly. The 17 face-to-face in-depth interviews discussed a total number of 41 entries into foreign markets (cf. section 5.4.3.3). The interviews lasted for between 60 and 90 minutes and were audio-recorded for full transcription and later analysis.

The qualitative face-to-face interviews were chosen as the adequate research method because it allows guided, focused and open-ended communication with the respondents (Miller, 1999), and enabled respondents responsible for internationalisation to provide responses and insights based on personal experiences (Coviello and Munro, 1997). In such recalled incidences, the informants commonly elaborate on their recalled behaviour and personal attitude (Crick and Spence, 2005). As the act of enacting IOs



by interacting with individuals in network relationships represent personal experiences, this method fits its purpose.

Interpretive phenomenological interviewing, another methodological stream within the qualitative inquiry tradition (Cope, 2011; Thompson et al., 1989) advocates no a priori formulation of questions regarding the topic, in order to gain insights into the lived experiences of the respondents. As opposed to that approach, this study favours guided communication and the initial formulation of broad topics to be discussed, to assist the researcher in his data collection. This decision to formulate broad discussion topics stemmed from this study's necessity to integrate the NCs and IO conceptualisations into the discussion, and to apply a network lens accordingly. The use of a discussion guide in the initial interviews facilitated this.

Interviews have the additional advantage of allowing respondents to volunteer information rather than responding to pre-set, structured questions of a survey that might well hinder the development of a holistic understanding of the issue (Freeman and Cavusgil, 2007). The choice to conduct qualitative face-to-face interviews builds on Crick and Jones' (2000: 69) proposition that, as a major advantage over a quantitative methodology they "*enabled the main topics of interest to be covered in a way that allowed managers to tell their stories freely.*" This seems an indispensable feature given the exploratory nature of the study, and its broadly formulated aims and objectives.

The initial interviews were loosely-structured to ensure that the discussion was driven by what the respondents felt was important, and to stay as close as possible to their lived experience (Andersson, 2011; Coviello and Munro, 1997). In these interviews, the researcher gained a clearer understanding of the phenomena under investigation, as the loose structure of these first interviews allowed the informants to freely discuss IO exploitation procedures, and to elaborate on their corresponding interaction with relevant individuals. Respondents commonly discussed whatever they felt was relevant to them and their narratives.

In line with this approach, the respondents initially introduced themselves, their firm and the devices they manufacture, and briefly outlined the main characteristics of the value chain, as well as the involvement of players in their networks. After that, the initial interviews proceeded with the question "*Can you tell me about your personal experiences of the process of entering [Country Market]?*" in order to stimulate a high degree of insight gained from the respondents' lived experiences and recalled incidents. Subsequent questions derived from the ongoing dialogue.

Alongside the aims and objectives of this study, these initial and broader open-ended questions included questions which referred to how these KDMs engaged with relevant individuals in network relationships, sought to explore the influential role of these individuals in network relationships in the IO identification and later enactment, and aimed at understanding how business abroad was initiated subsequently. These questions were further asked to facilitate an initial exploration of their displayed NCs associated with these IO identification and enactment procedures. Table 13 presents

exemplary open-ended questions asked in these interviews, and provides their respective rationales and objectives.

**Table 13: Exemplary open-ended Questions asked during the Initial Interviews**

<u>Exemplary questions</u>	<u>Rationale and Objective</u>
<i>Who were the individuals and network players you communicated with?</i>	Initial exploration of how the KDM interacts within network relationships.
<i>How did these interactions take place and look like?</i>	
<i>To what extent did you seek for advice of others?</i>	
<i>How and to what extent did these interactions affect the decisions and the ways the business opportunity was evaluated?</i>	Initial exploration of the role and significance of network relationships and interactions in the identification and enactment of IOs.
<i>Can you elaborate on their significance and importance for the identification and exploitation of opportunities in foreign markets?</i>	
<i>How did you react to the interaction in your networks? How did you behave?</i>	Initial exploration of the entrepreneurial behaviour and reactions in network relationships, to facilitate an initial understanding of NCs displayed by the respondents.
<i>How did this change your mindset and approach pertaining to the identification and exploitation of IOs?</i>	
<i>How did these experiences affect your behaviour and the way the business opportunity was exploited?</i>	
<i>What kind of abilities do you need to have to exploit opportunities in foreign markets? How do you utilise those abilities in your networks?</i>	

Here, the loose structure of these initial interviews was used to “*encourage the respondents to elaborate on their behaviour*” (Taylor and Thorpe, 2004: 205) in the context of these recalled foreign market entries, and to freely speak about their corresponding interactions with other individuals. The qualitative interviews were process- rather than content-oriented (Cope and Watts, 2000), since they focused on IO identification and enactment procedures and the corresponding human interactions as they emerged in the general flow of discussion.

Given the emergent nature of the data collection and analysis procedures, the questions asked and the topics covered in the interviews developed and changed over time, as more interviews took place (Bryant and Charmaz, 2007; Glaser and Strauss, 1967). The researcher gradually developed his knowledge on this topic and used insights provided by previous respondents for subsequent interviews (Charmaz, 2014; Strauss and Corbin, 1990). Consequently, interviews conducted at a later stage differed from the initial ones in terms of questions asked and aspects covered, as the researcher had developed a clearer appreciation of the phenomena under investigation. The interviews became increasingly structured over time as the data collection progressed, and the questions asked became more specific and elaborated (Charmaz, 2014; Saldaña, 2013).

These later open-ended questions aimed at further exploring the KDMs’ behaviour during the recalled IO identification and enactment narratives, in order to gain further insights into the NCs they displayed. They further emphasised the composition and of all networks and network relationships of the KDMs and their firms, in order to identify NCs associated with relationships at interpersonal, inter-organisational, and COO

levels. These questions also aimed at exploring the nature and intensity of these human interactions, as well as how the KDMs perceived and acted upon those interactions, thus how they altered their behaviour accordingly.

The researcher's ability to appreciate emerging findings was seen as critical in the course of the fieldwork processes (Glaser and Strauss, 1967), making him a constituent part of this data collection method, and of the construction of theoretical knowledge (Guba and Lincoln, 1994). This confirms the earlier assertion that the interpretation of the human act requires an empathetic identification with the situation of the respondent (Ackroyd, 2004), which the researcher had to be aware of while conducting the interviews.

These emergent data collection procedures continued until the empirical saturation point was reached, and the interviews conducted at the last few firms provided narratives similar to those which previous interviews had established (Lindstrand et al., 2011). This empirical saturation point was reached after the 17 qualitative in-depth interviews had taken place. No more respondents were recruited, as the researcher made sure that no more data were needed, and the available data enabled the researcher to fulfil the research objectives (Charmaz, 2014; Strauss and Corbin, 1990).

The researcher encountered a variety of challenges and obstacles during the interviews. Initially, respondents were commonly unaware of the existence of actual IO identification and enactment procedures, and/or their respective role within them. They shared their personal experiences of foreign market entries and the decisions they made

in a clear manner, but commonly did not report that an actual IO identification and exploitation stages took place. The researcher faced the task to explore and identify NCs, while the respondents commonly did not consciously discuss these or understood their existence. The initial fear, that the empirical data would not provide sufficient insights to explore the NCs in the enactment of IOs, was not confirmed.

Further, respondents often were unfamiliar with some theoretical concepts and terms used in the academic literature. These included this study's key concepts of IE, IO, as well as the NCs. Thus, the HTSME KDMs had difficulties in linking these concepts to their decision-making and their own entrepreneurial behaviour. The researcher had to rephrase terms, expressions and questions to establish common meaning and rapport with the respondents, and to put them at their ease. This also meant describing relevant concepts and phenomena in a simplified language, and encouraging respondents to use their own terminology.

These challenges also stemmed from the fact that the respondents were not used to critically evaluate and elaborate on their own behaviour, taking their own habitual business procedures for granted. The flow of these interviews improved through interviewing, and the researcher's role in handling the KDMs' bias and reservations became more effective over time.

#### **5.4.5 SPECTARIS Conference at the German Federal Foreign Office**

Following the qualitative in-depth interviews with the HTSME KDMs, the researcher participated at a SPECTARIS event that took place in the Ministry of Foreign Affairs in Berlin on the 16<sup>th</sup> of September 2014. This participation followed an invitation by

the two SPECTARIS representatives the researcher had visited in June of that year. The focus of this event, ‘SPECTARIS Aussenwirtschaftstag’, was ‘The internationalisation of German high-technology’, and specifically the discussion and evaluation of suitable and effective market entry strategies for the SPECTARIS member firms. The conference consisted of workshops, panel discussions and case study illustrations by CEOs and other KDMs of selected member firms. This event further increased the researcher’s industry knowledge, and his appreciation about the difficulties these firms face when entering new foreign markets.

The thematic workshops and panel discussions of this event were dedicated to certain geographical regions, and specific market entry strategies. These topics included: *“China: What are the requirements in this booming market?”*, *“Middle East: Recent developments, what are the new potentials?”*, *“Latin America: promising target markets for high-tech industries”*, *“New firm foundations abroad: Strategic location choice and main criteria of an effective market development via subsidiaries”*, and *“Globalisation of German Mittelstand: Evaluation of political risks while operating abroad and sending over expats”* (SPECTARIS, 2014).

The themes and topics discussed at this event confirm assertions that the identification of IOs remains a key challenge to HTSMEs (Crick and Crick, 2014; Crick and Jones, 2000), and suggested that effective IO enactment represents a complex procedure (Mainela et al., 2014). Clearly, this event sought to encourage KDMs to learn from other KDMs’ experiences, suggestions and advice. These discussions emphasised the evaluation of alternative IO identification and enactment pathways, and adequate

decision-making to enact the earlier-discussed windows of opportunity (Crick and Crick, 2014; Nordman and Melén, 2008; Acedo and Jones, 2007; Crick and Spence, 2005) when they arise in foreign markets.

Particular attention was devoted to the inherent resource constraints these firms face (Crick and Crick, 2014; Nordman and Melén, 2008; Acedo and Jones, 2007; Crick and Spence, 2005). Participants exchanged ideas and propositions to overcome these obstacles. Consequently, the participants discussed IO exploitation alternatives in light of the associated financial impacts. In some cases, profit and loss calculation tables were illustrated to compare and contrast the envisaged monetary implications associated with particular IO procedures. Questions from the audience that sought to identify correlations between a firm's turnover, anticipated ROI and the critical investment threshold in each market, provoked controversial views. These discussions confirmed that the willingness to invest and take risks often resides in the individual's mind (Jansen et al., 2013; Crick and Spence, 2005; Spence, 2003; Loyd and Mughan, 2002) rather than quantifiable and objectively measurable market potential.

Having conducted the face-to-face interviews with the HTSME KDMs, the participation at this event helped sense-making of the respondents' narratives and the corresponding transcribed material during the ongoing data analysis procedures. This supported the interpretation of the collected data. In addition to the official discussions and presentations in the conference proceedings, networking and additional informal engagement with industry-experts and HTSME KDMs during coffee breaks and lunch



also supported these aims. The following sections highlight the systematic data analysis procedure undertaken in this study.

## **5.5 Data Analysis Procedures**

This present study believes that “*we do not conduct research only to amass data. The purpose of research is to discover answers to questions through the application of systematic procedures*” (Berg, 2007: 8). This section discusses the systematic data analysis procedures employed in the study. It firstly considers the act of transcribing recorded data material, secondly discusses issues and aspects associated with translation, and thirdly accounts for the analytical and systematic data analysis that was undertaken.

### **5.5.1 Interview Transcripts**

Alongside the ongoing data collection procedures, the audio-recorded interviews were fully transcribed and saved as Microsoft Word documents. “*Transcription is a practice central to qualitative research*” (Davidson, 2009:1), and a common procedure amongst qualitative researchers analysing recorded material (Saldaña, 2013). The study understands transcripts as a representational process (Bucholtz, 2000; Green et al., 1997) which integrates “*what is represented in the transcript (e.g., talk, time, nonverbal actions, speaker/hearer relationships, physical orientation [...]) and how analysts position themselves and their participants in their representations of content, and action*” (Green et al., 1997: 173).

Transcription is not merely a mechanical procedure and application of notation symbols. Instead, it affects how researchers locate themselves and others in the research process (Jaffe, 2007). Further, transcription facilitates theory shaping (Du

Bois, 1991) as researchers “*reflexively document and affirm theoretical positions*” (Mischler, 1991: 271) during the transcription process. Thus, rather than seeing transcripts as a taken-for-granted procedural step prior to data analysis, transcripts are a constituent part of the analytical procedures, initially and intuitively shaping the researchers’ perception and appreciation of the collected data (Davidson, 2009).

Electronic copies of the individual transcripts were sent back to the respondents for a member check, in order to ensure that all passages were typed correctly and the content corresponded to the actual information respondents wanted to convey. Respondents were asked to report any inconsistencies and mistakes. None of the respondents reported any inconsistencies, which argues for the validity of the raw data prior to its systematic analysis.

### **5.5.2 Cross-Language and Translation**

In line with the methodological choice, “*language is a fundamental tool through which qualitative researchers seek to understand human behaviour, social processes and the cultural meanings that inscribe human behaviour*” (Hennink, 2008:1). As this study incorporates two languages, namely English as the written language of this thesis, and German as the language of fieldwork, the research process involved, at some point, the act of translation between those two languages (Temple and Young, 2004).

The interviews were conducted in German. The researcher is a native speaker of German and a German citizen, and so were the respondents. Conducting the interviews in the mother language of both participants supported the overall level of human interaction, and avoided potential communication problems. This allowed the

respondents to ask specific questions for clarification, which enhanced the overall accuracy of the data, and kept the risk of misinterpretation to a minimum. Moreover, since the focus of this present study is German HTSMEs, a specific product- and firm-related German terminology is used in the respondents' firms.

Whereas standardised questionnaires in quantitative cross-language research are commonly translated using the translation/back translation method (Olejnik and Swoboda, 2012; Hult et al., 2008), this procedure is not common in qualitative cross-language studies (Chidlow et al., 2014). There are numerous IO-related IE studies where researchers have conducted qualitative in-depth interviews in their home countries with KDMs in their native language. Exemplary studies include research by Swedish (Lindstrand et al., 2011; Andersson, 2011; Johanson and Widersheim-Paul, 1975), Finnish (Gabrielsson and Gabrielsson, 2013; Kontinen and Ojala, 2012/2010; Ruokonen et al., 2008; Ojala and Tyrväinen, 2006 ), Norwegian (Moen et al., 2004) as well as Turkish (Kocak and Abimbola, 2009) researchers.

These papers neither identify and discuss translation issues in the respective methodology and/or data analysis sections, nor discuss if and how these issues were solved. The matter seems to have been neglected or not seen as important. Chidlow et al. (2014: 571), in acknowledging this silence on cross-language aspects in qualitative research, conclude that such researchers, conducting qualitative cross-language research “*do not account for their translation decisions in their reporting.*” The aforementioned researchers simply did not translate the transcripts prior to the data

analysis but only translated relevant quotations in the publication, partly with the help of bilingual peers.

Positioning itself into the first type of Chidlow et al.'s (2014) systematic investigation on cross-language issues in IB research, namely 'single non-English speaking country', this study's aim is not to establish data equivalence. It does not belong to the type of research, where findings from different countries are contrasted and compared. This study also advocates Twinn's view (1997: 423) that in qualitative research "*where understanding the essence of the phenomenon from the informants' perspective is the fundamental purpose of the research design, the use of translation must be seriously questioned when considering the rigour of the research process.*" In turn, the positivist conception of language as a "*neutral component of communication through which researchers obtain information*", is rejected (Hennink, 2008: 22).

This study adopts Polkinghorne's (2005:135) description of qualitative research as "*language data*" and does not make claims of the study's equivalence (Chidlow et al., 2014). The researcher established good rapport with the respondents by communicating in their native language, and maintained the richness of the interviews by using native expressions throughout the data analysis procedures and the discussion of the findings (Tsang, 2001; Ghauri and Fang, 2001). Preserving the native expressions helped to avoid losing the meaning of terms that do not have an equivalent in the target language or might also hold culturally specific associations that were important to the research (Müller, 2007).

Consequently, no actual translation act of the transcribed interviews from German into English took place prior to data analysis. For the reporting of the results in English in this, the researcher, who has studied and lived in the United Kingdom for several years, relied on his own language skills during data analysis (Chidlow et al., 2014). Only selected quotations were translated into English for presentation and reporting of the findings (Ojala and Tyrväinen, 2006), in order to enrich the data discussed (Crick and Jones, 2000).

### **5.5.3 Interpretive Procedures and Systematic Analysis**

This section discusses the systematic data analysis procedures. It is divided into three subsections. The first introduces the analytical approach employed in this study, and the second one highlights the coding procedures. In line with the research aims and objectives, the third subsection illustrates the inductive development of subcategories and themes of NCs in the enactment of IOs in German HTSMEs

#### **5.5.3.1 Grounded Theory ‘Approach’ to Data Analysis**

This study acknowledges that *“the choice that the researcher makes for a particular method of analysis depends largely on what the researcher wants to find out”* (Easterby-Smith et al., 2012: 163). With this assertion in mind, this study uses an inductive approach to the systematic analysis of the qualitative data in line with the principles of GT (Glaser and Strauss, 1967). GT is a systematic approach to qualitative data analysis, generating theory that is grounded in the data themselves (Charmaz, 2014; Corbin and Strauss, 2008; Bryant and Charmaz, 2007; Glaser and Strauss, 1967). GT is particularly useful when the phenomenon under investigation is little understood and subjected to limited theoretical insights only (Saldaña, 2013) which is the case with this exploration of NCs in the light of IO enactment.

Strauss and Corbin (1998:24) define GT as “*a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded and substantive theory about a phenomenon.*” The GT analyst is commonly interested in questions such as ‘*What’s going on here?*’, ‘*Why are people acting the way they do?*’, and ‘*How are they doing what they do?*’ (Glaser and Strauss, 1967), as it is the case in the study which seeks answers to similar questions in the context of entrepreneurial behaviour of KDMs in the light IO exploitation.

As section 6.4.4 illustrates, the researcher’s ability to appreciate emerging findings was essential during the data collection process. Thus, the nature and content of the open-ended questions asked in the interviews emerged and developed over time, as more interviews took place, and the researcher shaped his understanding of the phenomenon under investigation (Charmaz, 2014; Strauss and Corbin, 1990; Glaser and Strauss, 1967). In line with this emergent approach to data collection, this study followed Charmaz’ (2014) proposition to simultaneously write analytic memos and field notes. This was done to support data analysis, to supplement the data gathered from the transcribed interviews, and to facilitate code development. These documents enriched the data corpus. These procedures are common characteristics of GT data analysis procedures, as data collection and analysis “*blur and intertwine continually*” (Glaser and Strauss 1967: 43).

As section 6.3 highlights, these empirical findings from the in-depth interviews were enriched with information provided by the two SPECTARIS industry-experts, other experts consulted at the industry-specific congress in the Ministry of Foreign Affairs

in Berlin, as well as secondary data on the industries these firms operate in. This approach was selected to allow data triangulation, and to facilitate the interpretation of the interview data during the GT data analysis procedures. This is a common procedure amongst qualitative HTSME researchers (Gabrielsson and Gabrielsson, 2013; Andersson, 2011; Lindstrand et al., 2011) seeking answers to research questions like the ones in this study.

The chosen analytical procedures correspond to the exploratory nature of this research, and reflect the broadly formulated research questions. They suit the research focus on the exploration of an IO-related entrepreneurial behaviour in network relationships, without previous assumptions or bias of the nature of this behaviour, its inherent features, and/or the required NCs. Consequently, the researcher was guided by his own intuition in the development of the appreciation of the data (Charmaz, 2014; Saldaña, 2013), in exploring the main features of this international entrepreneurial behaviour of the HTSME KDM in network relationships.

This analytical approach, which is based on an inductive categorisation deriving from the transcribed material, is consistent with Brewer's (2001) work on Australian internationalising SMEs. Hence, this study did not develop or select any a priori codes prior to the analysis of the data. Meanings were derived from the data rather than imposed on the data externally. The transcripts were carefully read and emerging findings were identified as the researcher let the data speak for themselves (Easterby Smith et al., 2012). This study used the NVivo Pro 11 qualitative data analysis software for the systematic data analysis procedures. The use of this software facilitated coding

procedures, supported the grouping, regrouping, and categorising of selected data material, and helped theorising and theme development. This software is particularly useful for such inductive data analysis approaches.

The GT data analysis approach was preferred over a thematic analysis (hereafter TA), another inductive and widely-used analytic approach in qualitative research (Braun and Clarke, 2006). This study acknowledges that the TA also offers an accessible and theoretically flexible approach to analysing qualitative data, in the search for themes and patterns (Jones et al., 2011; Boyatzis, 1998). Alongside Ryan and Bernard's (2000) proposition, however, this study locates thematic coding as a process performed within other major analytical traditions (such as GT), rather than considering it a specific analytical approach in its own right. It follows Boyatzis' (1998) view and sees TA as no actual analytical method but as a tool and procedure usable across different analytical methods.

Hence, this study asserts that even though characteristics of TA are found in the GT analysis, a TA approach does not suffice, given the complexity of the aims and objectives, and the aim to generate new theoretical knowledge in a field that remains understudied (Glaser and Strauss, 1967). Further, GT advocates and emphasises the integration with theory during the data analysis procedures in order to improve robustness and validity, whereas TA does not do so (Birks and Mills, 2011). These views see the GT approach to data analysis as a more robust and theoretically-grounded approach, which makes it more appropriate for this study.



### **5.5.3.2 Descriptive and Theoretical Coding**

The systematic analysis of the transcribed material in the ongoing data collection procedures commenced with the identification of those passages in the transcripts which included respondents' narratives and recalled incidents of human interactions in their network relationships. These passages represented the data that were used for the analytical and inductive procedures, and both descriptive and theoretical coding methods were applied simultaneously.

Descriptive coding, which can be used in every analytical approach, "*assigns labels to data to summarise in a word or a short phrase the basic topic of a passage of qualitative data*" (Saldaña, 2013: 262). This helped to summarise and label passages of IO exploitation and human interactions recalled by the respondents, by identifying their core meaning and nature for the researcher. As a common coding procedure in GT data analysis, theoretical coding "*progresses toward discovering the central category that identifies the primary theme or major conflict, obstacles, problem, issue, or concern to the participants*" (Saldaña, 2013: 268). In this case, this main concern of the participants refers to the enactment of IOs, making theoretical coding another suitable coding method for this study.

In line with this study's adoption of the NC approach as theoretical and analytical framework, the already established theoretical knowledge of how network relationships affect IO identification and discovery in SMEs (Vasilchenko and Morrish, 2011; Ellis, 2011; Lorentz and Gauri, 2008; Sasi and Arenius, 2008; Styles and Genua, 2008) (cf. chapter 2) served as analytical foundation and guideline. These existing insights were helpful to explore required capabilities within the networks in

order to enact those IOs. These theoretical guidelines affected how the codes were labelled, looked at, iteratively grouped and regrouped, in asserting that IO enactment requires and commonly follows IO identification (Mainela et al., 2014; Peiris et al., 2013) (cf. chapter 2). The aforementioned academic memos were particularly useful, as they served as *“theorising write-up of ideas about codes and their relationships as they strike the analyst while coding”* (Glaser, 1978: 83).

The analytical coding procedures were further driven by the awareness that IO enactment remains understudied (Mamun, 2015). As such, they stem from the proposition that new theoretical knowledge on the nature of IO enactment could be constructed from a closer focus on the KDMs entrepreneurial behaviour in network relationships, in understanding that IOs are often enacted collectively (Mainela et al., 2014). These coding procedures consequently drew on Mainela et al.’s (2014) proposed ‘interaction-focused approach’ to IO research. Finally, the scarce existing knowledge on NC in IE research (Mitrega et al., 2012; Grünberg-Bochard and Kreis-Hoyer, 2009; Sullivan Mort and Weerawardena, 2006) guided the inductive data analysis procedures alike.

The simultaneous application of coding methods resulted in the initial identification of 753 individual code descriptions or properties, an average of 44 per interview. These were constantly compared, both within and across respondents’ narratives, reorganised, prioritised and regrouped, to formulate code categories, around which others revolved (Saldaña, 2013). These procedures were iterative in nature, as the comparisons, grouping and reorganising of codes into coherent code categories required multiple

attempts (Charmaz, 2014; Glaser and Strauss, 1967), until no codes remained left out. Tables 14 and 15 depict exemplary codes supporting the development of corresponding subcategories and themes.

**Table 14 Codes supporting the Development of the *Capabilities to Maintain Relationship* Concept**

<u><b>Exemplary Codes</b></u>	<u><b>Subcategory</b></u>	<u><b>NC (Theme)</b></u>
<p>Previous firm contacts provide network opportunities; Colleague firm dialogue; Colleague firm network; Networking with colleague firms; Seeking feedback from colleague firm; Using previously existing contacts in network for office; Using previously existing personal contacts; Relying on already existing contacts in foreign markets; Contacts from previous managerial positions; Takeover of previously existing partners of former competitor; Founded sales office with previous contact; Existing partner introduces new partner; Existing customer facilitates new business project; Maintaining friendship, Keep the relationship alive; year-long friendship, personal contact, friend provides support; Friendships turn into business, Right time right place, Embracing personal relationships, Year-long friendship, Making business with friend, Serendipitous encounter</p>	<p><b>Capability to Maintain Personal Contacts</b></p>	<p><b>Capabilities to Maintain Relationships</b></p>
<p>Institutional travel offer for networking; SPECTARIS statistics (support and advice); SPECTARIS support and advice on countries; Ministry of Foreign Trade support; IHK support; establishment of trade initiative to synergise; Institutional cooperation with WTSH, Shared offices with WTSH; Networking through SPECTARIS; Receiving information from SPECTARIS; Institutional support IHK and WTSH; SPECTARIS networking benefits; Institutional support from trade unions; Delegation travel are offered; SPECTARIS country-specific event; SPECTARIS initiative trade fair abroad, Joint decision making with colleagues in other firms, Reference projects, Private tender, Maintaining relationship with business contact, Well networked via trade unions,</p>	<p><b>Capability to Maintain Firm Contacts</b></p>	

**Table 15: Codes supporting the Development of the *Knowledge Exchange Capabilities* Concept**

<b><u>Exemplary Codes</u></b>	<b><u>Context (Incidents)</u></b>	<b><u>Concept (Feature)</u></b>
<p>Industry specificity and complexity; After-sales services are essential; Engagement with customer; Industry knowledge of partner firm; Industry knowledge; Engagement with potential partner firm; Level of need explanation; Emotional bonds with customer; Complexity of capital goods; Industry specificity determines partner firms; Industry specificity makes partner search difficult; Educating the partner (service); Industry knowledge of partner is key; Industry-specialist (partner); Getting to know the partner; Technical complexity (product); Long-term relationship with partner; Potential partners firms need to be visited; Maintenance is crucial; Training and care for the partner; After-sales services is trust; Reaction time; Demonstrations a must; Show features of device; Trial demonstration as key success factor; Assisting operations; Specialist nurses; Explaining features of devices, Education through demonstrations</p>	<p><b>Demonstration Capability</b></p>	<p><b>Knowledge Exchange Capabilities</b></p>
<p>Customised solution to a problem; After-sales services: engagement with customer; Time with customer and consulting; Networking with institutional customer; Long-term engagement with customer; Networking with end user; Institutional buying processes; Educational needs of surgeons; Personal engagement with end user; Dialogue of end-users; Long-term relationship through lifespan; Engagement with cardiologists; End-users need to be convinced; Support and after-sales care means value; Relationship with customer more important than price; Long-term customer care means re-purchase; Educational needs of opinion-leaders; Engagement with opinion-leaders; Dialogue of opinion-leaders; Opinion-leaders' influence; Commitment in country with opinion-leaders; Knowledge transfer complex</p>	<p><b>Educating Capability</b></p>	

While this subsection has illustrated the employed coding methods, the following section provides a detailed discussion of the ongoing data analysis procedures pertaining to the inductive development of subcategories and themes of NC in the entrepreneurial IO enactment.

### **5.5.3.3 Subcategories and Themes**

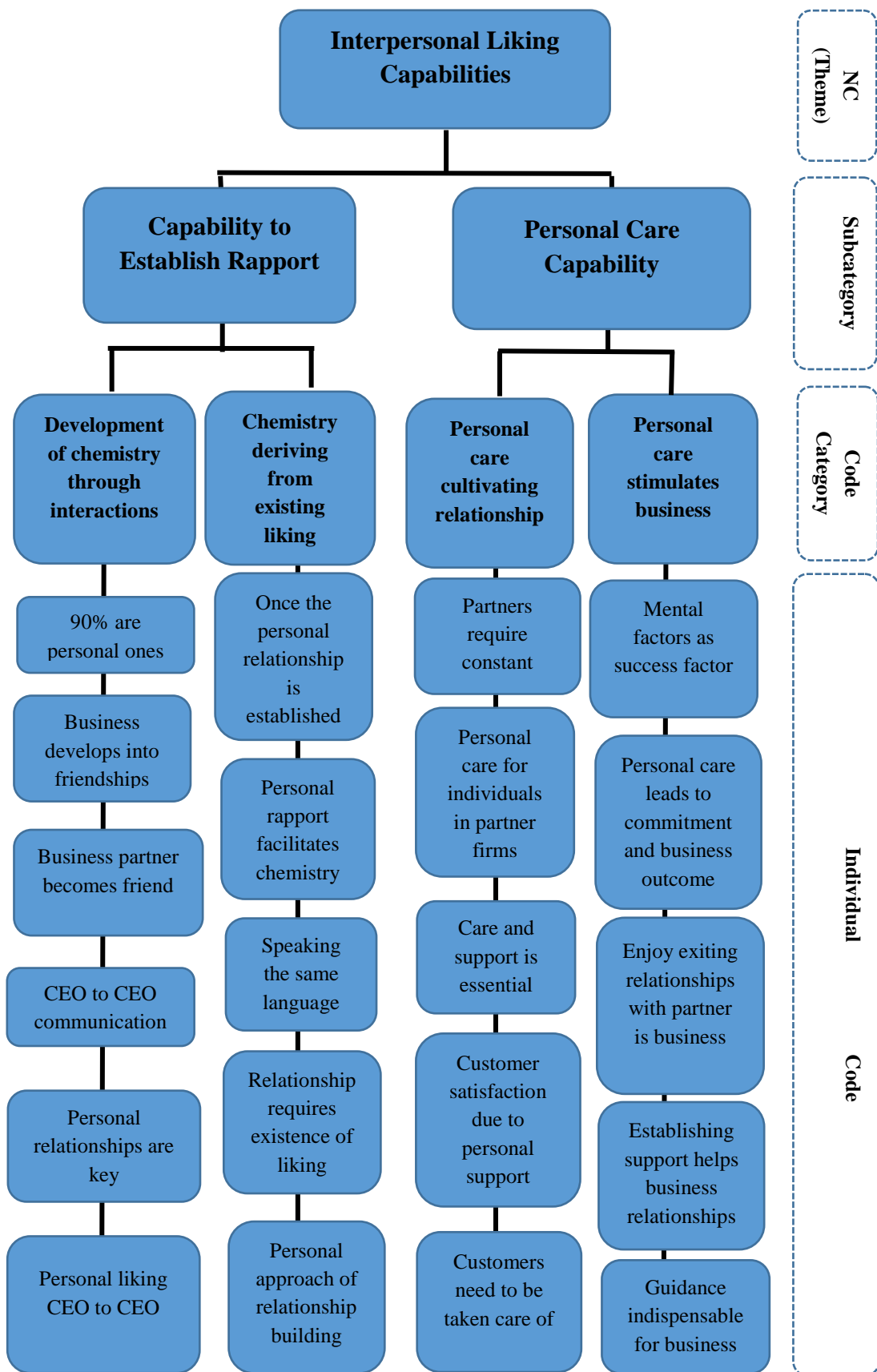
The inductive development of emergent subcategories from code categories, and themes emerging from subcategories, were informed by the same theoretical foundations which guided the aforementioned coding procedures (cf. section 6.5.3.2.). These refer to the existing body of knowledge on the effects of network relationships on IO identification and discovery for SMEs (Vasilchenko and Morrish, 2011; Ellis, 2011; Lorentz and Gauri, 2008; Sasi and Arenius, 2008; Styles and Genua, 2008;), since IO enactment follows IO identification (Mainela et al., 2014; Peiris et al., 2013).

As illustrated, these theoretical foundations stem from the assumption that IO enactment research is still in its embryonic stage (Mamun, 2015), thus providing only limited theoretical foundations to build on analytically. Mainela et al.'s (2014) proposed 'interaction-focused approach' to advance in IO research, and the existing knowledge on NCs in internationalising entrepreneurial SMEs (Mitrega et al., 2012; Grünberg-Bochard and Kreis-Hoyer, 2009; Sullivan Mort and Weerawardena, 2006) continued to guide these analytical procedures. These inductive procedures were also guided by the insights the two SPECTARIS representatives provided (cf. section 5.4.1) and the encounters with KDMs and industry-experts at the SPECTARIS congress (cf. section 5.4.5). This allowed data triangulation, by integrating insights from one data

collection tool into the analysis of another part of the data corpus (Lindstrand et al., 2011).

The ongoing iterative comparing, grouping and regrouping procedures continued until the code categories inductively informed 15 emergent major subcategories. These subcategories refer to subcategories of NCs in the enactment of IOs, and indicate the KDMs' entrepreneurial behaviour displayed in these recalled situations. These 15 subcategories were iteratively reorganised and regrouped. The procedures continued until they informed seven main NCs for entrepreneurial IO enactment. Those emerging NCs are *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* as well as *Cultural Familiarity*, illustrating typical features of KDM's entrepreneurial behaviour in network relationships in the successful enactment of IO. As an exemplary procedure, Table 9 shows how the *Interpersonal Liking Capabilities* concept inductively derives from corresponding subcategories, major code categories, and individual codes.

**Figure 9: The *Interpersonal Liking Capabilities* Concept inductively deriving from Subcategories, Major Code Categories, and Individual Codes (exemplary)**





## **5.6 Validity and Reliability of the Research**

As with all research endeavours, there are several aspects associated with the validity and reliability of this study. Firstly, theoretical implications arise from the subjectivist epistemology of the constructivist paradigm. Even though the findings result from a thorough and careful investigation and analysis of the data, the choices that were made in the research process and the researcher's own transformation affect the theoretical knowledge this study generates (Angen, 2000). This reinforces the researcher's own critical role in the whole research process (Glaser, 1978; Glaser and Strauss, 1967), as this chapter has highlighted at various sections. Possible criticism that there might be alternative explanations of the phenomena explored are valid and accepted.

The reliability of the GT approach stems from the researchers' holistic understanding and simultaneous use of the procedures of sampling, data collection and data analysis, rather than considering these as separate procedural steps in the research process. Instead, these need to be considered as a continuous and iterative cycle (Glaser, 1998). As such, an indicator of good practice is the confirmation that emerging findings remain constant as further data are collected (Glaser, 1978). This is the case in this study. Hammersley (1992) suggests that an important question is whether the research findings accurately represent those features of the phenomena they intended to describe and explain. This question be answered affirmatively, which supports the validity of this study.

Holton (2008) claims that the researchers' excitement about generating concepts directly from the data might deflect their attention from abstraction to description. There is a danger that any resulting theory is "*linear, thin and less than fully*

*integrated*” (Glaser, 1978: 116). Thus, attempts at GT vary in quality according to the methodological thoroughness of the study, the significance of the research questions and the sharpness of the analyst. This study maintained close adherence to the GT methodological principles, carefully and thoroughly formulated and reformulated the research questions, and rigorously adhered to the analytical guidelines (Glaser, 2003).

Additionally, the four criteria through which the quality of a GT should be assessed are fit, workability, relevance and modifiability (Glaser and Strauss, 1967), and its reliability and validity should be evaluated against these criteria. This study concludes that *“a grounded theory is neither right nor wrong, it just has more or less fit, relevance, workability and modifiability”* (Thulesius, 2003: 27).

More specifically, ‘fit’ refers to the emergence of conceptual codes and code categories deriving from the data rather than the adoption of a priori codes or categories from existing theory. Sections 6.5.3.1 and 6.5.3.2 illustrate such analytical methods. Secondly, ‘work’ refers to the ability of GT to explain and interpret behaviour in a substantive area and to predict future behaviour. This study thoroughly explains and interprets the HTSME KDMs’ behaviour and NCs required to enact IOs, and its findings are likely to predict their entrepreneurial behaviour in similar future situations.

Thirdly, ‘relevance’ is the theory’s focus on a core concern or process that emerges in a substantive area, whereas its conceptual grounding in the data indicates the significance of this core concern or process, thereby ensuring its relevance. The core

concern in this study is the exploration of NCs and features of entrepreneurial IO-related behaviour in network relationships. Sections 5.5.3.2. and 5.5.3.3 in this chapter confirm its conceptual grounding in the data. Lastly, ‘modifiability’ refers to the theory’s ability to be continually modified as new data emerge to produce new categories, properties or dimensions of the theory. This study argues that further emerging data might well contribute to the identification of new subcategories of NCs in the enactment of IOs, while confirming and reinforcing the established features.

This study is context-specific and subjective in nature, and German HTSMEs provide a vibrant context to address the research questions. It does not claim to be objective but asserts that its empirical findings provide a plausible interpretation that is based on a thorough and careful study of the data. As a context-specific exploratory study it does not make any claims of generalisability. It asserts, that the establishment of a homogeneous sample, through theoretical sampling procedures (cf. section 6.4.2.1), contributes to the study’s validity and reliability (Ram et al., 2008).

The main risk of such an unstructured approach to data collection is that the researcher could not be certain initially that the interview data would shed any light on the research questions that drove the study (Bryman, 2006), hence whether the respondents had in fact experienced critical instances of human interactions in network relationships which affected IO procedures. These initial fears, however, were not confirmed.

Finally, the researcher had to be faithful to the views of the respondents (Easterby-Smith et al., 2012), as the accuracy of the data was closely tied to the respondents’

willingness to accurately share their experience and communicate true information. The associated risk of incorrect or inaccurate data, however, can be considered as low. The respondents who agreed to participate in the research, commonly understood the importance of true and accurate information, as well as their own personal role and responsibility in this research project and its outcomes.

## **5.7 Conclusion**

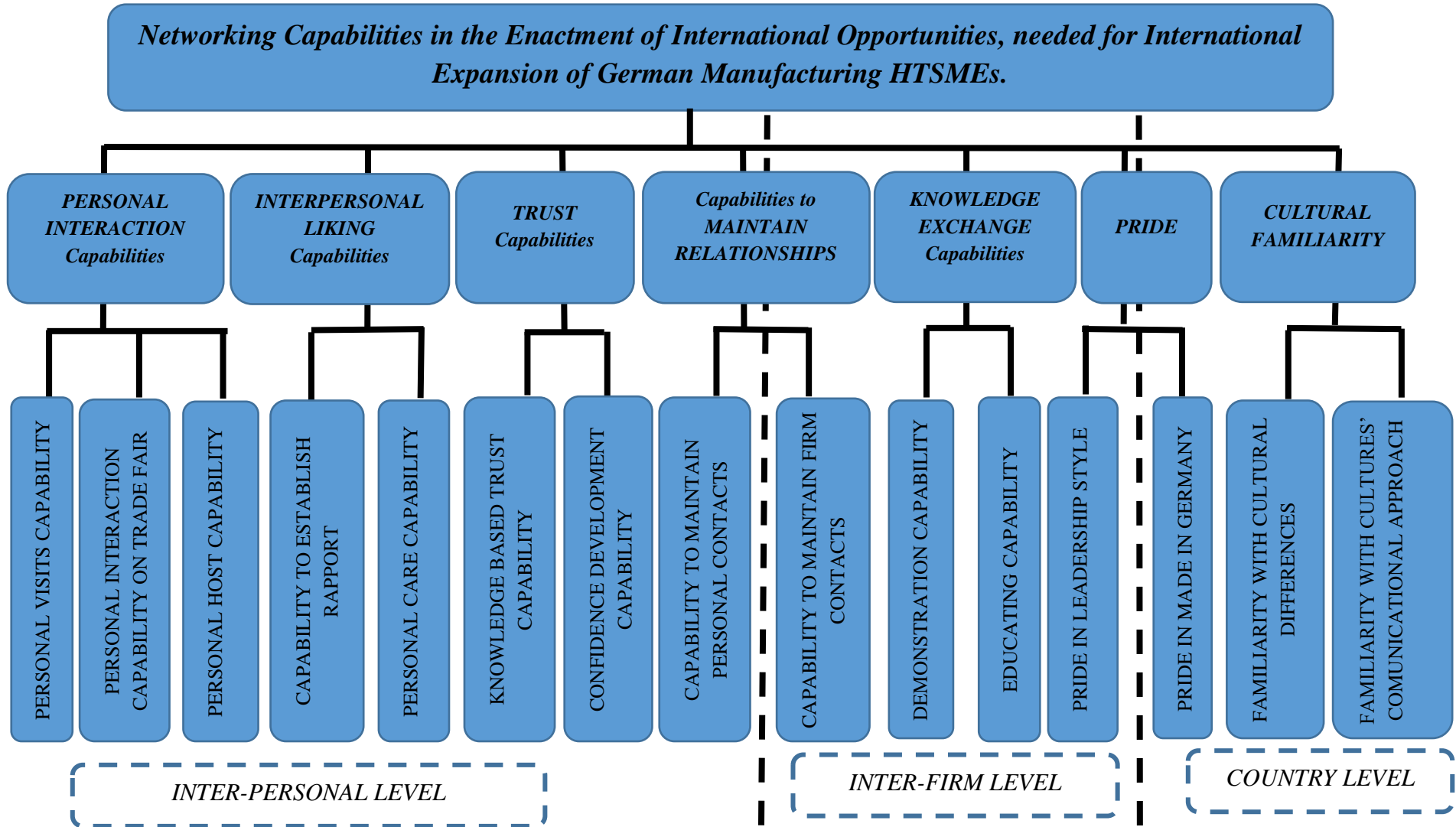
This chapter has illustrated the research methodology the study employed. It has initially explained the underlying ontological and epistemological underpinnings. Then, it has illuminated the study's research design as well as the data collection tools employed to address the formulated research objectives. Following this, this chapter has highlighted the sampling and data analysis procedures, and has illustrated aspects associated with the validity and reliability of this study. The next chapter discusses the key findings of this study.

## **Chapter Six: Discussion of Main Findings**

### **6.1 Introduction**

This chapter provides a systematic discussion of the key findings of this study. In so doing, it illustrates the main themes and subcategories in respect to NCs in the enactment of IOs in internationalising German manufacturing HTSMEs. It discusses these themes in the light of the existing academic IO and NC literatures, and considers the new insights the study generates. The discussion of the main findings is organised along the seven main NCs the study explores. Within these seven sections, the first respective subsections introduce the NC as conceptualisation. They discuss these in the light of the existing literature on NC, IO, and business relationships, in highlighting how this study contributes to existing theoretical knowledge. Each discussion is followed by respective subsections which introduce the corresponding subcategories. In support of the inductive categorisation and theme development, these sections integrate selected respondents' quotations into the discussion. Figure 10 provides an overview of these main themes and associated subcategories of NCs in the enactment of IOs, and needed for the international expansion of the firms under investigation, German HTSMEs. In line with the earlier discussion on business relationships at inter-personal, inter-organisational, and country levels, it theoretically links the empirical findings with these respective relational dimensions.

Figure 10: Overview of the Main Findings of this Study



## **6.2 Personal Interaction Capabilities**

Personal face-to-face interactions with a variety of individuals in network relationships are essential NCs of the KDMs in the firm under investigation, and required to enact IOs. The empirical findings suggest that IO enactment emerges from the KDMs' human interaction and communication with a variety of different individuals and stakeholders. These include representatives of potential partner firms, personal contacts, existing business partners, device end-users and industry experts. The ability to engage in such direct personal interactions constitute essential NCs of the KDMs, and are needed for international expansion of German HTSMEs.

The data confirm that opportunity creation is realised through enactment by means of human imagination and social interaction (Alvarez and Barney 2010, Chiles et al., 2007). These direct human interactions affect the identification of the IO and the subsequent enactment of it significantly. The IO is created through communication and joint sense-making of it, making them collaborative in nature (Mainela et al., 2014; De Clercq et al., 2010). The respondents' decision-making is strongly influenced by other individuals' understanding of the IO as well as their willingness to share this knowledge about the nature of the IO. The face-to-face interactions facilitate this mutual knowledge construction.

The empirical findings reinforce assertions that the IOs emerge through interactions between various actors in the networks (Sarasvathy et al., 2010; De Clercq and Voronov, 2009; Steyaert, 2007) Thus, while the study confirms the significance of interactions between network players on the identification of IOs (Vasilchenko and Morrish, 2011; Ellis, 2011; Lorentz and Gauri, 2008; Sasi and Arenius, 2008; Styles

and Genua, 2008; Sullivan Mort and Weerawardena, 2006), it explores the impact of human interactions in networks on IO enactment, in exploring that IO enactment actually emerges from those. As such it sheds light on the nature of these interactions, in corresponding to Mainela et al.'s (2014: 122) claim that *“IO is discussed, interpreted and produced between various actors and the challenge [for researchers] therefore is to uncover these interactions.”* Based on these interactions and the resulting emergent nature of these decisions, the IO enactment procedures are often fast-paced and unstructured (Acedo and Galán, 2011).

The empirical findings reflect how the KDM relates to and interacts with significant others. As respondents are commonly informed about the IOs by these individuals external to the firm, they react timely to those new developments. This confirms the notion of external ‘windows of opportunity’ that do not stay open for long (Crick and Crick, 2014; Nordman and Melén, 2008; Acedo and Jones, 2007; Crick and Spence, 2005), suggesting that the KDMs need to quickly react to them when they present themselves. Ongoing information exchange, and joint evaluation of how exactly the IO should be enacted, typically follow these interactions.

This research confirms that IO identification is significantly influenced by the personal networks of the KDM (Vasilchenko and Morrish, 2011; Moen et al., 2010; Sasi and Arenius, 2008; Styles and Genua, 2008;), as the respondents commonly share their experiences of interactions with individuals they already know, such as existing business contacts and friends (Crick and Crick, 2014; Jansen et al., 2013). The study reinforces that entrepreneurial behaviour depends more on the relationships between



individuals rather than their static characteristics and traits (Moen et al., 2010; Minniti, 2004). It asserts that in addition to those well-researched influences on IO identification, the enactment of it heavily depends on these social ties too.

These direct human interactions have three main facets and contexts. Firstly, they take place in the host country, and correspond to personal business travels the KDMs typically regard an indispensable part of their IO-related entrepreneurial behaviour. Secondly, they include trade fair visits and interaction and discussions on those, while the KDMs actively and personally participate. Thirdly, they refer to situations, where the KDMs invite network players to visit their firm, while displaying essential host qualities. All three contexts relate to corresponding NCs in IO enactment, and in support of international expansion of the firms under investigation.

### **6.2.1 Personal Visits Capability**

KDM commonly travel into potential host markets for networking purposes, to get to know possible partner firms, visit potential customers, and to facilitate a clearer appreciation of market developments and trends. The direct human interactions with a variety of different stakeholders and network players is typically seen as essential component of market development, and thus IO exploitation. Consequently, the ability and willingness to engage in these business trips, to personally engage with individuals in network relationships and industry networks, is a NC required in the enactment of IOs.

While, unsurprisingly, such business travels are a common behaviour of the international entrepreneur (Westman et al., 2008; Westman, 2004) and are seen as

driver for early internationalisation of SMEs (Zuchella et al, 2007), its affect on networking has received little attention to date. Consequently, the ability to engage in such personal visits as NC, and its value for IO enactment, remains little understood. Thus, this study contributes to existing findings by identifying such abiliy to engage in business travels to enable face-to-face interactions as essential NC. As the respondents' accounts suggest, such personal visits capability is needed for IO exploitation and international expansion of the focal firms.

Respondent G talks about the perceived necessity to visit potential partner firms in order to establish a foothold in Russia, and respondent I confirms the importance of business trips into potential future host markets, in order to establish awareness and familiarity with the firms' devices. Both respondents value face-to-face interactions and information exchange with industry players in host markets, and display such personal visists capability.

*During several visits in Moscow, we really got to know each other, with a great openness.”(Respondent G)*

*“I travelled to Cuba myself, did informative presentations and lectures. The people can create an understanding and shape their opinion about us. They would then come over to Germany later, to get to know us, the manufacturing firm.” (Respondent I)*

Such business trips which allow direct interactions within their network are a common entrepreneurial task and behaviour. Respondents typically make reference to their

frequent visits in host markets, and speak of a hectic but essential component of their work routine.

*“It is really stressful: Every week there is another business trip” (Respondent L)*

*“I just came back from Dubai, before that I spent 2.5 weeks in South America. And before that, I spent around 2 weeks in East Asia. It is necessary to go there, in order to open doors. It is essential to show up personally.” (Respondent P)*

Respondent C confirms, in sharing experiences of social interactions and the development of personal rapport with leading specialist doctors. He speaks of the importance of face-to-face engagement with these industry specialists, and prefers this over sending employees. His account confirms that he possesses such personal visits capability:

*“In Brazil you don’t need the level of depth in terms of product explanation and instruction, but you need emotional connections. This means you need to travel there and visit the country, and visit the doctors yourself. And have a Caipirinha for example. It is really important to show your face.” (Respondent C)*

Respondents also report visits and joint travel activities with potential partner firms in the new target market for educational and support purposes. Respondent M illustrates travel initiatives to India, and his ability to provide such personal visits regularly. As his firm’s process mass spectrometers are technically complex, he expects the process

of explaining functions and characteristics of these apparatuses to representatives in potential new partner firms a long and exhaustive procedure. Consequently, he provides on-site support and training. This includes shared trips to visit potential customers, where needs analysis talks take place. Representatives of new partner firms are expected to provide evidence of learning, and show enthusiasm for the collaboration:

*They [sales partner] had more a search role. They had to look for potential customers and had to announce where we might find them. And then they said: 'Please come over and visit us' And then, we organised a roundtrip and visited all potential customers. And I was leading 90% of the whole discussion. And they realised what the most important criteria were for me, they took notes, this was always very helpful.”*  
*(Respondent M)*

Respondent F confirms the importance of training and educating the potential partner firm. He reports alike partner firm visits, and illustrates that these initiatives signify indispensable efforts which require commitment and time. As such, he displays essential personal visits capability.

*“We always considered: Is there a distribution partner, who might be of interest to us? Because he has the technical competence and a good reputation, someone who we believed would help us to reach the next step. And then we flew over and visited him. Trained him, offered seminars.”* *(Respondent F)*

Respondent P shares his experiences of his journey to Columbia and depicts how he joins his potential new partner firm's sales representatives on a round trip. While the trip aims at the identification of and communication with potential new customers, he can get to know the individuals, who would potentially sell his firm's devices and solutions. Respondent J also reports such business travels and summarises his main responsibilities as mediator in global networks of end customers, industry experts, and potential partner firms.

*“We have always tried to play the game together. In order to introduce ourselves to the market, in order to jointly visit customers, we have always said: ‘OK, I will come over for a week or two. You make travel plans and we will visit potential customers together.’ First of all, you can see, how he approaches people, you get a much better appreciation of the potential in the market, and if and to what extent you should commit yourself and put efforts into it there.” (Respondent P)*

*“My job is to cultivate relationships, and to keep asking: ‘Who said what and why? And what was their first impression? Did they like our products?’ So you need to have communication and negotiation skills. But you have to travel into those countries. And this means you get to see them and their firms in reality. I always go there!” (Respondent J).*

### **6.2.2 Personal Interaction Capability on Trade Fair**

Apart from one respondent, all KDMs report trade fair visits, both in Germany and abroad. They actively and personally participate in these industry-specific events for networking purposes, to showcase their devices, engage with relevant individuals, and

initiate potential partnerships. Their narratives elaborate on the corresponding interactions with these individuals. Such interactions commonly affect IO enactment decisions, and these trade fairs and congresses are commonly seen as crucial meeting point to foster international growth and expansion. The personal and direct participation of trade fairs thus constitute a NC for the enactment of IOs. Respondents value these events, and findings show that the ability to interact effectively on these trade fairs is an essential NC in the enactment of IOs.

Industry-specific events such as trade fairs and congresses are commonly used as grounds for direct human interactions. Trade unions as well as governmental institutions often initiate the communication amongst network players (Mike Bähren, Martin Leibing, SPECTARIS), providing the starting point for subsequent IO enactment through human interactions. Investigation on SMEs' internationalisation pathways indicates that IOs emerge and are mediated on international trade exhibitions (Kontinen and Ojala, 2011; Matthyssens et al., 2008; Graves and Thomas, 2008). This study reinforces these findings, and further contends that the ability to personally attend such personal trade fair visits are a NC needed for the exploitation of IOs. Respondent C summarises what HTSME KDMs commonly believe, and considers trade fair visits an indispensable part of business initiation and development in foreign markets. His personal interaction capability on such events are a much-needed constituent part of his work routine:

*“Luckily, Germany is the world’s most important trade fair location. Here we have the big trade fairs of our industry sector, we have the ANALYTIKA in Munich, the ACHEMA in Frankfurt, and they are places where the world meets.” (Respondent C)*

Respondent H highlights typical procedures on trade fairs and elaborates on his behaviour after his personal trade fair visits. He explains how potential distribution partners approach him directly at the trade fair, in introducing their firms and ideas regarding the potential partnership. Respondent L likewise illustrates common procedures and initiatives on trade fairs. She also reports trade fair visits in Germany and explains how intrigued partner firms approach her directly to discuss a potential collaboration. Both accounts suggest that such personal interaction capability on trade fairs influences IO identification and exploitation.

*“For example: we have the biggest medical technology trade fair in the world, the MEDICA here in Düsseldorf. Here, we have been participating for many years, and we are visited by curious people, who deal with those specific devices. And they approach us asking if for this particular country, we could come together and form a partnership.” (Respondent H)*

*“There are these two laboratory technology trade fairs, the ACHEMA in Frankfurt and the ANALYTIKA in Munich. And, because these trade fairs are really international, people who drop by asking me: Do you have a distribution partner in country xyz?” (Respondent L)*

These quotations suggest that that HTSME KDMs are often not aware of existing opportunities in particular markets, and confirm that these opportunities are identified by individuals external to the firm. The IO develops through the interaction with the potential partner firm, and the subsequent analysis and interpretation of it. In both instances, the decision to work with this particular partner firm emerges from the active behaviour of visiting a trade fair for network purposes together with the passive, yet opportunistic behaviour of receiving business propositions by potential partners on these industry specific events

Respondent M discusses how the Indian partner firm was found. The CEO of a potential partner firm had already informed himself about M's HTSME and its devices. He then took the first initiative on an industry-specific trade fair to inform the respondent about his plans to collaborate. The decision to opt for this partnership was made quickly. Consequently, they enacted the IO jointly. Respondent H depicts a similar experience in Bulgaria. Having made similar previous experiences, respondents commonly expect these inquiries by individuals on exhibitions, and become aware of the value of personal interaction capability on these events.

*“That was pure luck, to be honest. Someone has applied for a partnership. This guy [CEO from partner firm] is actually from India, but lives in Singapore, and he wanted to move back to India, and he approached me, on the trade fair in Malaysia, he approached us, saying: I would like to represent your firm.” (Respondent M).*



*“Again, we have passively showcased our products on the trade fair, and were able to establish this contact. We haven’t actively looked for the partner but he approached us.” (Respondent H)*

Respondent R summarises these procedures accordingly, acknowledging that he regularly visits trade fairs without specific country markets in mind. He had not been aware of the existence of the opportunity either, and elaborates on how he seeks a better appreciation of the partner’s characteristics after the encounter and interaction on the exhibition. Likewise other respondents, he systematically investigates these firms, and the individuals within these. This includes Internet research and/or contacting other manufacturing firms that are already working or had been working with this respective partner firm. His account depicts typical personal interaction:

*“We always visit the international trade fairs. And we are lucky, since the biggest medical technology trade fair worldwide takes place in Germany. And everyone involved in medical technology shows up. We receive the information from potential partner firms and start our research on the potential partner: Internet, search engines, we asked them for references.” (Respondent R)*

Respondent M shares similar experiences on trade fairs in South East Asia, confirming that the main task refers to the evaluation of potential partner firms’ strengths and abilities. He illustrates that even though numerous individuals have contacted him on the trade fair, he later realises that most of these representatives are not able to deal with the complexity of the products and thus do not dispose of the required skills and

technical knowledge. Personal interaction capability allows him to evaluate a potential partner's competence and trustworthiness.

*“We participated on two trade fairs, in Kuala Lumpur and in Singapore. And, in the beginning, everyone wants to partner up with you. This means, you are leaving the trade fair with a pile of business cards, with everyone saying: Well, this is not a problem at all. And then, you take your notes, and you then, relatively quickly, you develop a shortlist of potential candidates.” (Respondent M)*

### **6.2.3 Personal Host Capability**

Respondents commonly invite key individuals from industry networks into their headquarters. These include leading employees of potential partner firms, device end-users, as well as specialist doctors and scientists. Such invitations aim at facilitating direct and personal communication, establishing rapport, or illustrating important features associated with production, manufacturing and assembly procedures. These initiatives also follow educational and training purposes, and the KDMs display efforts to make their visitors feel welcomed and appreciated. The ability to invite and take good care of respective network players is an essential NC of the KDMs in HTSMEs, required to exploit IOs, and needed for international expansion.

There is little business relationship research to suggest that such host qualities constitute essential entrepreneurial abilities in networks. Fragmented studies consider these encounters important determinants of the relationship, in that personal invites affect the perceived commitment towards the relationship and increase trust between business partners (Chenet and Dagger, 2010; Berry, 2002). Collaborative IO creation

through communication and joint sense-making (Mainela et al., 2014; De Clercq et al., 2010) is stimulated by such invites into the Headquarters. While the empirical findings of this study based on respondents' lived experiences confirm such contentions, they further explore associated KDMs' entrepreneurial behaviour in such hosting situations as NC, needed for IO exploitation.

Respondent Q invites the leading head of the potential new Spanish distribution partner firm. He invites this individual to the headquarters to get to know him better as a person, establish rapport, gain an appreciation of his approach towards this potential collaboration, and teach important aspects associated with the glass coating solutions. He reinforces the importance of a close communication, and displays personal host capability:

*“In the beginning, he spent a whole week here. He got to know the firm, we showed him around, took a lot of notes, asked a lot of questions of course, it was very useful” (Respondent Q).*

Respondent J remembers how his potential new distribution partner's team from Peru spends a whole week at his firm. In order to establish rapport and to provide essential technical knowledge of the respiratory devices, he invites these individuals over and makes efforts to take good care of them. His account also confirms that such personal host capability is needed:

*“Once they have arrived and touched German soil they don’t need to pay a single penny. We paid for the transport, we picked them up from the airport, they stayed in a 5-star hotel, full board, we took care of them. Every day we picked them up by bus and took them to our seminars. After that they could enjoy their free time, go swimming, enjoy the sauna, or whatever!” (Respondent J)*

Likewise, respondent D illustrated how he showed specialist surgeons, as potential end-users of his operation lamps, around his manufacturing plant. In so doing, he provides insights into assembly procedures and associated quality standards. In conveying transparency, sharing detailed information, and listening to the end-users’ expectations, he displays good host qualities during these interactions.

*A lot of doctors come along and visit us directly. They want to see how everything looks like, and we show them around our assembly halls. There are 6 mechanics and they have 50, 60 operation lamps, working on them, and you can see right away: This is what Made in Germany looks like! Those are the guys who build your operation lamps, those are the ones that we will deliver, and then they can be installed in the hospitals and operation theatres.” (Respondent E)*

Respondent M displays alike personal host capability. He speaks of his ability to evaluate the partners’ goodwill and willingness to invest into the partnership. As part of partner firm selection procedures, he invites potential partner firms’ CEOs to visit him. Based on this experience and his perception of the partners’ attitude, he evaluates their trustworthiness. He provides the example of meeting the Indian partner in

Bremen. Respondent H recalls similar experiences, and talks about the initial stage of the partnership with the new Bulgarian partner firm. In particular, he mentions the communication and chemistry with the firm's management team, and describes how rapport was established through their visit at his firm.

*“A good test is always to ask them: ‘Listen, come visit us in Bremen’. And then, if you see, he takes a step backwards, you realise, there is no real interest to invest something into the partnership. But he said: Yes, in October, I will come to Germany and then I will drop by. And then, he came over, got to know us, and he said: ‘Yes, I am interested.’ And then we started to develop this partnership.” (Respondent M)*

*“The CEO and CFO from Bulgaria visited us here several times. And their personal visits also provided us with a very good feeling and appreciation. Also, we felt that it is a very professional firm, not only due to the facts and figures, but also due to the individuals who work there. And we do see potential for the future, knowing that they don't want to exploit us just for the sake of making a few good deals over the next two years.” (Respondent H)*

While this section has discussed the face-to-face interactions KDMs in German HTSMEs engage in, and explored the associated NCs for IO enactment and international expansion, the following section looks at interpersonal relationships, and the emotional aspects of such bonds. In particular, interpersonal liking capabilities are discussed in more detail.

### **6.3 Interpersonal Liking Capabilities**

The empirical findings suggest that in German HTSMEs, the enactment of IOs require interpersonal liking between individuals. Consequently, in the firms under investigation, the ability to develop and display such interpersonal liking on the one hand, and the ability to receive and provoke such interpersonal liking on the other hand, constitute NCs required for the successful exploitation of IOs. More specifically, IO exploitation in this German HTSME context is driven by interpersonal chemistry and mutual care between decision-makers. The respondents identify this awareness as a key learning from their recalled behaviour and narratives, in assigning a personal and interpersonal dimension to the task effectively enacting IOs.

A few researchers have discussed the concept of interpersonal liking in business relationships (Abosag, 2015; Abosag and Naude, 2014, Hawke and Heffernan 2006, Nicholson et al., 2001). Such studies assert that interpersonal liking is a prerequisite for the development of long-term relationships which can influence network performance. While the study confirms their contentions, it contributes to the literature and the theoretical knowledge associated with interpersonal linking, in suggesting that interpersonal liking is an essential NC for the enactment of IOs. German HTSME KDMs need to develop and display interpersonal liking towards other individuals in the network, and require the ability to receive interpersonal liking from these individuals and/or provoke its development towards themselves. Interpersonal liking receives a key role in the development of trust within the relationships, and the role of liking differs significantly from the cognitive antecedents and attributes of trust (Nicholson et al., 2001).

This perceived personal dimension of the IO enactment confirms earlier contentions (Crick and Crick, 2014; Styles and Genua, 2008; Sasi and Arenius, 2008) that IO identification is influenced more by the personal networks of the KDM than the ones of the firm. This research further reinforces Freeman et al.'s (2010) contention that personal relationships foster the accumulation of knowledge about new foreign markets, as the respondents commonly use these interpersonal relationships in order to quickly and proactively generate new knowledge. But while Freeman and colleagues argue that the newly gained knowledge about new foreign markets represents the IO (ibid.), this research asserts that this knowledge is generated through close communication and personal care. Those knowledge-creating interactions only take place if interpersonal liking occurs, or can be developed.

Based on their recalled experiences, respondents feel that interaction in international networks relates the task of finding the right individuals to work with. Stemming from the emergent and collaborative nature of the IO (Mainela et al., 2014; Schweizer et al., 2010) that needs information and knowledge exchange between individuals, the IO identification and exploitation procedures receive an interpersonal dimension. Respondents typically pay attention to collaborating with individuals they believe they would get along with, rather than formulating a strategy for foreign market entry. The interpersonal liking theme has two subthemes. Firstly, it refers to the KDM's ability to establish rapport with individuals in networks, which is a precondition for the creation of interpersonal linking. Secondly it encompasses the ability to provide personal support and care to these network players, in particular individuals in potential partner firms.

### **6.3.1 Capability to Establish Rapport**

IO exploitation is commonly affected by interpersonal rapport between KDMs and individuals in their international networks. Respondents consider this rapport with key network players as more important than quantifiable and objectively measurable characteristics of such firms and/or host markets. KDMs recall incidents where they experience rapport with these individuals, and talk about the human interactions which establish interpersonal liking. The ability to develop and perceive rapport with network players constitute a NC for IO enactment.

Scholarly interest in rapport amongst business partners has a long tradition in IB research, and its importance for business relationships is well understood (Spencer-Oatey and Xing, 2004; Spencer-Oatey and Xing 2003; Gremler and Gwinner, 2000; Wollmann and Kleiner, 1997). Such research holds the view that such rapport is a requirement for relationship longevity and/or precondition for effective communication within relationships. This study contributes to this body of knowledge, in identifying the capability to consciously create and/or establish such rapport as NC, which is needed to exploit international opportunities. Further, the findings allude to the fact that such rapport is a necessary feature to facilitate interpersonal linking.

Respondent P uses the example of talking to and negotiating with representatives of potential partner firms in South America. During these encounters, he focuses on their character traits, as well as their understanding and perception of the IOs. He goes on to depict an example where one particular individual disposes of the essential industry-specific knowledge, and values the communication and collaboration with her. He explains how the close relationship with this person determines his firms' success in



Brazil. He deems the capability to establish rapport and indispensable element of his entrepreneurial work:

*“When you speak to the corresponding CEOs of the partner firms, there is always a point, where you ask yourself: Are you communicating on the same level? That means: is there a mutual understanding that goes beyond cultural differences? We met some of them on our South America trip, where we could say: We speak the same language even though we do not speak the same language. (Respondent P)*

*“You simply cannot say that a company introduces products into markets, it’s actually individuals. And if one key individual leaves the partnering firm for whatever reason, the know-how is suddenly gone. And exactly this happened in Brazil. It was a great market and we had constantly developed products for this market, we had constantly generated sales. And then, their product manager left the firm. It felt as if we were confronted with a pile of broken glass.” (Respondent P)*

Respondent G confirms respondent P’ propositions, and depicts how important it has always been for him to establish such interpersonal rapport. He reinforces that these personal bonds determine the nature and effectiveness of the partnership. He confirms that the perceived nature and value of the IO stem from his personal perception about this individual, rather than objectively measurable or quantifiable market potential. He reinforces this, in speaking about the required sympathy for individuals in order to engage in partnerships. Respondent G and respondent Q share this view.

*“A lot of things happen at interpersonal level. That means, I can use theories, statistics and God knows what to project and envisage targets. This would lead to phantasies far away from reality. I have a different approach. No business plan or statistic will help me to say: ‘This is how much trust can I can have in my partner’ (Respondent G)*

*I communicate openly, CEO to CEO, and if i perceive sympathy, I am willing to consider a partnership.” (Respondent G)*

*“I want to get to know my potential business partners. And there has to be some kind of sympathy, otherwise it doesn’t make sense.”(Respondent Q)*

Respondent H recalls similar experiences, and talks about the initial stage of the partnership with the new Bulgarian partner firm. In particular, he talks about the communication with the firm’s management team, and explains how personal rapport is subsequently established. Respondent K also sees such rapport as a key component of effective IO enactment, and states that such rapport has a direct impact on relationship performance.

*“The interpersonal level is very important, and highly valued. We always try to estimate and identify the chemistry when we have found a potential partner. We have a personal relationship tot he firm owners, it is a very close relationship, and this makes business much easier”. (Respondent H)*

*“There are so-called mental factors, where you say: ‘With this one, I am getting along well’. This also plays a role in the successful development of international sales. And this is what also increases the likelihood of success in the long-term.” (Respondent K)*

Respondent P shares his experiences made on business trips in South America, and summarises his learning outcomes. He considers the rapport and direct interaction with the CEO in potential distribution partner firms to be of key importance and to constitute an essential part of the IO process. He explains that the information- and knowledge-exchange of and between other employees would not suffice or enable a trustworthy business relationship. Respondent P goes on to reinforce the key role of the business partner who jointly founded the ‘Americalatina’ sales hub in Chile. He values the close relationship and rapport with him, his technical expertise and reputation. Respondent E summarises his entrepreneurial learning from human relationships, and stresses the importance of interpersonal rapport creation.

*“The personal contact is key. And I really mean personal, you really need to meet in person, this cannot be replaced by anything. And that is why we made this year’s trip to South America. I was there for the first time, well, our engineers are there more often, due to project management responsibilities. But when we talk about communication and connection to our sales representatives: This does not mean that only our engineers talk to their service people and with their engineers. It’s also about CEO to CEO and that means you need to be there yourself.” (Respondent P)*

*As I said, this personal contact cannot be replaced by anything. [...] And this is key to success. It really depends on the individual.” (Respondent P)*

*”The human factor is key. The chemistry has to be right. Otherwise it doesn’t make sense.” (Respondent E)*

### **6.3.2 Personal Care Capability**

Based on the afore-depicted finding that the ability to create interpersonal rapport is a key determinant of IO enactment, respondents perceive the need to personally take good care of these individuals. Consequently, through interactions and close communication, they provide direct support to those individuals, believing that this support encourages them to contribute more to the partnership. Thus, another subcategory of interpersonal liking capabilities is personal care capability.

The empirical findings suggest that the ability to provide such personal care is an essential NC, and is needed for international expansion of German HTSMEs. Respondents commonly regard such personal care as indispensable part of their own entrepreneurial work, which fosters IO recognition and strengthens the business relationship. The perception that such personal care is essential, is rooted in the KDMs’ mindset. By contrast, personal care is, in most cases, not deemed necessary because of an expected value of a new or already existing business opportunity.

The notion of personal care has been discussed Strategic Human Resource Management, in particular Personnel Psychology research (Chung and Liao, 2010). Here, the focus is on the management of own employees and customers, and ‘caring’

is considered an actual managerial strategy (Kroth and Keeler, 2009). In Management literature, Von Krogh (1998) asserts that such personal care can stimulate new knowledge creation in firms, as long as it is an articulated value and embraced by both management team and employees. In this German HTSME context, the focus is on personal care of individuals outside the focal firm, in particular individuals in (potential) partner firms, and this study contributes to the understanding of personal care, in exploring such caring abilities as pertinent NC needed to enact IOs.

Respondent J asserts that most decisions pertaining to the exploitation of IOs stem from the characteristics of, and the close communication with individuals. In turn, he strongly rejects the notion of a pre-formulated or planned internationalisation strategy, and reinforces that the personal care of individuals is of key importance for international expansion. His account suggests that personal care capability plays an important role in the creation of IOs.

*“I only want to get one main message across: Strategies won’t get you anywhere, strategies will only restrict you. If you define the strategy without considering the individual, the human, you will fail. You will fail if you only follow your strategy.”*  
*(Respondent J)*

Respondent G agrees and consequently argues that every collaboration needs an individual and unique approach. Based on his personal experiences, he believes that the personal relationships need to be nourished, and require ongoing care. He holds the view that he possesses such derised personal care capability:

*“95% of my international contacts are based on personal ones. And we do not have any fixed or pre-written contracts or templates. These personal relationships are lived and embraced” (Respondent G)*

Respondent N also depicts that close relationships with and personal care of individuals in partner firms are indispensable features in the development of foreign operations. As such, he understands that the nature of the IO is determined by personal bonds and intensive collaboration. He realises that the IO does not refer to entering a foreign market to solely sell the devices, but signifies a long-term and growing relationship with individuals. His account suggests that this ability to provide such personal care is indeed an essential NC of the KDM.

*“The main success factor for working in foreign markets lies within the personal contact as well as the intensive care. It is a misconception to believe that once this distribution channel has been established, that it all works on its own. They need to be taken care of, they need to be contacted on a regular basis. They need to be guided, informed. Otherwise it doesn't work.” (Respondent N)*

Respondent Q reinforces this, in valuing interpersonal relationships and close communication with individuals in partner firms. He states that these would help him to get a better appreciation of market trends and developments abroad. Thus, he regards these human interactions as key components of the IO enactment procedure. Respondent H confirms that the personal rapport with individuals in partner firms is

essential, and reports that this personal communication is especially important for small firms. He elaborates on how IOs require personal care capability:

*“First of all, if you have an intense and personal communication, you do notice the atmosphere abroad, as well as trends, shifts in markets etc.” (Respondent Q)*

*“We know that the personal contact with and the care of the sales partner plays an important role. This is clear, no doubt about that. And here, for us, being such a small firm, the personal contact has always played a huge role.” (Respondent H)*

While this section has discussed interpersonal liking between key individuals in network relationships, and the associated NC, the next section specifically examines the role of trust in between such individuals and HTSME KDMs, and the importance of corresponding trust capabilities.

#### **6.4 Trust Capabilities**

In German manufacturing HTSMEs, IO enactment is based on trust in other individuals in networks. The ability to trust these individuals is an essential NC for the KDMs in such firms, and is needed for international expansion. As the empirical findings suggest, the interaction in the network and the KDMs' direct communication with individuals in potential partner firms determines the nature of IO enactment in terms of allocation of key responsibilities and value chain functions. Respondents utilise such interactions to identify and evaluate respective individuals' trustworthiness. The corresponding enactment decisions relate to finding individuals

with the suitable and desired abilities, mindset and attitude required for a successful collaboration.

KDMs themselves become aware that IOs are enacted jointly (Mainela, 2014; Schweizer et al., 2010), and result from a wise and synergetic allocation of workload and responsibilities. This is based on a dialogical process with these individuals and their direct involvement (Fletcher, 2010; Rindova, 2009). Trust in the unique abilities of these individuals, and the belief that they will act in the KDM's firm's best interest, demonstrating the right attitude towards the collaboration, serve as prerequisites of successful IO enactment.

Knowing that these individuals dispose of the desired knowledge on the host market which the own firm lacks, respondents identify a need to trust these individuals, their expertise and goodwill. This trust is particularly important in such B2B relationships, despite the fear of partner opportunism, conflict and deviating business objectives (Mitreęa and Zolkiewski; 2012; Das and Rahman, 2010; Williamson, 1996; Weiss and Anderson, 1992).

Respondents commonly understand that IO enactment requires the acceptance of own limitations and constraints, while trusting that other individuals dispose of the desired skills. In respect to the aforementioned value chain requirements, the longevity of the capital goods' longevity, and the limited financial resources available to provide essential services themselves (cf. section 5.4.3), trust in individuals in suitable partner firms becomes an essential IO enactment feature, and constitutes a needed NC. The



search for such suitable partner firms, who would also enable the focal firm to maintain their intellectual property and help transfer the hard-to-copy assets into the host markets without making a significant investment also reflects assumptions of the RBV (Sharma and Erramilli, 2004, Roth, 1995, Connor, 1991).

Trust between partners in network relationships as a key aspect of internationalisation decisions has been discussed in abundant studies (Abosag, 2015; Abosag and Lee, 2013; Molina-Morales and Martinez-Fernandez, 2010; Grünberg-Bochard and Kreis-Hoyer, 2009; Lindqvist, 1997; Uzzi 1996; Blankenburg and Johanson, 1992; Smith Ring and Van den Ven, 1992). Their empirical findings suggest that trust reduces uncertainty in the relationship and the risk of opportunistic behaviour of partners, in creating an environment where information and knowledge transfer is facilitated.

Such studies assert that international relationships evolve and develop a dynamic and unstructured behaviour; while increased mutual knowledge and trust facilitates greater commitment between these actors. While this present study confirms these contentions, it contributes to the existing knowledge by identifying trust as a common component of IO enactment, in particular, its joint enactment. The empirical findings of the study indicate that the respondents' recalled experiences, and their narrated interactions with individuals in the network, affect their personal perception of the IO. The ability to develop, display and communicate this trust to relevant others is a relevant NC. The study contributes to the existing literature in arguing that trust between humans is not only a determinant of successful business and network relationships, but a NC required to successfully enact IOs. Trust capabilities, in this

German HTSME context, encompass both knowledge-based trust and confidence development capabilities, in particular in relation to individuals in potential partner firms.

#### **6.4.1 Knowledge-Based Trust Capability**

The specific knowledge of individuals in potential partner firms, and their expertise are commonly found to affect IO enactment procedures. Being able to identify individuals in partner firms with the required technical knowledge and expertise, and the ability to develop and/or demonstrate such knowledge-based trust constitutes an important NC. Consequently, human interaction in the search for trustworthy and knowledgeable individuals is a typical entrepreneurial behaviour in network relationships. Such knowledge-based trust, and the ability to identify partner firms who help transfer essential firm-specific knowledge to customers abroad, mirror afore-discussed assumptions of the RBV of the firm (Sharma and Erramilli, 2004, Roth, 1995; Agarwal and Ramaswami, 1992).

Such knowledge-based trust has received some attention in the academic literature. Lin (2011), who describes this concept as a sense of perceived competence, benevolence and integrity of the service provider, suggests that such perceptions and characteristics foster repeat business. Wingreen and Baglione (2015) conceptualise knowledge-based trust as perceived vendor or business partner trustworthiness, and confirm that such perceptions alter the willingness to engage in re-purchase. Other studies (Dong et al., 2015; Holsapple and Wu, 2008) study knowledge-based trust as determinant of perceived performance of E-commerce providers. Knowledge-based

trust as entrepreneurial capability in network relationships, or typical entrepreneurial behaviour needed for the exploitation of IOs, remains little understood.

Respondent O talks about the necessity to find a partner firm who disposes of a strong industry knowledge in his domestic market and of existing relationships with and knowledge about potential future customers. He goes on to discuss the common risk of undermining a partners' abilities and knowledge about their domestic markets, developments and customers. Consequently, he advocates to trust these individuals and their expertise, in explaining the importance of trust in the successful enactment of IOs. Respondent R confirms these perceptions. His statement suggests that knowledge-based trust capability constitutes an important character trait.

*“You do need to be really careful, because, of course, the one who markets and sells your products abroad is the one who knows the markets best!” (Respondent O)*

*“Foreign market entry is not executed by me or by us. Entry and market development take place through the partners' actions and initiatives!” (Respondent R)*

Respondent P explains how, in respect to the complex value chain characteristics (cf. section 5.4.3), he becomes aware that he needs to trust individuals in partner firms. In particular, he realises that he has to trust in their ability to firstly communicate closely and adequately with the customer, and secondly to forward the right product requirements back to him. He understands that their communication skills and their ability to ask specific and goal-oriented questions determine the desired device

specifications, which ultimately affects customer satisfaction. His account suggests that this ability to trust in knowledge and expertise is a typical NC amongst KDMs in German HTSMEs:

*“You need to imagine all this as a set of relationships: customer, manufacturer, partner firm. Those are the three players involved, it is actually a triangle! It is of critical importance that there is a very close communication within this triangle. This means that the partner has to forward the customer’s requirements and specifications to us. Our engineering department certainly has further questions, which need to find their way back to the potential customer or institution. This means we are elaborating the essential requirements, the specifications that our customer has to provide us with, so that we are finally able to conceptualise the apparatus.” (Respondent P)*

In many countries, registration and customs procedures for these capital goods are reportedly an essential but complex part of foreign market entry. Therefore, respondents value individuals’ support and expertise in these matters. Consequently, and based on previous experiences where registration procedures were slow and resource-intensive, they welcome the partners’ regulatory expertise, and their support that goes well beyond sales and after-sales services. Respondent C’s and D’s accounts confirm this, and support the relevance of knowledge-based trust.

*“The customs and registration formalities and regulations are a bit complex, unclear and tricky. And that means that you need to deal and work with someone who disposes*

*of the special knowledge, because otherwise the whole project is going to be exhaustive and, by the end of the day, very expensive.” (Respondent C)*

*“This Medical Technology field is very specific, and the registration processes are very exhausting. And if I think about internationalisation, I really believe that we need a specialist, who has the required expertise!” (Respondent D)*

Both respondent C and respondent D assert that trust in the partners’ expertise is a critical and indispensable feature of the successful exploitation of IOs. They understand that IO enactment relies on the partners’ capabilities and expertise, which should be valued, clearly communicated to the partner, and supported. In turn, knowledge-based trust capability constitutes an essential entrepreneurial ability in networks.

#### **6.4.2 Confidence Development Capability**

The KDMs’ perception of potential business partners’ attitude towards the collaboration commonly affects IO enactment procedures. In particular, the technical devices’ technical complexity and the associated value chain requirements entail a long-term relationship with customers. In respect to the longevity of the capital goods, and the limited financial resources available to provide essential after-sales services themselves, respondents commonly realise that they need to trust the partners’ attitude towards the collaboration. Thus, the ability to perceive and/or develop confidence in potential new business partners and/or their attitude towards the venture becomes a NC in the exploitation of IOs, and in support of international expansion.

IE research suggests that the entrepreneur's perceived or constructed confidence in a business relationship influences the way, how she or he interprets information and gathers intelligence, which affects the allocation and use of resources (Hayward et al., 2006). Earlier, Das and Beng (1998) suggested that, while an adequate level of confidence in a partner's cooperative behaviour is an essential ingredient of the relationship, it serves as a precondition for the development of trust towards a business partner. This study reinforces such findings. It further explores the ability to develop confidence in a partner firm (and its abilities) as a NC, and an essential entrepreneurial behaviour in such network relationships. Moreover, such confidence development capabilities also reflect and acknowledge the notion of potential partner firm opportunism, which is inherent in TCE assumptions (Seggie, 2012, Williamson, 1996; Weiss and Anderson, 1992), as respondents are aware of such associated risk.

Respondents hope that a partner appreciates the criticality of a long-term relationship with customers and end-users, and maintains their long-term orientation. Alongside the expected long-term approach of individuals in potential partner firms, respondents commonly state that the partner firm also needs to invest into the partnership. A common hope communicated by the respondents is that this partner acts in the HTSME's best interest, although they understand that a partner firm primarily follows own business objectives. Respondents are aware, that these are likely to differ from the own ones.

Respondent R explains how important the long-term mindset of potential partner firms is, and respondent M later confirms the criticality of ongoing service and a long-lasting

customer relationship. They go on to emphasise the importance of finding a partner firm abroad which possesses the suitable mindset and understands the criticality of patience and a long-term approach in such specific industries. In turn, the ability to develop confidence in their attitude and business approach is essential in the enactment of IOs.

*“We sell capital goods, they are relatively expensive, long living. We talk about a life span of more than 5 years, sometimes 10 years. When you sell our devices you also sell a lot of trust. I do believe that more than 50% of all purchasing decisions are based on trust. Our customers ask: ‘Is the distributor able to provide the essential services for the next couple of years? And: Does this firm still exist in 10 years?’ Purchasing decisions are not based on the price. It is the whole package: service, longevity, trust!” (Respondent R)*

*“Who is willing to buy one of those machines, which will be running for almost 20 years, from someone, if he doesn’t know: ‘Do I still have someone to talk to in 5 years’ time?’ [...] It is extremely important that our partners have the technical abilities, and it is essential that they are willing to really engage with the customers. They need to be able and willing to have this ongoing discussion with the, And this discussion is time consuming.” (Respondent M)*

Respondent C acknowledges that individual business aims and objectives of his HTSME and the partner firm often deviate, regardless the agreed and communicated common goals of the partnership. He also illustrates how partner firms commonly

exercise pressure on the manufacturing firm through industry-specific knowledge. As partnerships require mutual belief and trust, he asserts that the HTSME relies on the partner's attitude, as there are no control mechanisms that can prevent the risk of such opportunism. Respondent G confirms this dependency on the partner firm, and advocates to confidently rely on the partners' goodwill, regardless such commonly communicates fears and reservations.

*“No matter how good your partner is, they will always follow their own business aims. This is completely normal, everyone would do that. The partner tries to keep his holy secrets and internal knowledge, which means he ties you close to him, he makes you dependent, he does not give you the customer-specific data, that is the case normally. The partner only tells you what he believes will be beneficial for himself.” (Respondent C)*

*“Who wants to fool you will always find ways of doing that. That is for sure. And you will never be able to control this abroad, I am telling you that!” (Respondent G).*

Respondent C summarises a common view amongst respondents, and reinforces the criticality of finding trustworthy and likeable individuals with the right mindset and business conduct. Similar to other respondents, he speaks of the importance to develop confidence and trust, which he sees as indispensable features of IO exploitation.



*“The aim is to find the ones you get along with. It does not need to be a big team. Two or three, or maybe even one. But then, at least, you have someone you can trust more or less.” (Respondent C)*

This section has highlighted illustrated the significance of trust capabilities, which refer to the abilities to perceive and/or develop trust in other individuals external to the focal firm. While it has illustrated the relevance of trust capabilities on IO enactment and international expansion, the next session focuses on capabilities to maintain relationships.

### **6.5 Capabilities to Maintain Relationships**

In German HTSMES, maintaining network relationships constitutes a NC required to successfully enact IOs. In the context of the study, this encompasses the cultivation of both personal contacts and inter-organisational relationships. The empirical findings suggest that such relationships are commonly maintained, even though respondents often do not directly associate these with monetary value or envisaged business transactions. The KDMs in the firms under investigation cultivate such relationships to facilitate learning, informal networking and information exchange, and to gain a clear appreciation of market developments, changes and trends.

The findings allude to the fact that such relationship maintenance, at a later stage, allows new IO identification, as respondents foster and create new opportunities through references and word-of-mouth communication and informal interaction in their own personal and firm relationships. Consequently, KDMs realise the value of their global networks in these specific niche markets, and openly and confidently share

information. This relationship maintenance behaviour aims at benefitting from close communication, and at increasing the likelihood of unexpected, unforeseen IO identification.

Consequently, the ability to maintain and cultivate relationships becomes a NC, and an indispensable entrepreneurial behaviour to exploit IOs. Such behaviour typically entails patience in terms of capitalising from those opportunities. Based on their experiences and narratives of emerging and unexpected IO identification and enactment procedures, they commonly develop a confident and laid-back approach to relationship maintenance and cultivation, without expecting an immediate or mid-term return from them.

A few researchers have discussed relationship development capabilities at interpersonal and inter-organisational level (Mitrega et al., 2012; Mitraga and Zolkiewski, 2012; Das and Rahman, 2010, Blomqvist and Levy, 2006). Such researchers contend that the ability to develop relationships constitutes a specific skill set different from relationship initiation capabilities and relationship termination capabilities (c.f. section 3.4.2 for a more detailed account of such capabilities). While such discussed capabilities include active and planned information exchange as well as coordination activities, the relationship maintenance theme in this study refers to a more pragmatic, unconventional and unplanned behaviour.

Thus, this present study contributes the existing literature by identifying the ability to maintain relationships and the corresponding entrepreneurial behaviour as NC in the

enactment of IOs, and differentiates such behaviour and capabilities from the commonly discussed and cited relationship development topic. The empirical findings portray the KDMs in the firms under investigation as global, casual and confident network relationship maintainers. Such capabilities to maintain relationships encompass the cultivation of both personal contacts and existing firm relationships.

The empirical findings reveal that personal and firm-level relationships commonly overlap and intertwine, while there is, from the respondents' point of view, no actual distinction between those two (Haytko, 2004). This study asserts that through human interactions, personal-level relationships develop further and commonly result in business relationships and/or partnership agreements. On the other hand, business or firm-level relationships intensify, develop a personal character over time, and often result in strong personal ties or even friendships. This, in turn, increases commitment and trust, contributing to the effectiveness and perceived value of a potential partnership. This study thus provides new theoretical insights into the composition and structure of the KDMs' holistic networks without a limiting focus on one relationship level only.

### **6.5.1 Capability to Maintain Personal Contacts**

Respondents commonly report how already existing personal contacts facilitate foreign market entry and IO exploitation. Here, respondents share experiences both with contacts in Germany and abroad. They speak of their relationship maintenance and cultivation activities, and explain how interactions with these individuals inform and foster IO enactment. Consequently, they see their own personal network as critical

in terms of internationalisation, and share their views on its importance and significance.

The relevance of personal contacts on SME internationalisation is well documented in the literature (Yao and Xi, 2009; Davidsson and Honig, 2003; Hoang and Antoncic, 2003). Such studies assert that knowledge embedded in long-term relationships is often concentrated in one individual in the firm, and that firms tend to attract partners based on information spread through personal ties (Gulati, 1998; Uzzi, 1996). This present research confirms such findings, and examines such personal ties and their cultivation from a NC perspective. The importance of maintaining such personal relationships has also received some scholarly attention (e.g. Dindia and Canary, 1993), but the theoretical link between such maintenance abilities and IO exploitation remains little understood. While a few HTSME internationalisation scholars (Crick and Spence, 2014; Crick and Spence, 2005, Crick and Jones, 2000) agree that personal relationships foster IO identification and later exploitation, the ability to confidently and consciously maintain and cultivate such personal ties needs to be further explored as NC.

Respondent P recalls how the decision to establish the Chilean subsidiary, which later serves as a regional sales hub for many South American markets, emerges from interactions with a personal contact. Like other examples, the IO is initially identified by the business contact and not by him, and is later enacted jointly. The collaboration is triggered by the partner's enthusiasm for this venture, as well as the inter-personal rapport, rather than commonly understood benefits of a regional sales and service hub as market entry form. Respondent P shares this experience, and speaks of the emergent

nature of this IO exploitation procedure. Both quotations confirm that the capability to maintain personal relationships is needed for IO exploitation and international expansion.

*“A former customer from Chile, who had also received deliveries from this previously existing firm [other manufacturer], who wanted to exchange this device, approached us saying: ‘I need a proposal from you’. He is based in Chile, worked for an oil company owned by the government for 40, 45 years. [...] This always emerges from, and presents itself based on an opportunity. This guy approaches you, has an idea, he presents it, and then you start thinking, and it develops and moves into a certain direction, and this then leads to an agreement first, and then finally its realisation.”*  
(Respondent P)

Similarly, respondent F reports how he uses an already existing personal contact in the industry, when he initiated business in the USA. A year-long friendship resulted in a business partnership, and he emphasises how grateful he has been for this serendipitous incident. The US market has not been identified as target market initially, but they exploit the identified IO jointly, and develop operations in the USA collaboratory. Respondent F illustrates how the maintenance of a personal relationship triggered IO creation and later exploitation.

*“I have known this partner for 20 years, it is a very close and personal relationship. He was not very happy with the product he represented and sold at that time. Then, he was not allowed to sell it anymore, and we were there at the right time, it was*

*definitely the personal relationship factor as well 'right time right place'. It was just right, I would classify it as fate." (Respondent F)*

Respondent Q explains how business was initiated in Poland. This opportunity stems from information exchange with an already existing personal relationship in Germany. The decision to collaborate with this partner firm in Poland emerges through communication with a personal contact, who knew this individual, his initiative to introduce each other, and subsequent discussions. Poland as a future target market had been considered earlier, but no systematic attempt has been made to establish a foothold until then. His ability to maintain this personal relationship enabled subsequent entry into Poland.

*"The Pole is also a single individual, representing us as sales representative or merchant. We got to know him through a coincidence. I know this guy who runs a Marketing consultancy in Berlin and I meet up with him from time to time. And at one of our meetings, he told me that he has, through own personal contacts, heard about the young Pole who would be interested to represent German firms, and he asked me if I was interested in getting to know him." (Respondent Q)*

Respondents report further relationship maintenance initiatives with personal contacts, and their accounts convey a confident and laid-back perception of those relationships. The respondents' narratives and explanations reveal that the cultivation of these relationships does not require a lot of effort, but emerges naturally. Due to the industry

specificity, respondents commonly associate a high degree of familiarity with and amongst industry players in networks.

*"It is a family which meets on trade fairs. And, automatically, you meet the same people again and again" (Respondent R)*

*"They are all very familiar to me. We know each other. We really know each other."(Respondent G)*

*"In Spain, I got to know a young architect. And this guy is a very important source of information for us. He informs us about global trends, projects, tenders. Things we would otherwise not know about." (Respondent Q)*

### **6.5.2 Capability to Maintain Firm Contacts**

IO exploitation is commonly initiated through already existing firm and business contacts the KDM maintains and cultivates. Based on such ongoing communication, information exchange and casual interaction, ideas are developed and initiatives to jointly enact IOs emerge unexpectedly. The KDMs act as confident and patient networkers, who maintain relationships with other firms without necessarily seeking for economic or financial return in the short- and mid-term.

The notion of firm relationship maintenance has a long tradition in IB and business relationship research (Ford et al., 1998; Anderson et al., 1994; Möller and Halinen, 1999) (c.f. section 3.2 for a more detailed account of such relationship maintenance topics). Such research holds the view that these abilities are essential for entrepreneurs

in various industry context, Others contend that the ability to develop and cultivate such firm relationships are associated with specific skills, different from relationship initiation and termination situations (Mitrega et al., 2012; Mitraga and Zolkievski, 2012; Das and Rahman, 2010, Blomqvist and Levy, 2006) While this study confirms such contentions, it extends current theoretical knowledge, and sees such firm relationship maintenance ability as actual NC. These are essential for IO and needed for international expansion.

Respondent Q depicts how business in India is initiated based on pre-existing business contacts. The foreign market entry emerges from the interaction with an American business contact from the construction industry, who introduces him to the Board Members of the Mumbai airport modernisation project. Based on this reference, this global procurement tender for the glass-coating solutions is already tailored to his firm's solutions, and so the IO emerges unexpectedly. His account confirms that the capability to maintain firm contacts represents a needed NC.

*“That was a tender announcement, a tender which we entered at a very early stage, which meant that the tender specifications were already aligned to our products. The American contact we had is a construction firm, who had previously used our solutions. This project was planned by certain architects, and this firm also conceptualised the project in India. I then contacted them, and the architects who were responsible for this airport in Mumbai said: ‘What we have seen there would be of interest to us for this project as well’. The whole tender was specified according on our devices and solutions.” (Respondent Q)*



Respondent L shares her experience of how the entry into Nigeria emerges from a Nigeria-themed event held by SPECTARIS. This informative and network-focused event in Germany is followed by a dedicated trade fair in Nigeria, where potential partner firms and institutional customers are invited. Respondent L found a suitable distribution partner, and later used this partner as a sales hub for West Africa. The IO is initially identified by SPECTARIS' market research associates and communicated to her, and other KDMs in member firms of the SPECTARIS association. Later, the new business partner's enthusiasm for the venture is given priority over other aspects associated with indirect exporting. Both accounts confirm that maintaining such firm contacts is deemed crucial for foreign market entry.

*“I have heard that SPECTARIS had started an initiative and planned a trade fair in Nigeria. And they organised this trade fair using the Made in Germany theme. And I said: Ok, we will take part. Then, the trade fair in Nigeria took place. SPECTARIS had provided evidence, based on facts and figures, about Nigeria being the African market with the biggest future potential, and would also provide the logistic infrastructure for potential entries in surrounding countries. This trade fair had been very successful, and we found a distribution partner who was really enthusiastic about our products.”*  
(Respondent L)

Respondent C, who has recently started to focus on West African countries as future target markets, joins a trade initiative with CEOs in other German laboratory technology firms. This initiative is taken to benefit from synergies and knowledge transfer. These KDMs founded the German Laboratory Group (hereafter GLG), and

the collaboration and subsequent joint enactment of the IO emerges from this partnership and close communication between the leading heads of various firms in the laboratory technology industry. The IO emerges from the capability to maintain firm relationships, and from ongoing communication with other CEOs. Similarly, respondent H benefits from shared offices in Brazil, while this partnership emerges from the relationship with leading politicians of the Federal State of Schleswig Holstein (Northern Germany).

*“We have developed this business initiative with multiple firms, who all operate in the lab technology business. And this, this is a completely new approach. We started with Nigeria, but this will be expanded to other countries, we try to develop this trade and business union. I cannot develop this market alone, and the market potential is probably not big enough to justify this. But if there are 4, 5, 6, 7 firms that cooperate, we can allocate costs on various shoulders. And like this you have a longer breath.”*  
*(Respondent C)*

*“We started a collaboration with the WTSH. This is the Center for Economic and Technology Transfer Schleswig Holstein. And they support small firms like ours, and we moved into shared offices they provided in Sao Paulo. This is a relatively cheap option for us. And they even support us financially because we are eligible for funding.”**(Respondent H)*

Respondent P illustrates how the Columbian market is entered based on word-of-mouth communication. Similar to respondent L, he has not been aware of the existence

of the IO in Columbia initially, but the IO unfolds itself through communication amongst distribution partners in different countries. In this particular case, respondent P benefits from global network relationships in this specific distillation field. He summarises how word-of-mouth and references have become more significant for him personally and his firm. The capability to maintain such firm contacts makes IO creation possible.

*“It was word-of-mouth! You would not have expected that, our partner in Romania got to know this lady from Columbia on one of those annual sales meeting provided by another manufacturing firm. She then provided us with this reference and advised us to contact her. We did that and she indicated that, although she could work with us, she was already working with numerous firms at that time. But she told us about one of her friends who also operated in this industry sector. And this individual is our partner today. The best results came through word-of-mouth.” (Respondent P)*

As respondents commonly cultivate such firm-level relationships with existing business contacts, they realise that they might well benefit from those in the mid- and long-term. They speak of communication and information exchange with colleague firms or even competitors in the industry, knowing that such interactions contribute to their positioning and appreciation in those global and industry-specific networks. These relationships also facilitate the search for partner firms abroad.

*“Even though we sometimes compete with them in global tenders, we share information and knowledge. Since we know each other really well.” (Respondent J)*

*“We know the other ‘typical suspects’ in the firms very well. I am talking about other competitors and colleague firms. And we have established really good relationships with them. I am well networked, via trade unions or other associations. And I can call one or the other firm, and ask them about potential partner firms, seek for references, get advice etc. This really works.” (Respondent L)*

*“Once you have a basis of contacts, you can communicate effectively. Something along the lines of: ‘Have you spoken to him? Have you contacted him? etc. It works out like this” (Respondent P)*

Respondent E reports how the development and maintenance of relationships with Governmental consultants for infrastructure projects can be of value, given their common global network and information exchange behaviour. Such relationship cultivation capability can lead to the exploitation of IOs which he was not aware of initially.

*“We have established good rapport with those consultants or planners for new hospital conceptualisations and constructions. They know each other very well. And that is why I cannot simply say: ‘My firm is well-known in country A, but not known in country B. These planners, consultants, they know each other, and they know us, and they will transfer it from country to country.”*

While this section has examined the role of capabilities to maintain relationships in IO enactment and in support of international expansion, the following section explores

the significance of knowledge exchange capabilities in network relationships of KDMs in German HTSMEs.

## **6.6 Knowledge Exchange Capabilities**

The primary emphasis on daily business activities and initiatives associated with their core business foci of R&D, product innovation, and manufacturing mean that the required knowledge pertaining to foreign market entry, international marketing and international sales is lacking in some of the firms (Mike Bähren, SPECTARIS). Respondents are commonly aware of their own preoccupation with device conceptualisation, development and manufacturing aspects of their business, but understand that the key challenge in terms of foreign market entry and the exploitation of IOs is the transfer of IP abroad (Oviatt and McDougall, 2005).

The notion of knowledge exchange, in this German HTSME context, stems from earlier assertions (Sedoglavic, 2012; Oviatt and McDougall, 2005) that one of the key challenges for this breed of firm seeking international expansion is the transfer of firm-specific knowledge into the host market. This is the case since the most important proprietary asset is technology, and the associated knowledge, while IP is considered a key source of firm-specific advantage (*ibid.*). Such contentions also share inherent assumptions of the RBV of the firm (Sharma and Erramilli, 2004, Roth, 1995; Agarwal and Ramaswami, 1992). They further mirror the notion of asset specificity (e.g. Williamson, 1979), as important determinant of how, according to TCE (Seggie, 2012), IOs are exploited.

Lastly, ‘ownership advantages’ through the firm specific and hard-to-copy technological capabilities (Brouthers et al, 1996; Dunning, 1993/1988) represent a source of competitive advantage, but causes the need for such knowledge transfer initiatives. The creation of cross-border knowledge and technology transfer associated with IO exploitation conflicts the inherent resource constraints these firms face (Andersson and Florén, 2008; Crick and Spence, 2005; Spence, 2003; Jones, 2001; Mc Dougall and Oviatt, 1996).

The empirical findings confirm earlier assertions that SMEs in high-technology markets increasingly face the challenge of collaborative knowledge production in networks to enact IOs with others jointly (Grünberg-Bochard and Kreis-Hoyer, 2009). The knowledge exchange construct suggests that corresponding interactions between network players exceed the conventional transfer of knowledge, as the KDMs commonly construct new knowledge with individuals in partner firms, industry experts, and end-users such as specialist doctors and scientists.

The empirical findings also suggest that the HTSMEs’ competitiveness is partly based on its relationships with other business actors, such as customers and suppliers, and may lie outside the company, particularly in its relationships. Through knowledge exchange, the KDMs continuously learn, and achieve various resource synergies through exchange relationships (Mitruga et al., 2012; Ford and Hakansson, 2006). Thus, knowledge exchange capabilities play an important role, and are essential NCs of the KDMs in the firms under investigation.

IO enactment is an educational affair, as it is commonly based on and require knowledge exchange. The knowledge-exchange-focused interactions become a constituent part of the collaborative and joint IO enactment. The KDMs' own personal, educational and informative role in the successful creation of value in foreign markets is well understood and typically reflected in their activities. These abilities constitute an indispensable NC. This knowledge exchange refers to human interactions such as educational initiatives, and device-related training for and with a variety of individuals and stakeholders in the networks.

Respondents perceive the need to directly engage in these educational activities with representatives in potential partner firms, end-users, opinion-leaders and industry-specialists, knowing that the nature and complexity of the devices (cf. section 5.4.3) require explanation, detailed instructions and technical support. This reinforces the collaborative and collective nature of the IO (Mainela et al., 2014; Schweizer et al., 2010), as all individuals involved in these informative and value-creating interactions become constituent parts of the opportunity. The empirical findings confirm that IOs are enacted through a dialogical process with these individuals, and enacted through their direct involvement in the IO process (Fletcher, 2010; Rindova, 2009).

In this German HTSME manufacturing context, the study rejects the notion of indirect exporting being a low-commitment market entry strategy (Osland et al., 2001), as the extensive knowledge exchange initiatives, such as in-house training, joint customer visits and travels, and close communication with the potential partners takes place, even before the first contractual agreements are made. These actions are commonly

time- and resource-intensive. In the light of the value chain requirements such as after-sales services, repairs and maintenance, the technical complexity of the devices, and the financial constraints the firms face, respondents commonly consider these means essential. They regard education as a core task of their entrepreneurial work to exploit IO, and the ability to regularly engage in these educational interactions constitutes a NC.

Knowledge exchange is, at least in this German HTSME context, an essential component of IO enactment. The study contributes to the literature by establishing a theoretical link between knowledge exchange and NCs for manufacturing HTSMEs. In other words, while knowledge exchange has been discussed in a few business relationship studies (Grünberg-Bochard and Kreis-Hoyer, 2009; Coviello, 2006; Kreis-Hoyer and Grünberg, 2004; Kogut, 2000, Rothwill, 1994), and remains significant in the determination of network composition and performance, the empirical findings suggest that knowledge exchange abilities are indeed NCs required for the successful exploitation of IOs.

Knowledge exchange capabilities are twofold in this study. They firstly entail device demonstration offerings and initiatives for educational reasons. Secondly, they refer to direct interaction and communication with individuals in potential partner firms, industry experts and potential end-users, in order to provide much-needed technical education and product/device-related information.



### **6.6.1 Demonstration Capability**

Respondents perceive the need to engage and communicate closely with the actual end-users of their devices. These include specialist doctors, nurses and leading scientists in the field. These interactions and provisions are commonly perceived essential to familiarise these individuals with the devices, their features and usage specifications. They often take place alongside a simultaneous search for suitable partner firm. The KDMs personally engage in these educational initiatives themselves. As the device usage often refers to the treatment of critically ill patients, these educational talks are considered highly important, as they are expected to provide additional value over competitors, and are commonly seen as USP. The ability to provide such demonstrations is an essential NC.

The ability to provide product and/or service demonstrations has not received much attention in existing literature. And since, in this German HTSME context, such demonstrations stem from product specifications and the usage context (c.f. section 5.4.3.2 for a more detailed account), the extent to which demonstrations are needed and add value to the business relationship is highly context-dependent. Smith et al. (1983) use the concept of ‘product trials’, in arguing that such offerings often exceed the value of conventional advertising. Heimann et al. (2001), who analyse drivers for manufacturer preferences, suggest that such product demonstrations can reduce perceived uncertainty amongst customers in B2B relationships. This study confirms these contentions, and extends existing knowledge, in that it explores demonstration capability as essential NC in this specific German HTSME context.

Respondent R for instance reports demonstration applications in hospitals to help doctors familiarise with the respiratory devices. He explains that the institutional purchasing decisions are not only based on expected quality-price ratio, but need to be tested and demonstrated. This allows end-users to gain a clearer appreciation of their usage and application. These demonstrations also help to establish brand awareness:

*“We offered these demonstration applications without a tender, and we installed the devices in hospitals. This signifies a lot of commitment, also for our on-site partners, they need to have introduced and presented the devices in the operating theatre, in the intensive medical department. Also, the devices need to have ventilated actual patients. And unless our devices have not been used by anyone, no one will ever buy it. And it is even more difficult for a new brand. They want the real contact with someone, who is able to explain to them: What is the product like in reality?”(Respondent R)*

Respondent I recalls how he trained nurses to assist neurosurgeons in the USA during their first operations with his firm’s neurosurgical implants. While the distribution partner takes responsibility for the sales of these devices, the clinical specialist nurses dispose of a more fundamental technical knowledge. The American neurosurgeons receive valuable support and close communication, as respondent I illustrates:

*“In addition to this good distribution network, we needed so-called clinical specialists. And then we looked who could be suitable for that, and we decided to employ nurses for it. They received a specific training. And then, the sales person went to the hospital, and approached the doctor. And if they were interested, a clinical specialist joined.*

*They assisted the first operations, spent up to a week in the hospitals. And only if the doctors have conducted the first set of operations in a decent manner and quality, and the sales person had become more secure and confident, they went over to the next hospital.” (Respondent I)*

Respondent G also explains how he conducts seminars with Russian doctors to familiarise these with the devices as well as its usage, and to educate these end-users. Such demonstration seminars show commitment and engagement, helping him to engage with other relevant individuals in the industry. Respondent R agrees and values those demonstration practices.

*“We offered seminars, and we have invited key users from Russia, the doctors who actually work with those systems. And then, in September, we have conducted a big seminar, with those 100 individuals plus their friends and personal contacts. They all came to the seminar, and we trained them and informed them, showed them how to use the devices. We used this event as a so-called ‘kick-off event’ for the whole venture. This is a very careful and intensive preparation.” (Respondent G)*

*“We need to train them, there is an investment required, travelling, the first applications and demonstrations on site. We know we need to do that because otherwise it does not work. Sometimes, those demonstrations make the difference and helps us win the tender, provided they work well” (Respondent R)*

J also speaks of such demonstration initiatives to educate end-users, in this case ventilation specialist doctors, and speaks of the importance of this investment.

*“If you want to succeed abroad, you need to provide those devices for demonstration purposes and seminars with the doctors. This is time consuming and expensive, but it’s an investment into the future.” (Respondent J).*

### **6.6.2 Educating Capability**

Respondents discern specific value chain requirements and device complexity, alongside customer service and maintenance-related expectations. Consequently, KDMs commonly identify the necessity to actively and personally engage with the potential partner firms as well as industry experts, in order to educate these key individuals. These initiatives are deemed essential to facilitate foreign market entry, and commonly take place before a partnership is finally agreed on and the first devices are sold. During these educational initiatives, respondents are eager to experience the potential partner’s behaviour, to get to know these individuals better. The capability to provide such educational support thus constitute a NC in the exploitation of IOs.

Educational abilities and the capability to provide such education in human interactions are, similar to the demonstration capabilities, context-dependent and associated with the technical complexity of the devices the focal firms manufacture. Studies which discuss such educational initiatives are rare. One exception remains Beverland’s study (2001) which explores educational activities directed to institutional customers in B2B settings, but does not go beyond the contention that such initiatives are significant in relationship cultivation. Ruokonen et al. (2006) investigate B2B

partnerships and their role in the internationalisation of small software firms. Their findings suggest that technical specifications significantly affect both partner search and network development. This study reinforces their findings that such educational initiatives increase partner firm motivation and commitment (ibid.), and contributes to existing knowledge, in identifying such educational capabilities as needed NC in the exploitation of IOs.

Respondent Q educates the new Spanish distribution partner. He invites this individual to the headquarters, in hoping to get to know him better as a person, receive an appreciation of his approach towards this potential collaboration, and to teach important aspects associated with the glass-coating solutions for major construction sites. He reinforces the importance of a close communication:

*“What I believe was helpful, is: I asked him to compile a presentation in Spanish as so-called homework, as he had to be able to explain everything to his potential Spanish customers. It is very important that he can bundle and summarise customer feedback and forward the main points to us. Or he needs to ask further questions to clarify things. This dialogue is very important to us.” (Respondent Q)*

Likewise, respondent R considers training and education indispensable aspects of IO exploitation, in reinforcing that no IO can be enacted effectively without the essential educational efforts to key individuals in the host market.

*“There is no project or order that we would accept, unless someone has been specifically trained for it. And if this is not the case, I would rather not deliver at all. Because I would expect problems even from the introduction of the product into the market. You need to ensure that the essential after-sales services can take place, and the partner needs to be able, from a technical point of view, to provide service and handle that.” (Respondent R)*

*“We need to educate our partners, otherwise it doesn't work. We must do that. Since our products are so specific.” (Respondent R)*

Respondent N speaks of educational seminars which he offers to current and potential new sales partner firms. He holds such seminars on a regular basis to provide essential device-specific information, and to teach complex technical aspects. He reinforces that, in addition to the information he provides, such seminars help to cultivate relationships with the leading heads in those firms. Respondent G communicates closely with specialist doctors to specify important device components, and offers similar seminars with and for those end-users abroad.

*“I am holding regular product seminars, where we invite all our sales partners. This provides us with a very good opportunity to both collect and distribute new information. It is not inly the provision of information but also cultivation of relationships and bonds. (Respondent N)*

*”We have developed a portfolio together with these doctors, long before we actually sell the first devices. And we have offered seminars to those doctors who use our systems.” (Respondent G)*

Respondent I also recalled trips to Cuba to engage with the doctors himself. Here, Governmental decision-makers in the health authorities, who seek to equip new hospitals with these neurosurgical implants, work with industry consultants. These consultants in turn, work closely with the actual neurosurgeons. He illustrates the importance of these informative business trips, and reinforces the significance of showing personal engagement in host markets. He considers these initiatives as critical in the successful enactment of the IO, and talks about how this requires close interaction with respective network players:

*“You need to make use of your worldwide network of neurosurgeons, they are connected all over the globe. And you need to make sure that the ones who like our products also act as ambassadors for us [...] You need to provide support there, these countries do really value and appreciate if you come along with doctors, to provide education. Education is the crucial aspect in such countries. You can really showcase yourself if you show commitment and engagement. Because other firms do not do it that way. Our strategy is to really educate the people with the products.” (Respondent I)*

Respondents refer to key influential individuals and industry experts in the network and users of their devices as ‘opinion-leaders’. Like the educational initiatives depicted

above, they perceive the need to actively engage with these highly-respected industry-specialists. Establishing personal bonds with these individuals is considered as critical in the successful establishment of foreign operations. KDMs actively and personally engage in these educational initiatives, alongside simultaneous negotiations with potential partner firms prior to the actual market entry.

Respondent D confirms the importance of establishing rapport with leading specialists in the cardiology field. He explains the essence of a close and personal communication, to educate and inform these opinion-leaders. These influential individuals not only affect institutional purchasing decisions, but act as brand ambassadors for the HTSMEs and their devices. Respondent D believes this affects the successful enactment of IOs. Respondent J also speaks of such educational activities with specialist doctors and other opinion-leaders in the global industry network.

*“And we do have certain contacts to cardiologists worldwide. And if you have established those relationships, you can convince a certain cardiologist, who has something to say in the clinic. He will be able to negotiate this with the procurement department, if he really fancies the product. In other words: The contact with opinion-leaders is key.” (Respondent D)*

*“I need to do a lot of work to convince these doctors, and give them an `extra lesson`. But you need to be very smart to do that. And the human and interpersonal aspects come into play” (Respondent J)*



Respondent R's account also illustrates how a relationship with an opinion-leader in Australia is established after having visited the congress in Melbourne, and how significant this contact is in raising awareness and acceptance of the devices. Respondent Q agrees, confirming that rapport with these opinion-leaders is of great value. Both respondents perceive the need to personally engage with these reputed industry-specialists, knowing that the sales representatives of distribution partner firms have often have limited capabilities and knowledge to do so.

*“It is also a very specific market segment. And there are these ‘respiratory specialised’, those globally respected gurus! They give lectures and business talks worldwide. And if they see a new product that they like or find potentially interesting, they are often willing to buy new technology, since they are technologically right up to date. They are always interested, and we were lucky to find one of them, knowing that we could benefit from that. And it’s just great that we found acceptance.”*  
(Respondent R)

*“The number of contacts is always important, whereas I don’t only mean the pure number, but also the liveliness of course. And we then look, of course, who of those [potential customer] is active or could become active soon? And who is a so-called opinion-leader? And it’s not about the number of contacts, but also the evaluation of the individual contact.”* (Respondent Q)

This section has focused on the knowledge exchange concept and its relevance for KDM in German HTSMEs. The following section examines the role of KDMs' pride

as NC in the enactment of IOs, and discusses the associated and resulting entrepreneurial behaviour within network relationships.

## **6.7 Pride**

In German manufacturing HTSMEs, KDMs' commonly display pride in the successful exploitation of IOs. This pride in their businesses, devices and their own business conduct typically influences their entrepreneurial behaviour in network relationships and human interactions, and is further reflected in self-confidence they during those encounters. Consequently, the ability to show this pride and to use it effectively in informal discussions, needs analysis and negotiations constitutes an NC in the enactment of IOs.

This pride conceptualisation, in this German HTSME context, encompasses two dimensions, namely the KDMs' pride in own leadership style on the one hand, and the pride in the 'Made in Germany' label and corresponding associations and on the other hand. During both recalled human interactions with individuals in network relationships and explanations of their own business values and beliefs, the KDMs in the firms under investigation commonly show pride, confidence in themselves, their firms and the devices, and typically differentiate themselves from competitors and other firms in the industry.

The KDM's pride as driver or influencer of their entrepreneurial behaviour, and in particular networking, remains understudied. Decades ago, Solomon and Winslow (1988) already spoke of the entrepreneurs' perceived attributes of self-worth, self satisfaction and pride, in suggesting that such associations with themselves, their firms

and their work routine are influential in entrepreneurial behaviour. Later, Hicks (2009) suggested that entrepreneurial self-pride is an important feature of successful entrepreneurs. Despite these contentions, it remains unclear how such perceptions affect networking behaviour, influence IO exploitation, and supports international expansion of SMEs.

Here, the study contributes to the literature in two ways. Firstly, it extends the existing theoretical knowledge pertaining to NC for IO enactment, in identifying pride as an essential and required NC. Such pride, as driver and influencer of entrepreneurial behaviour and an actual capability in network relationships, remains largely unexplored. Secondly, the empirical findings shed light on the COO effect on entrepreneurial behaviour, pride and confidence within network relationships and human interactions.

In the light of 'Made in Germany', the findings suggest that the effective integration of COO associations into human interactions stipulates an essential NC for the exploitation of IOs, at least in this German HTSME context. As chapter three has depicted, the theoretical knowledge on how the COO effect and KDMs perceived pride affect their behaviour within business relationships required clarification and remains unclear. Consequently, the study makes efforts to contribute to this matter, by identifying pride in the COO and corresponding associations as essential NCs in the enactment of IOs.

The finding relating to the perceived pride of the KDMs in regard to their personal leadership style, ethical values and the treatment of employees constitutes a new contribution to both business relationship and NC research, but requires further clarification and exploration in future studies. Empirical findings suggest that such personal pride affects their behaviour and communication approach in network relationships, but more work needs to be done to further explore this.

### **6.7.1 Pride in Leadership Style**

Respondents commonly display pride and confidence in their personal leadership style, business ethics and relationships with employees. They emphasise that such values and beliefs would differentiate their own firm from others, in particular competitors in these global niche markets. In turn, the KDMs typically elaborate on, what they believe, contributes to their firm's uniqueness and provides additional value to both employees and customers. The desire to behave ethically commonly effects IO enactment considerations and decisions. The ability to display the associated pride to network players, potential partners and/or customers affects communication within their networks, and is considered a NC in the firms under investigation.

Theoretical knowledge on how such personal pride in leadership affects entrepreneurial behaviour remains scarce and largely unexplored. Exceptions remain studies by Hood (2003) and Agle (1996) who examined entrepreneurs' leadership styles and their personal relation to ethical values. Such studies, however, do not explore if and to what extent such perceptions of own behaviour affect networking and communication approaches within these networks, but remain limited to the study of KDMs' personal perception of their own leadership approach. Ensley et al. (2006)

made an effort to investigate the impact of the entrepreneur's leadership style and ethical behaviour on new venture performance, but also exclude networking from their discussion.

Respondents' personal attitude commonly includes a perceived responsibility for their employees as well as a desire to behave ethically. This, in turn, affects IO exploitation, and the ways international expansion might take place. Respondent E, for instance, speaks of his perceived responsibility for staff members. Thus, he reinforces the importance of his social and ethical responsibility, in illustrating that a Joint Venture partnership in India is not an option. He prefers to manufacturing at the headquarters only, to ensure employment for his team. His narrative conveys pride in his beliefs, ethical values, and consequently his management style.

*“One day, you need to tell one or two mechanics: ‘Sorry, there is no more work for you this morning’. And, who would want to do that? [...] [Other firms] they think differently, they are profit-oriented, we are a family business, we have 80 employees and for the major part family fathers. Everyone talks about social responsibility. You can either embrace it or you can just forget about it.” (Respondent E)*

Respondent G similarly elaborates on his perceived responsibility, and reports a negative experience in his previous managerial position, where he was forced to dismiss employees. Alike respondent E, this account suggests pride in his business ethics and values, and he emphasises how his orientation derived from these experiences.

*“And then they said: ‘That is the completely wrong approach. Just get rid of some 50 people. The others will start to fear and will work even harder, and you will have the cost structure under control’. And I said: Well, this is not what I call business ethics! I would never have expected anything like that. And it was clear to me: I will never do anything like that again. You do really suffer from that yourself, when you are acting against your own personal beliefs. You do need to be aware of your own responsibility for your employees.” (Respondent G)*

Respondent Q also explains his perceived ethical responsibility for his employees. He illustrates his personal attitude, and contends that these values and moral expectations reflect the firm’s corporate culture, as well as the German origin. Respondent Q summarises, and his account repeatedly and strongly displays pride in himself and his leadership style.

*“This is probably my personal attitude. I would, even if we earned slightly less money here, prefer to stay. I am definitely not someone who is only money-driven, and I think this is typical German Mittelstand, typical for a German, small firm entrepreneur. Of course, profitability is important but not regardless of all other circumstances and aspects. Not to make me and my family rich while we are having unfavourable working conditions. This is not my cup of tea!” (Respondent Q)*

### **6.7.2 Pride in ‘Made in Germany’**

‘Made in Germany’ reportedly suggests the usage of high-quality raw materials and spare parts, conveys longevity and robustness of the devices, and refers to quality standards associated with the manufacturing and assembling processes (c.f. section 4.3

for a more detailed account on the COO effect and German HTSMEs). The empirical findings illustrate that respondents commonly display a perceived pride about ‘Made and Germany’, and this perceived pride constitutes an important NC for the firms under investigation. This pride is seen to strengthen their own self-perception and confidence, and this affects their networking behaviour. Such findings had not been picked up by exiting literatures.

Consequently, this study asserts that these perceptions impact on their entrepreneurial behaviour regarding IO enactment, and influences the nature of human interactions in network relationships. The empirical findings confirm earlier assertions (Bloemer et al.; 2009; Dinnie, 2004; Al-Sulaiti and Baker, 1998) that COO associations affect how these devices with German origin are perceived and valued, in particular in respect to quality, robustness and longevity. While earlier discussion (c.f. section 3.4 for a more detailed account) contends that the COO effect on business relationships (Magnussen and Westjohn, 2011; Edwards, 2007) only received little scholarly attention, existing findings are limited to the knowledge of how such COO associations can affect the buyer’s perception and attitude towards the seller’s brand and brand values (Chen et al., 2011; Ahmed and D’Astous, 2006). Important aspects of how this affects networking remain neglected.

This study contributes to existing knowledge by linking such COO associations with entrepreneurial behaviour in networks, and NCs required to effectively exploit NC. Respondents’ accounts typically depict how they use such COO associations in human interactions, and how these influence their communicational approach during these

encounters. The ‘Made in Germany’ associations also represent intangible assets, which can be explained by the notion of asset specificity (Williamson, 1997), one important dimension of TCE as internationalisation theory (e.g. Seggie, 2012). Lastly, such emphasis that the devices are conceptualised, manufactured, and assembled in the Headquarters in Germany, in order to maintain control over quality and technological capabilities, mirrors the notion of ‘ownership advantages’ as source of competitive advantage (Brouther’s et al., 1996; Dunning, 1993/1988).

Respondent M summarises his perceptions regarding the ‘Made in Germany’ label accordingly, and states that this has pricing implications. Respondent B also asserts how ‘Made in Germany’ creates trust and belief in the products. Both accounts illustrate the KDMs’ pride associated with this COO tag, and suggests that this influences their entrepreneurial behaviour in networks:

*“It is a factor, for sure. I would call it a leap of faith. A leap of faith that you gain initially. This remains a factor, especially in Asia, which provides a leap of faith. It is also a brand tag, and it still stands for quality and precision. [...] In any case: German technology means that someone might be willing to pay 20% more for the system.” (Respondent M)*

*“Surely, in the heavy machinery business, precision machinery at very low temperatures - you do have an edge, where people say: ‘If someone is capable of that, it’s probably the Germans’. This is an advantage, but you need to confirm those expectations. You need to prove it.” (Respondent B)*



Respondent E and Respondent F both speak of how ‘Made in Germany’ is valued amongst end-users such as specialist doctors, as well as customers, in illustrating the quality expectations associated with it. Both statements suggest pride, and display their own quality expectations. This pride in their firm’s and devices’ origin influences how they interact and communicate with these individuals in the networks.

*“The doctor, who considers buying operation lamps from us, they often ask: Is this Made in Germany? And we can confidently say: ‘Yes, of course!’” (Respondent E).*

*And it is extremely important for our customers, but ‘Made in Germany’, of course, needs to confirm those high expectations, so we need to deliver this quality. This is extremely important.” (Respondent F)*

Respondent C confirms that ‘Made in Germany’ influences communication with potential customers and industry experts. He goes on to assert how ‘Made in Germany’ and ‘German Mittelstand’ are perceived and valued around the globe. Similar to respondents F and E, German COO associations affect his self perception, and influences his networking behaviour.

*“We realise that there is a high acceptance worldwide. Also Germany itself as a country. Also, there are, thank God, after the two wars, high sympathy rates and values in most countries of the world. And ‘Made in Germany’ is a very important aspect, no doubt about that. And we communicate that, directly and indirectly. And German Mittelstand is a brand in its own right” (Respondent C)*

Because of the perceived pride with regard to manufacturing in Germany, respondents compare and contrast themselves with other well-established German brands in the industry which would not deserve the ‘Made in Germany’ label. Respondent H explains this perceived competitive advantage, compared to other major brands in the industry, and reinforces the pride associated with this German origin.

*“Because there are only 10 manufacturers for blood analysis worldwide. Another one is [...], and even they do not manufacture their devices in Germany, as insiders will know. And therefore, we always claim that we are the only firm who manufactures Made in Germany, and this Made in Germany is enticing. It makes a difference. It is a really important factor for us.” (Respondent H).*

Respondent E illustrates how manufacturing at the headquarters in Germany corresponds to his own quality expectations and requirements, and reinforces that the potential customers also value this highly. His account confirms personal pride in his devices’ origins.

*“This quality comes from Germany, Ebersberg, and not from Asia, India, Mumbai or from whatever place in the world. Here, ‘Made in Germany’ is true. And our customers want to see exactly that.” (Respondent E)*

While this section has illustrated the KDMs’ pride as NC, and how this pride alters their entrepreneurial behaviour within business networks, the following section speaks of cultural familiarity the respondents dispose of, and how such cultural familiarity influences IO enactment and international expansion.

## **6.8 Cultural Familiarity**

Respondents commonly display awareness of cultural specifications of specific host countries and regions. The empirical findings suggest that such cultural familiarity constitutes a NC in the enactment of IOs. The findings allude to the fact that this cultural familiarity affects human interactions and the way the respondents engage with relevant individuals in business relationships. Such interactions include negotiations, needs analysis and sales talks, ongoing formal and informal networking activities, and entail the aforementioned information- and knowledge exchange activities.

The interviewed KDMs typically possess such cultural familiarity, and realise that this awareness must be reflected in their international entrepreneurial behaviour and engagement within network relationships. Such cultural familiarity, in this German HTSME context, is twofold. It entails firstly overall familiarity towards cultural specifications and differences of host markets and their citizens, and secondly the ability to appreciate if and to what extent specific cultures affect communicational approaches and how business is typically conducted. Whereas the former serves as a necessary precondition to appreciate a host market's distinct culture, the latter is particularly important for networking activities and has direct implications on negotiations and other business meetings.

Culture as determinant of IO identification has been discussed in various foreign market entry and internationalisation studies (Kontinen and Ojala, 2010; Jody et al., 2000; Makino and Neupert, 2000; Kogut and Singh, 1988). Such cultural awareness in the contexts of NC, business relationships, and IO exploitation, remains largely

unexplored. Muzychenko (2011) has put forward the concept of ‘cultural competence’ for IO identification, in explaining that such competence alters the risk perception associated with foreign cultures. A similar concept of ‘global mind-set’ (Nummela and Saarenketo, 2004; Gupta and Govindarajan, 2002) has been discussed in the research community for the past 15 years.

The findings of this study contribute to the existing NC and IO literature in two ways. Firstly, it identifies this cultural familiarity as essential NC to successfully exploit IOs. Secondly, it theoretically links this conceptualisation with the actual entrepreneurial and IO-focused behaviour KDMs display, rather than discussing whether they dispose of such awareness or not.

### **6.8.1 Familiarity with Cultural Differences**

Respondents commonly display familiarity towards host country’s cultural characteristics and the associated behavioural aspects, beliefs and values of its society and their citizens. This understanding and awareness modifies their behaviour within business relationships, specifically in the initiation of relationships. It is reflected in how they communicate with relevant individuals in international networks and human interactions.

Studies that discuss such familiarity with cultural differences are largely focused on humans’ ability to read and interpret other cultures’ face expressions and their ability to express emotions (Elfenbein and Ambady 2003a; Elfenbein and Ambady, 2003b). Such studies have a longer tradition in Social Psychology. Moran et al.’s (2014) recent seminal contribution of the management of cultural differences discusses such abilities

alongside other aspects related to cultural differences, but do not link it to IE or networking topics. In IE, the discussion of such cultural familiarity remains limited to the aforementioned concepts of ‘cultural competence’ (Muzychenko; 2011) and ‘global mind-set’ (Nummela and Saarenketo, 2004; Gupta and Govindarajan, 2002.) The theoretical link between such familiarity and networking is yet to be explored.

Respondent Q suggests that cultural differences not only occur in geographically distant countries, but also reports significant differences amongst European countries. Like other respondents, he deems this awareness, knowledge and modified behaviour as indispensable IO exploitation features. Respondent B agrees and speaks of inter-European cultural differences that one must not ignore. Both hold the view that such familiarity with cultural differences is essential.

*“Even though Europe seems relatively homogeneous at first, I have made the experience that the people are very different. It may sound a bit funny, but doing business in these countries is very different from business here in Germany. And if you ignore these aspects, you will never find success, if you don’t know how to conduct business adequately in these countries.” (Respondent Q).*

*Let us say the cultural barriers in Belgium, the Netherlands and Luxemburg the cultural barriers are not that significant for us. But Spain, for example, is very different. Business conduct, business ethics, typical payment behaviour and culture, terms of payment and so on. There are many things that we are not used to (Respondent B)*

The different mentalities respondents speak of require different communication approaches with individuals in those potential host markets. They typically claim to possess such needed familiarity with cultural differences, which they consider an important success factor and essential character trait. Respondent B and respondent H explain:

*“The communication is very specific. I learned that with the Japanese partner, you need to provide very intense and direct communication. They question every little detail, and this support and communication means extra work and requires effort.”*

*(Respondent B)*

*“The mentality of a Russian is very different of the mentality of an Indian. And we have experienced this on site. We have this knowledge and experience since we are operating globally. And you can definitely say that mentalities differ a lot.”*

*(Respondent H)*

Respondent G speaks of the cultural sensibility he needs to develop, and reports that this typically requires some preparation and learning about host markets' cultural dimensions and specifications. He believes that this cultural familiarity is essential in the development and cultivation of partnerships, and determines the nature of human interactions in his network relationships.

*“As an international entrepreneur, you have to ask yourself the main questions of the culture, in order to understand their way of thinking. My experiences told me: From*

*the moment I have dealt with the culture and ethics, the person will realise and appreciate this. This means I will have access to his mind and emotions” (G)*

### **6.8.2 Familiarity with Cultures’ Communicational Approach**

The appreciation of typical communicational approaches and business conduct which stem from the cultural specifications of host markets is reportedly an essential NC in the enactment of IOs. Consequently, respondents discern that those common practices need to be studied, and entrepreneurial behaviour in relationships needs to be altered accordingly, especially during negotiations, needs analysis and sales talks.

Decades ago, Gudykunst et al., (1888) contend that culture and associated communicational approaches affect interpersonal communication, and requires the adoption of at least one participant. Such contentions are rather broad, and not specifically explored in IE contexts. Fitch (1999) reinforces that cultural differences and associated relational approaches provide challenges in interpersonal communication, which need to be studied and taken into account. Again, existing IO literature does not go beyond the aforementioned conceptualisations of ‘global mindset’ (Nummela and Saarenketo, 2004; Gupta and Govindarajan, 2002) or ‘cultural competence’ Muzychenko (2011). Important aspects of how such abilities to appreciate individual cultures’ communicational approaches affect KDMS’ networking behaviour need to be studied further. This study provides pertinent insights in this matter.

Respondent Q’s remembers exhausting interaction and negotiation experiences with decision-makers of the Mumbai airport modernisation project. He reports how cultural

differences affect the ways of conducting business. Understanding the typical business conduct is an indispensable NC for him, and he perceived the need to engage in learning to sharpen this awareness. Respondent Q speaks of essential negotiation capabilities he needs to possess. Respondent J also mentions cultural differences and how they can create difficulties in negotiations. Both accounts suggest that familiarity with cultures' communicational and relational approaches constitute an important NC.

*“In Germany, you would always try to find a compromise or agreement; in India, they are very demanding and you then need to be demanding yourself, and a strong negotiator! If you are not very demanding they would think: ‘Oh, this is a rather weak and shy guy!’ (Respondent Q)*

*“What I have experienced in India was really tough. And if you are not aware of how their minds work, you will fail. I am telling you that.” (Respondent J)*

Respondent I confirms that cultural differences affect the ways business is conducted. He reports that he faces the challenge to correspond to such differences, and alter his behaviour and negotiation skills accordingly. He summarises and contrasts the experiences he made in Israel and Arabic countries, in identifying significant variances. While a leading neurosurgeon in Israel focuses solely of the monetary aspects of a potential arrangement, doctors in Arabian countries are foremost interested in his family background and social environment. Personal rapport and interpersonal liking need to be established initially before a trustworthy business relationship can be



initiated. The quotation indicates the relevance of familiarity with cultures' communicational approaches for networking and IO exploitation.

*“When I speak to a doctor in Israel: I arrive and right away I will need to talk to him about my profit margin, how much money I want to make etc. But when I talk to a doctor in an Arabic country, I will, most likely, start by talking about family, uncle, grandmother, mother, instead of talking about what I actually want to talk about. And after two or three days, half an hour before I leave to the airport, I will maybe talk about business, profit margin and how much I want to earn etc. There are other aspects which are more important. I will never sell anything, if I don't inform myself about his social environment and family background.” (Respondent I)*

Respondent K reports similar experiences of how the host country's culture affects business conduct and his own communicational approaches. Here, he explains how his behaviour in the relationship development and interactions with leading doctors require different behavioural approaches, in contrasting such differences between interactions in the USA and Brazil. He suggests that the awareness of such differences is indeed an essential capability in the establishment and cultivation of business relationships.

*“The Americans don't give a damn if I ask about his or her daughter, sister, grandmother. But in Brazil, you cannot approach business partners like that. You cannot just say: ‘This is a great device, the price is right, I would buy it if I were you’. You need to talk about many other things, maybe football or whatever. They will never*

*buy anything only based on quality and/or price. The emotional connection is essential.” (Respondent K)*

Respondent G agrees and speaks of the required experience of operating in foreign markets. He contends that such experience shapes cultural awareness and an appreciation of how business conduct and communication needs to be altered to accommodate such specifications. He asserts that he has developed such familiarity with cultures’ communicational approaches throughout the years.

*”Negotiation and communication is difficult, and it all requires experience. If you want to make business in, for example, Russia or in Asia, you need to have a lot of experience, specifically in regards to interpersonal relationships. Otherwise you screw it up. It can be very dangerous.” (Respondent G)*

While the previous sections have discussed the 7 key NC in the successful enactment of IOs, needed for international expansion of German HTSMEs, the following section concludes this chapter.

## **6.9 Conclusion**

This chapter has discussed the key findings of the study. This has been done in the light of the formulated research objectives, and along the NCs in the enactment of IOs in German manufacturing HTSMES. The seven NCs are *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* as well as *Cultural Familiarity*. These key findings were systematically discussed in respect of the

existing academic literature, and the chapter has illustrated the additional insights these provide to the theoretical knowledge of IO, NC, and business relationship literatures. The chapter has included exemplary quotations from the interviews in the support of the theoretical development of subcategories and themes. The following chapter concludes this thesis.

## Chapter Seven: Conclusion

### 7.1 Introduction

This study aimed at exploring NCs in the enactment of IOs for internationalising German manufacturing HTSMEs based on three objectives: 1) to explore the networking capabilities for German high-technology manufacturing SMEs in the successful identification and enactment of international opportunities; 2) to identify key factors that contribute to the successful enactment of international opportunities for German high-technology manufacturing SMEs at inter-personal, inter-organisational and country levels; 3) to develop theoretical integration between networking capabilities and international expansion of German high-technology manufacturing SMEs. The following sections will summarise the key contributions of the study to theory and practice, its limitations as well as areas for future research. There will also be a short account of the researcher's learning outcomes.

### 7.2 Theoretical Contributions of the Study

The study integrated insights from IO research with the NC concept. In particular, and based on the KDMs' personal experiences in network relationships and human interactions, the study identified seven NCs essential for the successful enactment of IOs, and international expansion of such firms: *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* as well as *Cultural Familiarity*. These factors, which reflect entrepreneurial behaviour in business relationships at inter-personal, inter-organisational (firm), and country (culture) level, offer a series of theoretical implications that will be discussed below.

### **7.2.1 Contribution to IO Literature**

With a focus on IO enactment, the study makes four contributions to the IO literature.

First, given our limited knowledge of the specific NCs required to enact IOs, the study introduces the above-mentioned seven NCs. In line with the study's originality, and to the best of the researcher's knowledge, this is the first study that integrates findings from IO research with the NC concept. While network approaches in IO scholarship are common (Mainela et al., 2014; Vasilchenko and Morrish, 2011; Ellis, 2011; Lorentz and Gauri, 2008; Sasi and Arenius, 2008; Styles and Genua, 2008) the major part of such studies remains limited to the influences of network relationships on IO identification (Peiris et al., 2013/2012; Styles and Seymour, 2006). This study contributes to research on the IO topic by shifting focus from IO identification (Peiris et al., 2013/2012; Styles and Seymour, 2006) towards enactment.

With this research focus, the empirical data suggest that the NCs of *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* as well as *Cultural Familiarity*, and the associated subcategories, represent essential entrepreneurial capabilities within network relationships. Respondents' quotations and their lived experiences confirm that such explored NC are essential for IO enactment.

Despite recent scholarly efforts, IO enactment research remains at an initial stage of theoretical and conceptual understanding (Mamun, 2015, Chandra et al., 2014). The study's findings confirm that rather than the given characteristics of the KDM (such as international orientation, entrepreneurial orientation, personal experience, risk aversion), it is entrepreneurial capabilities (particularly NCs) that drive IO exploitation

and international expansion of German HTSMEs. IO research primarily focuses on static orientations of the entrepreneur (Peiris et al., 2013/2012) or thought patterns (Milanov and Maissenhalter, 2014) rather than capabilities these individuals need to possess. In contrast, research focusing on entrepreneurial capabilities in the light of IO enactment and internationalisation outcomes has not received much scholarly attention yet. The exploration of NCs in German HTSMES and their impact on foreign market entry shed light on the needed capabilities in B2B network relationships.

The predominant ‘recognition view’ of IE literature (Gaglio and Katz, 2001) proposes that ‘windows of opportunity’ present themselves to the entrepreneur, who must recognise these before they vanish (Crick and Crick, 2014; Nordman and Melén, 2008; Acedo and Jones, 2007; Crick and Spence, 2005). While, according to the literature, ‘windows of opportunities’ are very common for HTSMEs (c.f. section 2.3.2), this study shows that the KDMs in such firms can (pro-) actively enact IOs by effectively using their NCs. This is particularly explained by *Knowledge Exchange Capabilities*, which entail *Demonstration Capability* and *Educting Capability*; as well as *Personal Interaction Capabilities*, which encompass *Personal Visits Capability*, *Personal Interaction Capability on Trade Fairs*, and *Personal Host Capability*.

The implication of this finding is that KDMs do not necessarily need to passively wait for any ‘window of opportunity’ to internationalise; rather, they can (pro)actively utilise their NCs, continuously search for IOs, and act upon them. This study thus shows that opportunities are created and the wise utilisation of NC makes IO creation possible. This implies that these opportunities are implicitly existing, and just need to

be identified, as the much-cited ‘IO Development’ model (Peiris et al., 2012) emphasises. IO scholars have conceptualised a variety of capabilities in IE literature (Prange, 2015; Peiris et al., 2012;), and this study contributes to existing knowledge in clarifying about the particular capabilities in network relationships, required for IO exploitation.

Secondly, the study contributes to the IO enactment research in that it uncovers the KDMs’ associated typical entrepreneurial behaviour in network relationships. This advancement refers to the theoretical understanding of the individual KDM and her/his central role in the IE process, from a behavioural viewpoint. This mirrors the earlier proposition that foreign market entry is an entrepreneurial activity (Lu and Beamish, 2001; Knight, 2000), and the assertion that IOs are exploited by individuals, not by firms (Shane and Venkataraman, 2000). Thus, based on the extant literature, the common wisdom is that the KDM plays a key role as far as the IO is concerned. As stated, entrepreneur-focused research mainly examined their ‘thought processes’ (Milanov and Maissenhalter, 2014), and/or mindsets (Peiris et al., 2013/2012), while their actual behaviour in business relationships, received little attention (Mamun, 2015). In displaying such typical behaviour of the KDMs in network relationships, the explored seven NCs provide first-hand insights into ‘how’ IOs are actually exploited. The empirical data provide evidence that accurately reflects the KDMs’ lived experiences, and depicts their actual recalled behaviour. *Personal Interaction Capabilities, Interpersonal Liking Capabilities, Trust Capabilities, Capabilities to Maintain Relationships, Knowledge Exchange Capabilities, Pride* as well as *Cultural*

*Familiarity* accurately explore and depict how these entrepreneurs really behave, rather than only identifying static qualities they need to possess.

The central role played by the entrepreneur remains a more recent development, and IO research exploring such behaviour is still in its infancy. The study thus addresses the necessity to focus on the relationship between entrepreneurial behaviour and the firm's internationalisation (Andersson and Florén, 2008). In addressing this void, the study takes the KDMs' entrepreneurial behaviour in network relationships as the unit of analysis, and places the KDM in the centre of IO enactment procedures. This study also responds to earlier criticism that network-focused IO research has largely overlooked the key role of the actual KDMs behaviour in SME internationalisation (Ruzzier et al., 2006). Particularly, and as section 7.3.3 elaborates in more detail, such behaviour was examined at three different relationship levels.

The advancement in understanding of entrepreneurial behaviour in business networks in the context of IO exploitation goes hand in hand with a contribution to the theoretical knowledge of the KDM's personal perception and sense-making of the IO (Mainela et al., 2014). While the study's aim was not to examine the cognitive attributes of the KDM in relation to IO, the empirical findings suggest that based on their lived experiences, they typically elaborate on their own behaviour. This ultimately affects how they make sense of the IO, and interpret it. This is particularly confirmed by the concepts of *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Knowledge Exchange Capabilities*, and *Cultural Familiarity*. Such concepts provide insights into



how KDMs in the focal firms perceive and interpret IOs, and which capabilities they realise they need to utilise and employ.

Thirdly, this study contributes to the theoretical knowledge regarding IO enactment by shedding light on the human interactions associated with such procedures. The study's human interaction approach addresses Mainela et al.'s (2014) proposition to study IO enactment through the exploration of human interactions that occur during the KDM's daily routines and tasks. The study of human interactions in business relationship research has a long tradition (e.g., Hakansson (1982)). Also, discussed in section 3.2, the major part of business relationship scholarship has focused on determinants that describe the composition of such relationships, identify 'success' factors and/or factors that foster the business relationship longevity.

Despite decades of research on business relationships, scholarly attempts to accurately depict the actual interaction between individuals within those are rare, and the examination of such interactions in the light of IO exploitation remains understudied. While the empirical findings reinforce earlier assertions (Sarasvathy et al., 2010; De Clercq and Voronov, 2009; Steyaert, 2007) that IOs emerge through interactions between various actors in the networks (Schweizer et al., 2010; Johansson and Vahlne, 2009) this study extends the literature by exploring those interactions in detail, and specifically in the light of IO enactment. The careful examination of such human interactions in networks, based on the respondents' lived experiences, allows to derive pertinent NCs. In conceptualising such NCs for IO exploitation, the study advances knowledge on how the IO is discussed, interpreted and produced between various

actors (Mainela et al., 2014). It thus generates new theoretical insights into joint IO exploitation for SME internationalisation.

Specifically, the following NCs accurately depict such human interactions while uncovering essential qualities KDMs need to have and utilise during such encounters: Firstly *Personal Interaction Capabilities*, which encompass *Personal Visits Capability*, *Personal Interaction Capability on Trade Fairs*, and *Personal Host Capability*; secondly *Interpersonal Liking Capabilities*, which consist of *Capability to Establish Rapport* and *Personal Care Capability*; and thirdly *Knowledge Exchange Capabilities*, which entail both *Demonstration Capability* and *Educating Capability*.

Fourthly, given its infancy state in terms of theoretical and conceptual understanding (Mamun, 2015, Chandra et al., 2014), and the assertion that no internationalisation theory alone can explain how HTSMEs exploit IOs, this study contributes to the IO scholarship by integrating theoretical frameworks (Nisar et al., 2012; Maekelburger, 2012). While most internationalisation theories fall short of adequately reflecting small firm characteristics (Laufs and Schwens, 2014) and the challenges they face in foreign markets (Pinho, 2007; Cheng, 2006; Gilmore et al., 2001; Smallbone et al., 1995; Carson 1990), both network approaches and IE scholarship provide a wealth of theoretical insights on how network relationships influence SMEs' IO identification. The internationalisation theories discussed in Chapter Two vary in their ability to reflect the role of the individual KDM and her/his actual behaviour. As section 2.2.5 illustrates, NT, in contrast to most theoretical frameworks reviewed in Chapter Two, acknowledges the critical role of KDMs' characteristics (Zahra, 2005; Collinson and

Houlden, 2005). The literature review suggested that this approach commonly sees small firms as actors embedded in business networks (McAuley, 1999; Johanson and Mattsson, 1993), and their KDMs as strongly influenced by those relationships (Granovetter, 1985).

Reviewing the IE literature confirmed that IO is a burgeoning concept in the growing body of research (Mamun, 2015). IE commonly conceptualises foreign market entry as an innovative entrepreneurial act (Chandra et al., 2009; Jones and Coviello 2005), the IO being central focus (Shane and Venkataraman 2000). With those contentions in mind, and given the aforementioned scarcity of IO enactment scholarship, this study builds on previous knowledge of network influences on IO identification (Vasilchenko and Morrish, 2011; Ellis, 2011; Lorentz and Gauri, 2008; Sasi and Arenius, 2008; Styles and Genua, 2008). It also integrates such knowledge with the common understanding of the entrepreneur's central role in the IE process to identify and exploit IOs (c.f. section 2.3).

In asserting that such exploitation of opportunities requires specific capabilities in networks (Karra et al., 2008), the NC framework served as the study's main rationale, in unifying both perspectives. As discussed earlier (section 3.5), NC acknowledges the critical importance of network relationships, while the focus is on the entrepreneurial abilities to handle such influences and capitalise on them. Consequently, and to the best of the researcher's understanding, this study is one of the early attempts to integrate such theories to study IO enactment. The empirical findings confirm that it is neither the network relationship influences, nor the entrepreneurial confidence and

experience that drive IO exploitation, but the actual NCs they display within such interactions and encounters. To conclude, in line with the intended integration of theoretical frameworks as well as previously discussed literatures, this study's main findings relate to 'Networking Capabilities (NC literature stream) in the Enactment of International Opportunities (IO and IE literatures), needed for international expansion' (internationalisation literatures) in German HTSMEs' (context of study).

### **7.2.2 Contribution to NC Literature**

The study contributes to the growing body of NC research in the following three areas:

First, the study provides first-hand evidence for the fact that, in German HTSMEs, NCs are directly associated with international expansion. This advancement is associated with the identification of key factors that contribute to the successful enactment of IOs in such firms. It reflects the theoretical integration between NCs and international expansion. Despite notable efforts to theoretically and conceptually advance in NC research (Engel et al., 2017; Mitrega et al., 2012, Grünberg-Bochard and Hoyer, 2009; Sullivan Mort and Weerawardena, 2006), knowledge in this area remains limited. Although the importance of participation in such networks is widely recognised, the capabilities for a successful participation (Karra et al., 2008; Eisenhardt and Martin, 2000; Luo, 2000) have not been sufficiently researched (Grünberg-Bochard and Hoyer, 2009). This void is particularly apparent in the context of international expansion of SMEs, given that previous research confirms the critical importance of network relationships on foreign market entry outcomes.

The study earlier spoke of a lack of empirical evidence to suggest that NC is linked to IO enactment and internationalisation (section 3.5), and provided evidence that NC is

directly associated with the exploitation of IOs and international expansion. The study's findings confirm that the capabilities of *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* and *Cultural Familiarity* drive the international expansion of German HTSMEs. The study suggests that such NCs are pivotal to the internationalisation of these firms, an issue that had remained understudies in previous research.

Further, it is the common view of NC scholars that such capabilities entail network initiation, network development, and network termination capabilities, and these are conceptually different (c.f. section 3.5 for a more detailed account of such capabilities). The exploration of NCs required for international expansion, however, shows, that termination capabilities are not relevant in this German HTSME internationalisation context. Empirical evidence confirms that the emphasis is on network initiation and development capabilities. It can be concluded that NC is an emerging theme within both IB and IE streams, but it remains at an initial stage of scholarly development (Mitrega et al., 2012; Grünberg-Bochard and Kreis-Hoyer, 2009), particularly in regard to SME internationalisation.

Secondly, the study contributes to the theoretical and conceptual development of NC in exploring such NCs for SMEs operating in global and dynamic high-technology markets. The review of the literature suggests that such network relationships are of key importance for international growth and expansions of HTSMEs (Crick and Crick, 2014; Crick and Jones, 2000, Coviello and Munro, 1997 (Crick and Crick, 2014;

Zahra, 2005; Coviello and Munro, 1997/1995). While such firms face challenges associated with foreign market entry and international expansion that are different to those of non-high-tech firms (section 2.3.2), only scarce attempts have been made to study the NCs required in such firms (e.g. Grünberg-Bochard and Hoyer, 2009) and theoretically link these to internationalisation outcomes (Sullivan Mort and Weerawardena, 2006).

The empirical findings suggest that NCs in such manufacturing HTSMEs are specific, as they correspond to the high level of industry specificity. These NC illustrate the KDMs' typical approach and behaviour in coping with the specific challenges the industry presents. The data also suggest that the interviewed KDMs belong to a heterogeneous group of individuals, different from commonly assumed traits of entrepreneurs. Specifically, the respondents' lived experiences and narratives reveal that the industry-specific value chain requirements typically influence the needed NC. The complexity of devices and technical solutions these firms manufacture, and the indispensable knowledge transfer and educational initiatives amongst network players are noted.

KDMs are confident and knowledgeable networkers, possess essential NCs and communication skills in direct human interactions. The study reveals that industry context particularly matters in NCs investigations. Such industry-specific challenges, and required entrepreneurial capabilities to deal with such complexities, are specifically represented by the NCs of *Knowledge Exchange Capabilities (Demonstration and Educating Capability)*, *Pride (in Leadership Style* and *'Made in*

*Germany*'), and *Trust Capabilities (Knowledge-Based Trust and Confidence Development Capability)*.

Thirdly, the study contributes to the understanding of NC by exploring NCs at inter-personal, inter-organisational and country-levels. In so doing, it identifies key factors at all three relationship levels that contribute to the successful enactment of IOs for German manufacturing HTSMEs. These NCs are explored in the settings of B2B relationships that have, to date, been studied largely from the inter-personal or inter-organisational perspectives (Peiris et al., 2013; Ellis, 2011). As such, the COO effect (Dinnie, 2004; Al-Sulaiti and Baker, 1998; Schooler, 1965) and its influence of network composition, structure and performance, have remained underresearched. In incorporating these three levels and in exploring corresponding NCs, the study affirms that different capabilities are required at different relationships levels.

The concepts of *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities* and *Trust Capabilities* primarily relate to the inter-personal level, *Capabilities to Maintain Relationships* constitute both inter-personal and inter-organisational dimensions. *Pride* comprises both inter-organisational and country levels, while *Cultural Familiarity* is most associated with the country-level. Thus, the empirical data suggest that NCs at inter-personal relationship level are most important for KDMs in German HTSMEs, as they significantly contribute to IO exploitation. Inter-personal relationships are therefore fundamental to business relationships of the internationalising German HTSMEs.

In the country context, while machinery and capital goods with a German origin are associated with quality, reliability, robustness and longevity (SPECTARIS Jahrbuch, 2015; Roth and Romeo, 1992; Lawrence et al., 1992; Dornoff et al., 1974), the study provides evidence that such COO associations alter the KDM's entrepreneurial behaviour in network relationships. The ability to utilise the German COO effect in human interactions constitutes a NC, and is directly associated with international expansion. Thus, this study contributes to existing knowledge, in identifying the effective utilisation of COO-related aspects as required NC within business relationships. The '*Pride in Made in Germany*' concept indicates that such perceptions and associations with the product's origin may alter entrepreneurial behaviour and communication within network relationships, and influences how the entrepreneur shares relevant information about firm and devices with others.

The following table summarises the afore-discussion, and provides an overview of the theoretical contributions this thesis makes, while linking such contributions to the formulated research objectives of the study. The next section discusses a set of managerial implications deriving from the study.



**Table 16: Overview of Theoretical Contributions, linked to Research Objectives**

	<u>Contribution to IO Literature</u>	<u>Contribution to NC research</u>
1)	<p><b>Identification of a set of NCs for IO Enactment</b></p> <p>The identified NCs are required to enact IOs</p> <p>Research Objective 1 Research Objective 2</p>	<p><b>Theoretical Integration between NCs and International Expansion of HTSMEs</b></p> <p>The explored NCs are needed for international expansion of German HTSMEs</p> <p>Research Objective 3</p>
2)	<p><b>Exploration of typical Entrepreneurial Behaviour in Network Relationships in German HTSMEs</b></p> <p>Such behaviour and NCs represent key factors that contribute to IO enactment of the focal firms</p> <p>Research Objective 1 Research Objective 2</p>	<p><b>Exploration of NCs for German HTSMEs</b></p> <p>The identified NCs are industry- and context-specific, and are expected to vary in other industry contexts</p> <p>Research Objective 1</p>
3)	<p><b>Exploration of Human Interactions associated with IO Enactment</b></p> <p>Abilities during human interactions represent essential entrepreneurial capabilities to enact IOs</p> <p>Research Objective 2</p>	<p><b>Exploration of NCs at Inter-Personal, Inter-Organisational (firm), and Country-Levels</b></p> <p>Different NC are required at different relationship levels</p> <p>Research Objective 2</p>
4)	<p><b>Exploration of IO Enactment through Theoretical Integration</b></p> <p>The theoretical integration of NT, NC and IE offers a suitable framework to explore the phenomenon under investigation</p> <p>Research Objective 3</p>	

Research Objectives:

1. To explore the networking capabilities for German high-technology manufacturing SMEs in the successful identification and enactment of international opportunities.
2. To identify key factors that contribute to the successful enactment of international opportunities for German high-technology manufacturing SMEs at inter-personal, inter-organisational and country levels.
3. To develop theoretical integration between networking capabilities and international expansion of German high-technology manufacturing SMEs.

### **7.3 Managerial Implications**

The study also offers a series of managerial implications, specifically for the KDMs in HTSMEs. These implications particularly relate to their entrepreneurial behaviour in network relationships. To begin with, the study shows that IO enactment is possible, not only because of KDMs' self-confidence or experience, but because KMDs can employ their NC in international markets. By nurturing these capabilities across the organisation, it is expected that HTSMEs are more likely to exploit IOs. This implies that KDMs in such firms should be more aware of their own personal role and significance in international networks. In turn, they should embrace network relationships more, and are advised to alter their behaviour accordingly. The human interactions in network relationships are of great importance in terms of IO enactment procedures, and the findings portray the KDMs as confident networkers and network cultivators within their industry-specific networks. The explored NCs confirm this.

Managers in such firms should increase their efforts to proactively engage in personal and firm-level network relationships with relevant others, not only with the focus on short-term monetary return, but with a focus on relationship maintenance, cultivation and development. The findings indicate that long-term relationships and the continuous embeddedness in such global and industry-specific networks are of key importance for HTSMEs. Ultimately, the KDMs' behaviour, which relates to the possession and development of and adequate use of such NCs, are vital in such interactions. HTSMEs can commit necessary resources to facilitate learning and NC development.

Practitioners are advised to actively engage with a variety of business partners and stakeholders. Such individuals include decision-makers in existing and potential partner firms, industry-experts, end-users such as specialist doctors and scientists, business consultants, as well as personal contacts and friends. Such managerial implications stem from the industry-specificity and the finding that the interpersonal relationship and mutual knowledge construction determine the effectiveness of foreign market entry. KDMs should be more aware of the significance of network influences and be more prepared to act upon these. Such behaviour is assumed to lead to more informed decisions, and is expected to alter the KDMs' imagination of IOs.

The second managerial implication relates to the appreciation of abilities of individuals in potential partner firms. The empirical findings suggest that KDMs should, with an open mind, evaluate and consider the expertise, knowledge, and entrepreneurial mindset of individuals outside their own firm. In line with this, they are advised to acknowledge and accept their personal as well as their firms' limitations, specifically shortcomings in knowledge accumulation about foreign markets, and the ability to establish relationships abroad without the help of others. This implication refers to the concepts of Personal Interaction, Interpersonal Liking, Trust, and Knowledge Exchange. This approach can be particularly useful, given the KDMs' and their firms' focus on R&D and product innovation, which often mirrors a limited expertise in foreign market entry, international marketing, and foreign sales.

This requires that managers listen carefully to external network players' business propositions and ideas, while valuing and appreciating their knowledge and expertise.

The resulting close communication must overcome bias and preconceptions associated with cultural differences and the associated business practices, as foreign market entry reportedly requires a holistic cultural understanding. The commonly witnessed strong self-perception, and pride about the firm and devices should not undermine these propositions. Specifically, such behaviour could include the proactive search for industry-specialists to seek for partnerships.

Thirdly, the findings suggest that KDMs should continue to pay close attention to country-specific value chain requirements and consider the corresponding needs of various stakeholders involved in the value creation process. This study confirms that the foreign market entry and IO exploitation include much more than a buyer-seller relationship, as multiple individuals and groups are involved, each with different needs, requirements and expectations. The device specifications, and the fact that needs and expectations vary amongst individual host markets, contribute to the complexity and challenges the KDMs face. Managers should pay close attention to those needs and unique value chain requirements, and focus on each market individually. In most cases, business models and entry approaches cannot be replicated across countries, and managers learn that the engagement with relevant stakeholders such as industry-experts and opinion-leaders may well determine mid- and long-term success in foreign markets.

Consequently, the focus should not be to establish a foothold abroad rapidly, but to subsequently engage with relevant individuals who play a significant role in the value chain and in the creation of (perceived) value. These initiatives could include, at an

early stage, travelling into potential new target markets to meet industry-experts, opinion-leaders and other stakeholders. This facilitates learning about the unique market characteristics, value chain requirements, and associated stakeholder interests. The next section discusses the main learning outcomes of the thesis.

#### **7.4 Limitations and Future Research**

Similar to other empirical studies, this study has its own limitations. Firstly, this study has identified and discussed essential NCs in the enactment of IOs. While it has conceptualised the seven NCs, and the corresponding 15 subcategories, it has not specifically investigated how these NCs relate to or inform each other. As such, the study has not depicted the IO enactment procedures in a conceptual model, but remains limited to the identification and determination of these required NCs. While these concepts place the KDM and her/his behaviour in the centre of IO enactment, the seven NCs only reflect an initial exploration of the phenomena in German HTSMEs.

Similarly, while there is a notable body of IO identification research and corresponding theoretical knowledge of how IOs are recognised by the KDM, the academic discussion on IO enactment remains at an early stage. Thus, while the study contributes to the understanding of entrepreneurial behaviour in regards to IO enactment, there is much room for exploring the corresponding entrepreneurial behaviour further. Future research should explore how the identified NCs for IO enactment specifically relate to and/or inform each other. This could potentially result in a conceptual model depicting and conceptualising the whole IO enactment process through human interaction in networks, while determining the required NCs and the stages at which their utilisation

takes place or is required. To conclude, NC in the enactment of IO continues to lack a comprehensive conceptualisation, and requires further clarification.

Secondly, this study is context-specific, and the empirical findings suggest that industry characteristics, value chain requirements and device specifications affect IO enactment procedures and the required NCs significantly. These findings confirm that German HTSMEs are indeed a specific breed of firm. Some NCs reflect the specific challenges these firms face, and the KDM's approach and behaviour in coping with such challenges. Thus, one might argue that the findings are limited to German manufacturing HTSMEs, and the participating KDMs belong to a heterogeneous group of individuals, different from typically assumed characteristics and traits of international entrepreneurs. Such criticism is welcomed and accepted.

Future studies can integrate IO and NC research to benefit from a focus on other industry contexts, in particularly non-high-tech ones. As some NCs of entrepreneurial IO enactment are informed by and reflect industry-, value chain- and device specifications, future investigations with similar research aim and a different industry context, can provide further theoretical insights in this area. The continuous focus on NCs required in specific industry contexts constitutes a fruitful path to examine and explore the phenomenon further. This would facilitate a clearer and more holistic understanding of NCs in internationalising SMEs of different kinds.

The third limitation arises from the study's focus on the individual KDM and her/his personal perspective and perception. While the study conducted interviews with the

KDM responsible for internationalisation and foreign market entry, the insights generated through this methodology are limited to experiences and perspectives of these individuals. Thus, the IO exploitation procedures the study examined do not involve any joint decision-making and/or evaluation of opportunities in management teams within the focal firms. Also, the NCs explored correspond to individual KDMs with the sole responsibility for foreign market entry and international expansion only. Future research could focus on how management teams identify and enact such IOs, and what NC they require to do so. These propositions stem from the assertion that individual KDMs require very specific NCs, while the NCs of management teams might well differ. Thus, potential research questions deriving from such an approach could include “How do management teams enact IOs jointly?” “How do the NCs of such management teams differ from those of the individual KDM?” as well as “How do management teams generate knowledge on the IO and international networks?”. As the examination of management team's entrepreneurial behaviour in the exploitation of IOs and the associated NCs remain little understood, such research would broaden the theoretical knowledge of both literature streams alike. Addressing such research questions would require methodological approaches different from this study, such as group interviews and/or focus groups with the management team.

Fourthly, empirical data gained from the in-depth interviews and the discussion with the industry-experts as cross-sectional exploration do not offer the insights one can gain from a longitudinal study. The interviews to collect data about both the key KDMs and their firm uncovered their entrepreneurial behaviour and the related NC they possess. The data, however, neither provide insights into how the KDMs develop these

NC over time nor explore in detail what these individuals can do to facilitate their gradual development. Future research could adopt a longitudinal approach to data collection and analysis to track the development of NCs over time and the behaviour and approaches the KDMs display to facilitate this. Specifically, follow up interviews with these individuals over a period of years would serve this purpose and allow new insights into the evolution and creation of NCs over time, and while the firm expands internationally.

### **7.5 Learning Outcomes**

This study has provided the researcher with a number of different learning outcomes. First, it has deepened his understanding of NC and IO to a significant extent. Further, he developed the ability to conduct qualitative research, and to systematically analyse data to generate key findings in relation to aims and objectives. These skills will be helpful to the researcher in terms of conducting rigorous research, publishing in relevant peer-reviewed journals, and presenting research at academic conferences.

Further, through this study, the researcher gained knowledge which developed the ability to derive managerial implications from theoretical insights and empirical findings. This acquired knowledge facilitates the engagement with industry-experts and managers to assist HTSMEs in questions of internationalisation and foreign expansion. In addition to that, working with other PhD students as well as academics, and learning from their views and opinions, this study has helped the researcher to develop his communication skills, which are needed to present research in this area. Perseverance and patience needed to complete this thesis assisted the researcher in his personal and professional development. This will be helpful in all future challenges.



## 7.7 Conclusion

This thesis on KDMs in internationalising German HTSMES investigated NCs in the enactment of IOs. Its research objectives were 1) to explore the networking capabilities for German high-technology manufacturing SMEs in the successful identification and enactment of international opportunities; 2) to identify key factors that contribute to the successful enactment of international opportunities for German high-technology manufacturing SMEs at inter-personal, inter-organisational and country levels; 3) to develop theoretical integration between networking capabilities and international expansion of German high-technology manufacturing SMEs. The study adopted a qualitative methodology to address the research objectives. 17 qualitative in-depth interviews were conducted and these were supplemented with discussions with industry experts. The findings depict typical entrepreneurial behaviour in network relationships, in identifying seven main NCs required to successfully enact such opportunities. These are *Personal Interaction Capabilities*, *Interpersonal Liking Capabilities*, *Trust Capabilities*, *Capabilities to Maintain Relationships*, *Knowledge Exchange Capabilities*, *Pride* as well as *Cultural Familiarity*. This chapter has revisited the aims and objectives, highlighted the theoretical contributions this study makes, and has discussed limitations, areas for future research as well as managerial implications. Finally, it has illustrated important learning outcomes. This thesis is expected to be a welcome contribution to both NC and IO- related IE research, as it provides complementary insights from both literature streams, and sheds light on corresponding entrepreneurial behaviour in network relationships.

## References

- Abosag, I., Baker, T.L, Hallb, K.L, Voulgaric, A.D., Zhengc, X. (2016). Antecedents and consequences of liking in retail service relationships in China and Greece. *International Business Review*.1-13. Retrieved from: [https://www.researchgate.net/profile/Ibrahim\\_Abosag/publication/311096095\\_Antecedents\\_and\\_consequences\\_of\\_liking\\_in\\_retail\\_service\\_relationships\\_in\\_China\\_and\\_Greece/links/583ebb4008aeda696809c188.pdf](https://www.researchgate.net/profile/Ibrahim_Abosag/publication/311096095_Antecedents_and_consequences_of_liking_in_retail_service_relationships_in_China_and_Greece/links/583ebb4008aeda696809c188.pdf) (accessed November 10, 2016).
- Abosag, I., Naude, P. (2014). The Development of Special Forms of B2B Relationships: Examining the Role of Interpersonal Liking in Developing Guanxi and Et-Moone Relationships. *Industrial Marketing Management*, 43, 887-896.
- Abosag, I., Lee, J.-W. (2013). The formation of trust and commitment in business relationships in the Middle East: Understanding Et-Moone relationships. *International Business Review*, 22(3), 602-614.
- Abosag, I., Yen, D. A., Barnes, B. R. (2016). What is dark about the dark-side of business relationships? *Industrial Marketing Management*, 55, 5-9.
- Abosag, I., Yen, D. A., Tynan, C. (2015). The dark side of business relationships: An overview. In: Nguyen, B. and Simkin, L. and Canhoto, A., (eds.), *The Dark Side of CRM: Customers, Relationships and Management*. Routledge Taylor & Francis Group plc, pp. 17-30.
- Abosag, I. (2015). The Antecedents and Consequence of Et-Moone B2B Relationships. *Industrial Marketing Management*, 51,150-157.
- Acedo, F. J., Galán, J. L. (2011). Export stimuli revisited: The influence of the characteristics of managerial decision-makers on international behaviour. *International Small Business Journal*, 29(6), 648-670.
- Acedo, F. J., Jones, M. V. (2007). Speed of internationalization and entrepreneurial cognition: Insights and a comparison between international new ventures, exporters and domestic firms. *Journal of World Business*, 42(3), 236-252.
- Ackroyd, S. (2004). Methodology for management and organisation studies: Some implications of critical realism. In S. In Fleetwood, S. Ackroyd (Eds.), *Critical realist applications in organisation and management studies*. London: Routledge, 127-150.
- Agarwal, S. (1994). Socio-cultural distance and the choice of joint ventures: a contingency perspective. *Journal of International Marketing*, 2(2), 63-80.
- Agarwal, S., Ramaswami, S. N. (1992). Choice of foreign market entry mode: Impact of ownership, location and internalization factors. *Journal of International Business Studies*, 23(1), 1-27.

- Agle, B. R. (1996). Ethical Leadership at the Top: A Comprehensive Model and Illustrations of the Role of the Chief Executive Officer in Organizational Ethics', in Logsdon, J.M. and Rehbein, K. (eds.), *Proceedings of the Seventh Annual Meeting of the International Association for Business and Society*, 1–5
- Agndal, H., Chetty, S. (2007). The impact of relationships on changes in internationalisation strategies of SMEs. *European Journal of Marketing*, 41(11), 1449-1474.
- Ahmed, S. A., & d'Astous, A. (2006). Shopping behavior, country attitudes, and evaluation of countries of origin in China. *Journal of Global Academy of Marketing Science*, 16(2), 1-26.
- Ahuja, M. K., Chudoba, K.M., McKnight, D.H. (2007). IT road warriors: Balancing work-family conflict, job autonomy, and work overload to mitigate turnover intentions. *MIS quarterly*: 1-17.
- Al-Sulaiti, K. I., Baker, M. J. (1998). Country of origin effects: a literature review. *Marketing Intelligence & Planning*, 16(3), 150-199.
- Al-Laham, A., Souitaris, V. (2008). Network embeddedness and new-venture internationalization: Analyzing international linkages in the German biotech industry. *Journal of Business Venturing*, 23(5), 567-586.
- Alvarez, S. A., Barney, J. B. (2007). Discovery and creation: Alternative theories of entrepreneurial action. *Strategic entrepreneurship journal*, 1(1- 2), 11-26.
- Alvarez, S. A., Barney, J. B. (2010). Entrepreneurship and epistemology: The philosophical underpinnings of the study of entrepreneurial opportunities. *The Academy of Management Annals*, 4(1), 557-583.
- Alvarez, S. A., Busenitz, L. W. (2001). The entrepreneurship of resource-based theory. *Journal of Management*, 27(6), 755-775.
- Alvesson, M., Deetz, S. (2000). *Doing critical management research*. Thousand Oaks, CA: Sage.
- Alvarez, P., Galera, C. (2001). Industrial marketing applications of quantum measurement techniques. *Industrial Marketing Management*, 30(1), 13-22.
- Aminoff, A. and Tanskanen, K. (2013). Exploration of congruence in perceptions of buyer–supplier attraction: A dyadic multiple case study. *Journal of Purchasing and Supply Management*, 19(3), 165–184.
- Andersen, O. (1993). On the internationalization process of firms: a critical analysis. *Journal of International Business Studies*, 24(2), 209-231.

- Andersen, O. (1997). Internationalization and market entry mode: A review of theories and conceptual frameworks. *MIR: Management International Review*, 37(2), 27-42.
- Anderson, E., Gatignon, H. (1986). Modes of foreign entry: A transaction cost analysis and propositions. *Journal of International Business Studies*, 17(3), 1-26.
- Anderson, J.C., Håkansson, H., Johanson, J. (1994). Dyadic Business Relationships within a Business Network Context. *Journal of Marketing*, 58(4), 1-15
- Andersson, S. (2000). The internationalization of the firm from an entrepreneurial perspective. *International Studies of Management & Organization*, 30(1), 63-92.
- Andersson, S. (2011). International entrepreneurship, born-globals and the theory of effectuation. *Journal of Small Business and Enterprise Development*, 18(3), 627-643.
- Andersson, S., and Florén, H. (2008). Exploring managerial behavior in small international firms. *Journal of Small Business and Enterprise Development*, 15(1), 31-50.
- Andersson, S., Wictor, I. (2003). Innovative internationalisation in new firms: born globals—the Swedish case. *Journal of International Entrepreneurship*, 1(3), 249-275.
- Angen, M. J. (2000). Evaluating interpretive inquiry: Reviewing the validity debate and opening the dialogue. *Qualitative Health Research*, 10(3), 378-395.
- Anholt Nation Brand Index (2016). Germany. Retrived from: <http://nation-brands.gfk.com/Germany/> (accessed October 12, 2016).
- Arenius, P., and Minniti, M. (2005). Perceptual variables and nascent entrepreneurship. *Small Business Economics*, 24(3), 233-247.
- Arregle, J. L., Hébert, L., Beamish, P. W. (2006). Mode of international entry: The advantages of multilevel methods. *Management International Review*, 46(5), 597-618.
- Aulakh, P. S., Kotabe, M. (1997). Antecedents and performance implications of channel integration in foreign markets. *Journal of International Business Studies*, 28(1), 145-175.
- Autio, E., Sapienza, H. J., Almeida, J. G. (2000). Effects of age at entry, knowledge intensity, and imitability on international growth. *Academy of Management Journal*, 43(5), 909-924.
- Appleyard, M. M. (1996). How does knowledge flow? Interfirm patterns in the semiconductor industry. *Strategic Management Journal*, 17(2), 137-154.

- Baker, M. J., Michie, J. (1995). Product country images: perceptions of Asian cars: Department of Marketing, University of Strathclyde Glasgow.
- Baker, M., Currie, C. (1993). *Country of origin: the fifth element of the marketing mix*. Paper presented at the Marketing Education Group Conference.
- Baldwin, J., Gellatly, G. (1998). Are there high-tech industries or only high-tech firms? Evidence from new technology-based firms. *Statistics Canada Working Paper* Nr.120.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Baruch, Y. (1997). High technology organization-what it is, what it isn't. *International Journal of Technology Management*, 13(2), 179-195.
- Baruch, Y., Peiperl, M. (1997). High flyers: glorious past, gloomy present, any future? *Career Development International*, 2(7), 354-358.
- Baughn, C. C., Yaprak, A. (1993). Mapping country-of-origin research: Recent developments and emerging avenues. *Product-country images: Impact and role in international marketing*, 89-116.
- Baum, J. A., Calabrese, T., Silverman, B. S. (2000). Don't go it alone: Alliance network composition and startups' performance in Canadian biotechnology. *Strategic Management Journal*, 21(3), 267-294.
- Baumgartner, G., & Jolibert, A. (1978). The perception of foreign products in France. *NA-Advances in Consumer Research*, 05, 603-605.
- BBC (2015). Germany Country Profile. Retrieved from: <http://www.bbc.com/news/world-europe-17299607> <http://www.bbc.com/news/world-europe-17299607> (accessed November 10, 2016).
- Bell, J. (1995). The internationalization of small computer software firms: A further challenge to "stage" theories. *European Journal of Marketing*, 29(8), 60-75.
- Bell, J., McNaughton, R., Young, S., Crick, D. (2003). Towards an integrative model of small firm internationalisation. *Journal of International Entrepreneurship*, 1(4), 339-362.
- Bendixen, M., Bukasa, K. A., Abratt, R. (2004). Brand equity in the business-to-business market. *Industrial Marketing Management*, 33(5), 371-380.
- Benito, G. R., Petersen, B., Welch, L. S. (2009). Towards more realistic conceptualisations of foreign operation modes. *Journal of International Business Studies*, 40(9), 1455-1470.

- Berg, B. L. (2007). *Qualitative research methods for the social sciences*: Boston: Pearson/Allyn & Bacon.
- Berry, L.L. (2002). Relationship Marketing of Services Perspectives from 1983 and 2000, *Journal of Relationship Marketing*, 1(1), 59-77
- Beverland, M. (2009). *Building brand authenticity: 7 habits of iconic brands*: Springer.
- Beverland, M. (2001). Contextual influences and the adoption and practice of relationship selling in a business-to-business setting: an exploratory study. *Journal of Personal Selling and Sales Management*, 21(3), 207-215.
- Biggs, N. L., Lloyd, E. K., Wilson, R. J. (1976). *Graph Theory 1736-1936*. Oxford: Oxford University Press.
- Bilkey, W. J., Nes, E. (1982). Country-of-origin effects on product evaluations. *Journal of International Business Studies*, 13(1), 89-100.
- Birks, M., Mills, J. (2011). *Grounded theory: A practical guide*. Thousand Oaks, CA: Sage.
- Bisnode (2014). Firmendatenbank (Firm database). Retrieved from: [http://www.firmendatenbank.de/Bisnode\\_Deutschland\\_GmbH\\_323779199\\_1750826.html](http://www.firmendatenbank.de/Bisnode_Deutschland_GmbH_323779199_1750826.html) [accessed April 20, 2016].
- Blankenburg, D., Johanson, J. (1992). Managing network connections in international business. *Scandinavian International Business Review*, 1(1), 5-19.
- Bloemer, J., Brijs, K., Kasper, H. (2009). The CoO-ELM model: A theoretical framework for the cognitive processes underlying country of origin-effects. *European Journal of Marketing*, 43(1/2), 62-89.
- Blois, K. J. (1999). Trust in business to business relationships: An evaluation of its status. *Journal of Management Studies*, 36(2), 197-215.
- Blomqvist, K., Levy, J. (2006). Collaboration capability—a focal concept in knowledge creation and collaborative innovation in networks. *International Journal of Management Concepts and Philosophy*, 2(1), 31-48.
- Blomstermo, A., Sharma, D. D., and Sallis, J. (2006). Choice of foreign market entry mode in service firms. *International Marketing Review*, 23(2), 211-229.
- Bloodgood, J. M., Sapienza, H. J., and Almeida, J. G. (1996). The internationalization of new high-potential US ventures: Antecedents and outcomes. *Entrepreneurship Theory and Practice*, 20(4), 61-76.

BMBF (2015). *Innovationsstandort Deutschland hervorragend aufgestellt*. Retrieved from <https://www.bmbf.de/de/innovationsstandort-deutschland-hervorragend-aufgestellt-2000.html> (accessed December 10, 2015).

Boland Jr, R. J. (1986). *Phenomenology: a preferred approach to research on information systems*. In: Langefors, B., Verrijn-Stuart, A.A., Bracchi, G. (ed.) *Trends in information systems*. Amsterdam: New Holland Publishing.

Boter, H., Holmquist, C. (1996). Industry characteristics and internationalization processes in small firms. *Journal of Business Venturing*, 11(6), 471-487.

Boyatzis, R. E. (1998). *Transforming qualitative information: Thematic analysis and code development*: Thousand Oaks, CA.: Sage.

Braun, V., Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative research in Psychology*, 3(2), 77-101.

Brewer, P. (2001). International market selection: developing a model from Australian case studies. *International Business Review*, 10(2), 155-174.

Brouthers, K. D. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*, 33(2), 203-221.

Brouthers, K. D. (2013). A retrospective on: Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*, 44(1), 14-22.

Brouthers, K. D., Andriessen, F., Nicolaes, I. (1998). Driving blind: Strategic decisionmaking in small companies. *Long Range Planning*, 31(1), 130-138.

Brouthers, K. D., Brouthers, L. E., Werner, S. (1996). Dunning's eclectic theory and the smaller firm: The impact of ownership and locational advantages on the choice of entry-modes in the computer software industry. *International Business Review*, 5(4), 377-394.

Brouthers, K. D., Brouthers, L. E., Werner, S. (2003). Transaction cost- enhanced entry mode choices and firm performance. *Strategic Management Journal*, 24(12), 1239-1248.

Brouthers, K. D., Brouthers, L. E., Werner, S. (2008). Real options, international entry mode choice and performance. *Journal of Management Studies*, 45(5), 936-960.

Brouthers, K. D., Hennart, J.-F. (2007). Boundaries of the firm: Insights from international entry mode research. *Journal of Management*, 33(3), 395-425.

- Brouthers, K. D., Nakos, G. (2004). SME entry mode choice and performance: a transaction cost perspective. *Entrepreneurship Theory and Practice*, 28(3), 229-247.
- Brouthers, L. E., Brouthers, K. D., Werner, S. (1999). Is Dunning's eclectic framework descriptive or normative? *Journal of International Business Studies*, 30(4), 831-844.
- Bryant, A., Charmaz, K. (2007). *The Sage handbook of grounded theory*: Thousand Oaks, Ca.: Sage.
- Bryman, A. (2006). Integrating Quantitative and Qualitative Research: How is it done? *Qualitative Research*, 6(1).
- Bryman, A., Bell, E. (2007). *Business research methods*. Oxford: Oxford University Press.
- Bucholtz, M. (2000). The politics of transcription. *Journal of Pragmatics*, 32(10), 1439-1465.
- Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H., Zheng, P. (2007). The determinants of Chinese outward foreign direct investment. *Journal of International Business Studies*, 38(4), 499-518.
- Buldyrev, S. V., Parshani, R., Paul, G., Stanley, H. E., Havlin, S. (2010). Catastrophic cascade of failures in interdependent networks. *Nature*, 464(7291), 1025-1028.
- Bunde, A., Havlin, S. (2012). *Fractals and disordered systems*. Berlin: Springer Science & Business Media.
- Burgel, O., Fier, A., Licht, G., Murray, G. (2001). *The rapid internationalization of high-tech young firms in Germany and the United Kingdom*. A Summary Report for the Anglo-German Foundation for the Study of Industrial Society. London Business School / Zentrum für Europäische Wirtschaftsforschung (ZEW).
- Burgel, O., Murray, G. C. (2000). The international market entry choices of start-up companies in high-technology industries. *Journal of International Marketing*, 8(2), 33-62.
- Burrell, G., Morgan, G. (1979). *Sociological Paradigms and Organisation Analysis*. London: Heinemann
- Burt, R. S. (1997). The contingent value of social capital. *Administrative Science Quarterly*: 339-365.
- Busenitz, L. W., Barney, J. B. (1997). Differences between entrepreneurs and managers in large organizations: Biases and heuristics in strategic decision-making. *Journal of Business Venturing*, 12(1), 9-30.



- Butler, J. E., Doktor, R., Lins, F. A. (2010). Linking international entrepreneurship to uncertainty, opportunity discovery, and cognition. *Journal of International Entrepreneurship*, 8(2), 121-134.
- Caballero, M., Resnik, B. (1986). The attraction paradigm in dyadic exchange. *Psychology & Marketing*, 3 (1), 17-34.
- Capaldo, A. (2007). Network structure and innovation: The leveraging of a dual network as a distinctive relational capability. *Strategic Management Journal*, 28(6), 585-608.
- Carter, S., Jones-Evans, D. (2012): *Enterprise and Small Business: Principles, Practice and Policy*, 3<sup>rd</sup> ed., Harlow: Pearson
- Canabal, A., White, G. O. (2008). Entry mode research: Past and future. *International Business Review*, 17(3), 267-284.
- Cannon, T., Willis, M. (1983). The smaller firm in overseas trade. *International Small Business Journal*, 1(3), 45-55.
- Carson, D. (1990). Some exploratory models for assessing small firms' marketing performance. A qualitative approach. *European Journal of Marketing*, 24(11), 8-51.
- Casson, M. (1997). Entrepreneurial networks in international business. *Business and Economic History*, 26(2), 811-823.
- Cattin, P., Jolibert, A., Lohnes, C. (1982). A cross-cultural study of "made in" concepts. *Journal of International Business Studies*, 13(3), 131-141.
- Caves, R. E. (1982). *Multinational enterprise and economic analysis*. Cambridge: Cambridge University Press.
- Cavusgil, S. T. (1984). International marketing research: insights into company practices. *Research in Marketing*, 7(2), 261-288.
- Cavusgil, S. T., Godiwalla, Y. M. (1982). Decision-making for international marketing: a comparative review. *Management Decision*, 20(4), 47-54.
- Chandra, Y., Styles, C., Wilkinson, I. (2009). The recognition of first time international entrepreneurial opportunities: Evidence from firms in knowledge-based industries. *International Marketing Review*, 26(1), 30-61.
- Chandra, Y., Styles, C., Wilkinson, I. (2014). Opportunity portfolio: moving beyond single opportunity explanations in international entrepreneurship research. *Asia Pacific Journal of Management*, 32(1), 199-238.
- Chandra, Y., Styles, C., Wilkinson, I. F. (2012). An opportunity-based view of rapid internationalization. *Journal of International Marketing*, 20(1), 74-102.

- Chang, S. J., Rosenzweig, P. M. (2001). The choice of entry mode in sequential foreign direct investment. *Strategic Management Journal*, 22(8), 747-776.
- Chao, P. (1993). Partitioning country of origin effects: consumer evaluations of a hybrid product. *Journal of International Business Studies*, 24(2), 291-306.
- Chapman, E., Smith, J. A. (2002). Interpretative phenomenological analysis and the new genetics. *Journal of Health Psychology*, 7(2), 125-130.
- Charles, E. L. (1977). Politics and markets. NY: Basic Books.
- Charmaz, K. (2014). *Constructing grounded theory*. Thousand Oaks: Sage.
- Chatterjee, S., Singh, J. (1999). Are tradeoffs inherent in diversification moves? A simultaneous model for type of diversification and mode of expansion decisions. *Management Science*, 45(1), 25-41.
- Chen, S. F. S. (2008). The motives for international acquisitions: Capability procurements, strategic considerations, and the role of ownership structures. *Journal of International Business Studies*, 39(3), 454-471.
- Chen, Y.-M., Su, Y.-F., Lin, F.-J. (2011). Country-of-origin effects and antecedents of industrial brand equity. *Journal of Business Research*, 64(11), 1234-1238.
- Chen, Y.-M., Su, Y.-F. (2011). Do country-of-manufacture and country-of-design matter to industrial brand equity? *Journal of Business & Industrial Marketing*, 27(1), 57-68.
- Cheng, H.-L., Yu, C.-M. J. (2008). Institutional pressures and initiation of internationalization: Evidence from Taiwanese small-and medium-sized enterprises. *International Business Review*, 17(3), 331-348.
- Cheng, Y. M. (2006). Determinants of FDI mode choice: acquisition, brownfield, and greenfield entry in foreign markets. *Canadian Journal of Administrative Sciences*, 23(3), 202-220.
- Chenet, P., Dagger, T. S., O'Sullivan, D. (2010). Service quality, trust, commitment and service differentiation in business relationships. *Journal of Services Marketing*, 24(5), 336-346.
- Chetty, S., Agndal, H. (2007). Social capital and its influence on changes in internationalization mode among small and medium-sized enterprises. *Journal of International Marketing*, 15(1), 1-29.
- Chetty, S. (1999). Dimensions of internationalisation of manufacturing firms in the apparel industry. *European Journal of Marketing*, 33(1/2), 121-142.

- Chetty, S. K., Wilson, H. I. (2003). Collaborating with competitors to acquire resources. *International Business Review*, 12(1), 61-81.
- Chetty, S., Campbell-Hunt, C. (2003). Explosive international growth and problems of success amongst small to medium-sized firms. *International Small Business Journal*, 21(1), 5-27.
- Chetty, S., Holm, D. B. (2000). Internationalisation of small to medium-sized manufacturing firms: a network approach. *International Business Review*, 9(1), 77-93.
- Chiasson, M., Saunders, C. (2005). Reconciling diverse approaches to opportunity research using the structuration theory. *Journal of business venturing*, 20(6), 747-767.
- Chidlow, A., Plakoyiannaki, E., Welch, C. (2014). Translation in cross-language international business research: Beyond equivalence. *Journal of International Business Studies*, 45, 562-582.
- CHUANG, C. H., Liao, H. (2010). Strategic human resource management in service context: Taking care of business by taking care of employees and customers. *Personnel Psychology*, 63(1), 153-196.
- Chiles, T. H., McMackin, J. F. (1996). Integrating variable risk preferences, trust, and transaction cost economics. *Academy of Management Review*, 21(1), 73-99.
- Chiles, T. H., Tuggle, C. S., McMullen, J. S., Bierman, L., Greening, D. W. (2010). Dynamic creation: Extending the radical Austrian approach to entrepreneurship. *Organization studies*, 31(1), 7-46.
- Cohen, R., Havlin, S. (2010). *Complex networks: structure, robustness and function*. Cambridge: Cambridge University Press.
- Collinson, S., Houlden, J. (2005). Decision-making and market orientation in the internationalization process of small and medium-sized enterprises. *Management International Review*, 45(4), 413-436.
- Conner, K. R. (1991). A historical comparison of resource-based theory and five schools of thought within industrial organization economics: do we have a new theory of the firm? *Journal of Management*, 17(1), 121-154.
- Coombs, R., Metcalfe, S. (1998). *Distributed capabilities and the governance of the firm*. Paper presented at the CRIC Discussion Papers.
- Cope, J. (2011). Entrepreneurial learning from failure: An interpretative phenomenological analysis. *Journal of business venturing*, 26(6), 604-623.

- Cope, J., Watts, G. (2000). Learning by doing—an exploration of experience, critical incidents and reflection in entrepreneurial learning. *International Journal of Entrepreneurial Behaviour & Research*, 6(3), 104-124.
- Corbin, J., Strauss, A. (2008). Basics of qualitative research 3<sup>rd</sup>e: London: Sage.
- Corbin, J. M., Strauss, A. (1990). Grounded theory research: Procedures, canons, and evaluative criteria. *Qualitative sociology*, 13(1), 3-21.
- Cornelissen, J. P., Clarke, J. S. (2010). Imagining and rationalizing opportunities: inductive reasoning and the creation and justification of new ventures. *Academy of Management Review*, 35(4), 539.
- Coviello, N., Munro, H. (1997). Network relationships and the internationalisation process of small software firms. *International Business Review*, 6(4), 361-386.
- Coviello, N. E., Munro, H.J. (1995). Growing the entrepreneurial firm: Networking for international development. *European Journal of Marketing*, 29(7).
- Coviello, N. E. (2006). The network dynamics of international new ventures. *Journal of International Business Studies*, 37(5), 713-731.
- Coviello, N. E., Cox, M. P. (2006). The resource dynamics of international new venture networks. *Journal of International Entrepreneurship*, 4(2-3), 113-132.
- Coviello, N. E., McAuley, A. (1999). Internationalisation and the smaller firm: a review of contemporary empirical research. *MIR: Management International Review*, 39(3), 223-256.
- Crick, D., Crick, J. (2014). The internationalization strategies of rapidly internationalizing high-tech UK SMEs: Planned and unplanned activities. *European Business Review*, 26(5), 421 - 448.
- Crick, D. (2007). UK SMEs' motives for internationalizing: Differences between firms employing particular overseas market servicing strategies. *Journal of International Entrepreneurship*, 5(1-2), 11-23.
- Crick, D. (2009). The internationalisation of born-global and international new venture SMEs. *International Marketing Review*, 26(4/5), 453-476.
- Crick, D., Chaudhry, S., Batstone, S. (2001). An investigation into the overseas expansion of small Asian-owned UK firms. *Small Business Economics*, 16(2), 75-94.
- Crick, D., Jones, M. (1999). Design and innovation strategies within “successful” high-tech firms. *Marketing Intelligence & Planning*, 17(3), 161-168.
- Crick, D., Jones, M. V. (2000). Small high-technology firms and international high-technology markets. *Journal of International Marketing*, 8(2), 63-85.

- Crick, D., Spence, M. (2005). The internationalisation of 'high-performing' UK high-tech SMEs: a study of planned and unplanned strategies. *International Business Review*, 14(2), 167-185.
- Czinkota, M. R., Ursic, M. L. (1987). A refutation of the psychic distance effect on export development. *Developments in Marketing Science. Proceedings of the 1987 Academy of Marketing Science (AMS) Annual Conference*, 10, 157-160.
- Dahlin, P. (2007). Turbulence in business networks: A longitudinal study of mergers, acquisitions and bankruptcies involving Swedish IT-companies. Mälardalen University, School of Business. Doctoral thesis.
- Dana, L.-P., Etemad, H., Wright, R. W. (1999). Theoretical foundations of international entrepreneurship. In: Newburry, W. (ed.). *Research in Global Strategic Management*, Bingley: Emerald Insights, 3 – 22.
- Das, T., Rahman, N. (2010). Determinants of partner opportunism in strategic alliances: a conceptual framework. *Journal of Business and Psychology*, 25(1), 55-74.
- Das, T. K., Teng, S. (1998). Between trust and control: Developing confidence in partner cooperation in alliances. *Academy of Management Review*, 23(3), 491-512.
- D'Aveni, R. A., Ravenscraft, D. J. (1994). Economies of integration versus bureaucracy costs: does vertical integration improve performance? *Academy of Management Journal* 37(5): 1167-1206.
- Davidson, C. (2009). Transcription: Imperatives for qualitative research. *International Journal of Qualitative Methods*, 8(2), 35-52.
- Davidson, W. H., McFetridge, D. G. (1985). Key characteristics in the choice of international technology transfer mode. *Journal of International Business Studies*, 16(2), 5-21.
- Davidsson, P., Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing*, 18(3), 301-331.
- Davis, J. P., Eisenhardt, K. M. (2011). Rotating leadership and collaborative innovation recombination processes in symbiotic relationships. *Administrative science quarterly*, 56(2), 159-201.
- Davis, P. S., Desai, A. B., Francis, J. D. (2000). Mode of international entry: An isomorphism perspective. *Journal of International Business Studies*, 31(2), 239-258.
- Day, G. S. (1994). The capabilities of market-driven organizations. *The Journal of Marketing*, 58(4), 37-52.

- De Clercq, D., Dimov, D., Thongpapanl, N. T. (2010). The moderating impact of internal social exchange processes on the entrepreneurial orientation–performance relationship. *Journal of Business Venturing*, 25(1), 87-103.
- De Clercq, D., Sapienza, H. J., Crijns, H. (2005). The internationalization of small and medium-sized firms. *Small Business Economics*, 24(4), 409-419.
- De Clercq, D., Voronov, M. (2009). Toward a Practice Perspective of Entrepreneurship Entrepreneurial Legitimacy as Habitus. *International Small Business Journal*, 27(4), 395-419.
- Dean, J. W., Sharfman, M. P. (1993). Procedural rationality in the strategic decision-making process. *Journal of Management Studies*, 30(4), 587-610.
- Deligonul, S., Cavusgil, S. T. (2006). Legal versus relational ordering in channel governance: the case of the manufacturer and its foreign distributor. In: Zou, S. (ed.) *Advances in International Marketing*, Bingley: Emerald Insights, 49-79.
- Delios, A., Beamish, P. W. (2001). Ownership strategy of Japanese firms: Transactional, institutional and experience influences. *Strategic Management Journal*, 20(10), 915-933
- DESTATIS. (2015). Statistisches Bundesamt (Federal Statistical Office). Retrieved from: [https://www.destatis.de/SiteGlobals/Forms/Suche/EN/Solr/Expertensuche\\_Formular.html?resourceId=44648&input\\_=193018&pageLocale=EN&csrftoken=EB3805152042F835F1DF7ECE78AADEDE&searchUrl=http%3A%2F%2Fwww.destatis.de%2FEN%2FMeta%2FSearch%2FSearch.html&cms\\_search=hightech&submit=Search&searchUrl=http%3A%2F%2Fwww.destatis.de%2FEN%2FMeta%2FSearch%2FSearch.html&searchUrl.HASH=d285fba6edbd3c905f4d](https://www.destatis.de/SiteGlobals/Forms/Suche/EN/Solr/Expertensuche_Formular.html?resourceId=44648&input_=193018&pageLocale=EN&csrftoken=EB3805152042F835F1DF7ECE78AADEDE&searchUrl=http%3A%2F%2Fwww.destatis.de%2FEN%2FMeta%2FSearch%2FSearch.html&cms_search=hightech&submit=Search&searchUrl=http%3A%2F%2Fwww.destatis.de%2FEN%2FMeta%2FSearch%2FSearch.html&searchUrl.HASH=d285fba6edbd3c905f4d) (accessed April 20, 2016).
- Dindia, K., Canary, D.J. (1993). Definitions and Theoretical Perspectives on Maintaining Relationships. *Journal of Social and Personal Relationships*, 10(2), 163-173.
- DiMaggio, P. J., Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160.
- Dimitratos, P., Plakoyiannaki, E., Pitsoulaki, A., Tüselmann, H. J. (2010). The global smaller firm in international entrepreneurship. *International Business Review*, 19(6), 589-606.
- Dinnie, K. (2004). Country-of-origin 1965-2004: A literature review. *Journal of Customer Behaviour*, 3(2), 165-213.
- Dittrich, K., Duysters, G. (2007). Networking as a means to strategy change: the case of open innovation in mobile telephony. *Journal of product innovation management*, 24(6), 510-521.

- Dong, X.D., Gabrilovich, E., Murphy, K., Dang, V., Horn, W., Laguresi, C., Sun, S. (2015). Knowledge-based trust: estimating the trustworthiness of web sources. *Proceedings of the VLDB Endowment*, 8(9), 938-949
- Dornoff, R. J., Tankersley, C. B., White, G. P. (1974). Consumers' perceptions of imports. *Akron Business and Economic Review*, 5(2), 26-29.
- Dow, D., Larimo, J. (2009). Challenging the conceptualization and measurement of distance and international experience in entry mode choice research. *Journal of International Marketing*, 17(2), 74-98.
- Drogendijk, R., Slangen, A. (2006). Hofstede, Schwartz, or managerial perceptions? The effects of different cultural distance measures on establishment mode choices by multinational enterprises. *International Business Review*, 15(4), 361-380.
- Du Bois, J. W. (1991). Transcription design principles for spoken discourse research. *Pragmatics*, 1(1), 71-106.
- Duarte, M., Davies, G. (2003). Testing the conflict–performance assumption in business-to-business relationships. *Industrial Marketing Management*, 32(2), 91-99.
- Dunning, J. H. (1988). The eclectic paradigm of international production: a restatement and some possible extensions. *Journal of International Business Studies*, 19(1), 1-31.
- Dunning, J. H. (2000). The eclectic paradigm as an envelope for economic and business theories of MNE activity. *International Business Review*, 9(2), 163-190.
- Dunning John, H. (1993). *The Theory of Transnational Corporations*. London: Routledge.
- Dyer, J. H., Singh, H., (1998). The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review* 23(4): 660-679
- Dwyer, F. R., Schurr P. H., Oh, S. (1987). Developing buyer-seller relationships. *The Journal of Marketing* 51(2),11-27.
- Easterby-Smith, M., Thorpe, R., Jackson, P. (2012). *Management Research* (4<sup>th</sup> ed.). London: Sage.
- Edwards, R., Gut, A.-M., Mavondo, F. (2007). Buyer animosity in business to business markets: Evidence from the French nuclear tests. *Industrial Marketing Management*, 36(4), 483-492.
- Edvardsson, B., Holmlund, M., Strandvik, T. (2008). Initiation of business relationships in service-dominant settings. *Industrial Marketing Management*, 37(3), 339-350.

- Ellegaard, C. (2013). Interpersonal attraction in buyer–supplier relationships: A cyclical model rooted in social psychology. *Industrial Marketing Management*, 41(8), 1219–1227.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.
- Eisenhardt, K. M. (1991). Better stories and better constructs: the case for rigor and comparative logic. *Academy of Management Review*, 16(3), 620-627.
- Eisenhardt, K. M., Graebner, M. E. (2007). Theory building from cases: opportunities and challenges. *Academy of Management journal*, 50(1), 25-32.
- Eisenhardt, K. M., Martin, J. A. (2000). Dynamic capabilities: what are they? *Strategic Management Journal*, 21(10-11), 1105-1121.
- Ekeledo, I., Sivakumar, K. (2004). International market entry mode strategies of manufacturing firms and service firms: A resource-based perspective. *International Marketing Review*, 21(1), 68-101.
- Elango, B., Pattnaik, C. (2007). Building capabilities for international operations through networks: a study of Indian firms. *Journal of International Business Studies*, 541-555.
- Elfenbein, H. A.; Ambady, N. (2003a). When familiarity breeds accuracy: Cultural exposure and facial emotion recognition. *Journal of Personality and Social Psychology*, 85(2), 276-290.
- Elfenbein, H. A.; Ambady, N. (2003b). Universals and Cultural Differences in Recognizing Emotions. *Current Directions in Psychological Science*, 12(5), 159-164
- Ellis, P. D. (2011). Social ties and international entrepreneurship: Opportunities and constraints affecting firm internationalization. *Journal of International Business Studies*, 42(1), 99-127.
- Elfring, T., Hulsink W. (2003). Networks in entrepreneurship: The case of high-technology firms. *Small Business Economics* 21(4): 409-422.
- Engel, Y., Kaandorp, M., Elfring, T. (2017). Toward a dynamic process model of entrepreneurial networking under uncertainty. *Journal of Business Venturing*, 32(1), 35-51.
- Ensley, M. D., Pearce, C. L., Hmieleski, K. M. (2006). The moderating effect of environmental dynamism on the relationship between entrepreneur leadership behavior and new venture performance. *Journal of business venturing*, 21(2), 243-263.



- Eriksson, K., Johanson, J., Majkgard, A., Sharma, D. (2000). Effect of variation on knowledge accumulation in the internationalization process. *International studies of Management and Organization*, 30(1), 26-44.
- Erramilli, M. K. (1991). The experience factor in foreign market entry behavior of service firms. *Journal of International Business Studies*, 22(3), 479-501.
- Erramilli, M. K., Agarwal, S., Kim, S.-S. (1997). Are firm-specific advantages location-specific too? *Journal of International Business Studies*, 28(4), 735-757.
- Erramilli, M. K., Rao, C. P. (1993). Service firms' international entry-mode choice: a modified transaction-cost analysis approach. *The Journal of Marketing*, 57(3), 19-38.
- Erramilli, K.M., D'Souza, D. E. (1995). Uncertainty and foreign direct investment: the role of moderators. *International Marketing Review*, 12(3), 47-60.
- Etemad, H. (2004). Internationalization of Small and Medium- sized Enterprises: A Grounded Theoretical Framework and an Overview. *Canadian Journal of Administrative Sciences* 21(1), 1-21.
- Etemad, H., Wright, R. W. (2003). Internationalization of SMEs: toward a new paradigm. *Small Business Economics*, 20(1), 1-4.
- Ettenson, R., Gabrielle Klein, J. (2005). The fallout from French nuclear testing in the South Pacific: A longitudinal study of consumer boycotts. *International Marketing Review*, 22(2), 199-224.
- European Commission (2016). European Competition Law. Retrieved from: <http://ec.europa.eu/competition> (accessed October 10, 2016).
- European Commission (2016). European Customes Legislation. Retrieved from: [https://ec.europa.eu/taxation\\_customs/legislation/tax-customs-legislation/customs-legislation\\_en](https://ec.europa.eu/taxation_customs/legislation/tax-customs-legislation/customs-legislation_en) (accessed October 09, 2016).
- Fernández, Z., Nieto, M. J. (2006). Impact of ownership on the international involvement of SMEs. *Journal of International Business Studies*, 37(3), 340-351.
- Fitch, K. L. (1999). Speaking relationally: Culture, communication, and interpersonal connection. *Journal of Contemporary Ethnography*, 28(3).
- Fleetwood, S. (2005). Ontology in organization and management studies: A critical realist perspective. *Organization science*, 12(2), 197-222.
- Fletcher, M. (2010). The role of knowledge and learning in the internationalisation of SMEs: issues for international entrepreneurship. *Enterprising Matters*, Spring

- Fletcher, M., Harris, S. (2012). Knowledge acquisition for the internationalization of the smaller firm: Content and sources. *International Business Review*, 21(4), 631-647.
- Flick, U. (2009). *An introduction to qualitative research*: London: Sage.
- Ford, D. (1978). Stability factors in industrial marketing channels. *Industrial Marketing Management*, 7(6), 410-422.
- Ford, D. (1980). The development of buyer-seller relationships in industrial markets. *European Journal of Marketing* 14(5/6): 339-353.
- Ford, D, Gadde, L.E., Håkansson, H., Lundgren (1998). *Managing Business Relationships*. Wiley: Chichester.
- Ford, D., Håkansson, H. (2006). The idea of interaction. *The IMP Journal* 1(1): 4-27.
- Foss, N. J., Knudsen, K., Montgomery, C. (1995). An extrapolation of common ground: integrating evolutionary and strategic theories of the firm. In C. A. Montgomery, C.A. (Ed.), *Resource-based and Evolutionary Theories of the Firm: Toward a Synthesis*. Boston, MA: Kluwer Academic Publishers, 1-17.
- Freeman, S., Cavusgil, S. T. (2007). Toward a typology of commitment states among managers of born-global firms: a study of accelerated internationalization. *Journal of International Marketing*, 1-40.
- Freeman, S., Hutchings, K., Lazaris, M., Zyngier, S. (2010). A model of rapid knowledge development: The smaller born-global firm. *International Business Review*, 19(1), 70-84.
- Frenzen, J. K., Davis, H. L. (1990). Purchasing behavior in embedded markets. *Journal of Consumer Research*, 17(1), 1-12.
- Ferguson, J.L., Dadzie, K.Q., Johnston, W.J. (2008), Country-of-origin effects in service evaluation in emerging markets: some insights from five west African countries, *Journal of Business and Industrial Marketing*, 23(6), 429-37.
- Gaedeke, R. (1973). Consumer attitudes toward products made in developing countries. *Journal of retailing*, 49(2), 13-24.
- Gadde, L.-E., Huemer, L., Håkansson, H. (2003). Strategizing in industrial networks. *Industrial Marketing Management*, 32(5), 357-364.
- Gabrielsson, P., Gabrielsson, M. (2013). A dynamic model of growth phases and survival in international business-to-business new ventures: The moderating effect of decision-making logic. *Industrial Marketing Management*, 42(8), 1357-1373.

- Gaglio, C. M., Katz, J. A. (2001). The psychological basis of opportunity identification: entrepreneurial alertness. *Small Business Economics*, 16(2), pp.95-111.
- Gao, J., Buldyrev, S. V., Havlin, S., Stanley, H. E. (2011). Robustness of a network of networks. *Physical Review Letters*, 107(19), 195701.
- Gatignon, H., Anderson, E. (1988). Multinational Corporation's Degree of Control over Foreign Subsidiaries: An Empirical Test of a Transaction Cost Explanation, *Journal of Law, Economics, & Organization*, 4(2), 305-336.
- Gedajlovic, E., Cao, Q., Zhang, H. (2012). Corporate shareholdings and organizational ambidexterity in high-tech SMEs: Evidence from a transitional economy. *Journal of Business Venturing*, 27(6), 652-665.
- Gemser, G., Brand, M., Sorge, A. (2012). Internationalisation strategies of technology-driven small-and medium-sized enterprises. *Technology Analysis & Strategic Management*, 24(3), 311-326.
- German Business Culture Guide (2015). Business Etiquette. Retrieved from: <http://businessculture.org/western-europe/business-culture-in-germany/business-etiquette-in-germany/> (accessed April 23, 2016).
- Ghuri, P., Fang, T. (2001). Negotiating with the Chinese: A socio-cultural analysis. *Journal of World Business*, 36(3), 303-325.
- Giller, C., Matear, S. (2001). The termination of inter-firm relationships. *Journal of Business & Industrial Marketing*, 16(2), 94-112.
- Gilmore, A., Carson, D., Grant, K. (2001). SME marketing in practice. *Marketing Intelligence & Planning*, 19(1), 6-11.
- Glaser, B. G. (1978). *Theoretical sensitivity: Advances in the methodology of grounded theory*. Mill Valley, CA: Sociology Press.
- Glaser, B. G. (2003). *The grounded theory perspective II: description's remodeling of grounded theory methodology*. Mill Valley: Sociology Press.
- Glaser B, Srauss, A. (1967). *The discovery of grounded theory*: Chicago: Aldine Publishing.
- Gomes-Casseres, B. (1990). Firm ownership preferences and host government restrictions: An integrated approach. *Journal of International Business Studies*, 21(1), 1-22.
- Good, L. K., Huddleston, P. (1995). Ethnocentrism of Polish and Russian consumers: are feelings and intentions related. *International Marketing Review*, 12(5), 35-48.

- Granovetter, M. (1985). Economic action and social structure: the problem of embeddedness. *American journal of Sociology*, 91(3), 481-510.
- Grant, R. M. (1991). The resource-based theory of competitive advantage: implications for strategy formulation. *Knowledge and strategy*, 33(3), 3-23.
- Graves, C., Thomas, J. (2008). Determinants of the internationalization pathways of family firms: An examination of family influence. *Family Business Review*, 21(2), 151-167.
- Green, J., Franquiz, M., Dixon, C. (1997). The myth of the objective transcript: Transcribing as a situated act. *TESOL Quarterly*, 31(1), 172-176.
- Gremler, D. D., Gwinner, K. P. (2000). Customer-employee rapport in service relationships. *Journal of service research*, 3(1), 82-104.
- Gruenberg-Bochard, J., Kreis-Hoyer, P. (2009). Knowledge-networking capability in German SMEs: a model for empirical investigation. *International Journal of Technology Management*, 45(3-4), 364-379.
- Guba, E. G., Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin, Y. S. Lincoln (Eds.), *Handbook of qualitative research* (pp. 105-117). Thousand Oaks, CA: Sage.
- Guba, E. G., Lincoln, Y. S. (1998). Competing paradigms in qualitative research. In: Guba E. G., Lincoln, Y. S. (Eds.). *The landscape of qualitative research: Theories and issues*. Thousand Oaks, CA: Sage, 193-220.
- Gudykunst, W. B., Ting-Toomey, S., Chua, E. (1988). *Culture and interpersonal communication*: Sage Publications, Inc.
- Gulati, R. (1998). Alliances and networks. *Strategic Management Journal* 19(4) 293-317.
- Gulati, R. (1995). Social structure and alliance formation patterns: A longitudinal analysis. *Administrative Science Quarterly*, 40(4), 619-652.
- Gulati, R. and M. C. Higgins (2003). Which ties matter when? The contingent effects of interorganizational partnerships on IPO success. *Strategic Management Journal* 24(2): 127-144
- Gulati, R., Nohria, N., Zaheer, A. (2000). Guest Editors' Introduction to the Special Issue: Strategic Networks. *Strategic Management Journal* 21(3),199-201.
- Gül Güdüm, A., Kavas, A. (1996). Turkish industrial purchasing managers' perceptions of foreign and national industrial suppliers. *European Journal of Marketing*, 30(8), 10-21.

- Gürhan-Canli, Z., Maheswaran, D. (2000). Cultural variations in country of origin effects. *Journal of marketing research*, 37(3), 309-317.
- Gupta, S., Melewar, T.C., Bourlakis, M. (2010). Transfer of brand knowledge in business-to-business markets: a qualitative study. *The Journal of Business and Industrial Marketing*, 25(5), 395–403.
- Gupta, A. K., Govindarajan, V. (2002). Cultivating a global mindset. *The Academy of Management Executive*, 16(1), 116-126.
- Håkansson, H., Östberg, C. (1975). Industrial marketing: An organizational problem? *Industrial Marketing Management*, 4(2), 113-123.
- Håkansson, H. (1982). *International Marketing and Purchasing of Industrial Goods: An Interaction Approach*. Chichester: Wiley.
- Hales, C. (1999). Why do managers do what they do? Reconciling evidence and theory in accounts of managerial work. *British Journal of Management*, 10(4), 335-350.
- Halinen, A. (1997) *Relationship Marketing in Professional Services: A Study of Agency Client Dynamics in the Advertising Sector*. London: Routledge
- Havila, V., Medlin, C. J. (2012). Ending-competence in business closure. *Industrial Marketing Management*, 41(3), 413-420.
- Hallen, B. L., Eisenhardt, K. M. (2012). Catalyzing strategies and efficient tie formation: how entrepreneurial firms obtain investment ties. *Academy of Management Journal*, 55(1), 35-70.
- Hallen, L. (1992). Infrastructural Networks in International Business”. In Forsgren, M. , Johanson, J. (Eds). *Managing Networks in International Business*. Philadelphia: Gordon & Breach., 77-92
- Hammersley, M. (1992). Deconstructing the qualitative-quantitative divide. In Brannen, J. (Ed.), *Mixing Methods: Qualitative and Quantitative Research*, Avebury: Aldershot.
- Han, M. (2006). Developing social capital to achieve superior internationalization: A conceptual model. *Journal of International Entrepreneurship*, 4(2-3), 99-112.
- Han, C. M., Terpstra, V. (1988). Country-of-origin effects for uni-national and bi-national products. *Journal of International Business Studies*, 19(2), 235-255.
- Harris, L., O'Malley, L., Patterson, M. (2003). Professional interaction: exploring the concept of attraction. *Marketing Theory*, 3 (1), 9-36.

- Harris, S., Wheeler, C. (2005). Entrepreneurs' relationships for internationalization: functions, origins and strategies. *International Business Review*, 14(2), 187-207.
- Harzing, A. W. (2002). Acquisitions versus greenfield investments: International strategy and management of entry modes. *Strategic Management Journal*, 23(3), 211-227.
- Häussler, C., Harhoff, D., Müller, E. (2012). To Be Financed or Not. The Role of Patents for Venture Capital-Financing. *ZEW-Centre for European Economic Research Discussion Paper(09-003)*.
- Hawley, A. H. (1986). *Human ecology: A theoretical essay*. Chicago: University of Chicago Press.
- Hawke, A. and Heffernan, T. (2006). Interpersonal liking in lender-customer relationships in the Australian banking sector. *International Journal of Bank Marketing*, 24 (3), 140-157.
- Hayes, R.H., Pisano, G.P., Upton, D.M. (1996). *Strategic Operations: Competing through Capabilities (Text and Cases)*, The Free Press, New York, NY.
- Haytko, D. (2004). Firm-to-firm and interpersonal relationships: perspectives from advertising agency account managers. *Journal of Academy of Marketing Science*, 32 (3), 312-328.
- Hayward, M. L., Shepherd, D. A., Griffin, D. (2006). A hubris theory of entrepreneurship. *Management science*, 52(2), 160-172.
- Hedlund, G., Kverneland, A. (1985). Are strategies for foreign markets changing? The case of Swedish investment in Japan. *International Studies of Management & Organization*, 15(2), 41-59.
- Heene, A., Sanchez, R. (1997). *Competence-based strategic management*: Wiley London.
- Heimeriks, K.H., Duysters, G. (2007). Alliance capability as a mediator between experience and alliance performance: An empirical investigation into the alliance capability development process. *Journal of Management Studies*, 44(1), 25-49
- Heiman, A., McWilliams, B., & Zilberman, D. (2001). Demonstrations and money-back guarantees: Market mechanisms to reduce uncertainty. *Journal of Business Research*, 54(1), 71-84.
- Hennart, J.-F. (1989). Can the "new forms of investment" substitute for the "old forms?" a transaction costs perspective. *Journal of International Business Studies*, 20(2), 211-234.

- Hennart, J.-F. (1991). The transaction cost theory of the multinational enterprise. In C. Pitelis (Ed.), *The nature of the transnational firm*. New York: Psychology Press, 81-116.
- Hennart, J.-F., Slangen, A. H. (2015). Yes, we really do need more entry mode studies! A commentary on Shaver. *Journal of International Business Studies*, 46(1), 114-122.
- Hennart, J.-F., Roehl, T., Zietlow, D. S. (1999). The evolution of US-Japanese Joint Ventures in the United States. *Strategic Management Journal*, 20(1), 15-29.
- Hennink, M. M. (2008). Language and communication in cross-cultural qualitative research. In :Liamputtong, P. (Ed.).*Doing cross-cultural research*. New York: Springer, 21-33
- Herrmann, P., Datta, D. K. (2005). Relationships between Top Management Team Characteristics and International Diversification: an Empirical Investigation. *British Journal of Management*, 16(1), 69-78.
- Hicks, S.R.C. (2009). What Business Ethics Can Learn From Entrepreneurship. *Journal of Private Enterprise*, 24(2), 49-57.
- Hill, C. W., Hwang, P., Kim, W. C. (1990). An eclectic theory of the choice of international entry mode. *Strategic Management Journal*, 11(2), 117-128.
- Hitt, M. A., Ireland, R. D., Camp, S. M., Sexton, D. L. (2001). Strategic entrepreneurship: Entrepreneurial strategies for wealth creation. *Strategic Management Journal*, 22(6- 7), 479-491.
- Hjorth, D., Jones, Gartner, B. (2008). Introduction for recreating/recontextualising entrepreneurship. *Scandinavian Journal of Management*, 24(2), 81-84.
- Hollman, W. A., Kleiner, B. H. (1997). Establishing rapport: the secret business tool to success. *Managing Service Quality: An International Journal*, 7(4), 194-197.
- Hoang, H., Antoncic, B. (2003). Network-based research in entrepreneurship: A critical review. *Journal of business venturing*, 18(2), 165-187.
- Hofstede, G.(2016). Hofstede's Cultural Dimensions, Germany's Scores and Summary. Retrieved from: <https://geert-hofstede.com/germany.html> (accessed October 20, 2016)
- Holsapple, C. W., Wu, J. (2008). Building effective online game websites with knowledge-based trust. *Information Systems Frontiers*, 10(1), 47-60.
- Holton, J. A. (2008). Grounded theory as a general research methodology. *The grounded theory review*, 7(2), 67-93.

- Hood, J.A. (2003). The Relationship of Leadership Style and CEO Values to Ethical Practices in Organizations. *Journal of Business Ethics*, 43(4),263–273
- Hooley, G. J., Shipley, D., Krieger, N. (1988). A method for modelling consumer perceptions of country of origin. *International Marketing Review*, 5(3), 67-76.
- Hult, G. T. M., Ketchen, D. J., Griffith, D. A., Finnegan, C. A., Gonzalez-Padron, T., Harmancioglu, N., Cavusgil, S. T. (2008). Data equivalence in cross-cultural international business research: assessment and guidelines. *Journal of International Business Studies*, 39(6), 1027-1044.
- Human, G., Naudé, P. (2009). Exploring the relationship between network competence, network capability and firm performance: A resource-based perspective in an emerging economy. *Management Dynamics*, 18(1), 2.
- Hunt, S. D., Lambe, C. J. (2000). Marketing's contribution to business strategy: market orientation, relationship marketing and resource- advantage theory. *International Journal of Management Reviews*, 2(1), 17-43.
- Hutt, M.D., Stafford, E.R., Walker, B.A., Reingen, P.H. (2000). Case study: defining the social network of a strategic alliance. *MIT Sloan Management Review* 41(2): 51.
- Ibeh, K. I. N., Young, S. (2001). Exporting as an entrepreneurial act-An empirical study of Nigerian firms. *European Journal of Marketing*, 35(5/6), 566-586.
- Jack, S. L., Anderson, A. R. (2002). The effects of embeddedness on the entrepreneurial process. *Journal of business venturing*, 17(5), 467-487.
- Jaffe, A. (2007). Variability in transcription and the complexities of representation, authority and voice. *Discourse Studies*, 9(6), 831-836.
- Jansen, R. J., Curşeu, P. L., Vermeulen, P. A., Geurts, J. L., Gibcus, P. (2013). Information processing and strategic decision-making in small and medium-sized enterprises: The role of human and social capital in attaining decision effectiveness. *International Small Business Journal*, 31(2), 192-216
- Javalgi, R. G., Cutler, B. D., Winans, W. A. (2001). At your service! Does country of origin research apply to services? *Journal of Services Marketing*, 15(7), 565-582.
- Jody, E., Jody, Treadgold, A., Mavondo, F. T. (2000). Psychic distance and the performance of international retailers – A suggested theoretical framework. *International Marketing Review*, 17(4/5), 373 - 391.
- Johanson, J., Mattsson, L. (1993). Internationalization in industrial systems - a network approach, strategies in global competition. In P. J. Buckley, P. N. Ghauri (Eds.), *The Internationalization of the Firm: A Reader*, London: Academic Press, 303-322



- Johanson, J., Vahlne, J.-E. (1977). The internationalization process of the firm-a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23-32.
- Johanson, J., Vahlne, J.-E. (1990). The mechanism of internationalisation. *International Marketing Review*, 7(4).
- Johanson, J., Vahlne, J. E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411-1431.
- Johanson, J., Wiedersheim- Paul, F. (1975). The internationalization of the firm. Four Swedish cases 1. *Journal of management studies*, 12(3), 305-323.
- Johanson, J. E., Mattson, L. G. (1988). Internationalization in industrial systems- a network approach. In: Hood, N, Vahlne, J.E. (Eds.), *Strategies in Global Competition*, New York: Routledge, 287-314.
- Johansson, J., Wiedersheim-Paul, F. (1975). The internationalization of the firm: Four Swedish cases. *Journal of management studies*, 12(3), 305-322.
- Johansson, J.K., Ronkainen, I.A., Czinkota, M.R. (1994). Negative country-of-origin effects: the case of the new Russia. *Journal of International Business Studies*, 25(1), 157-176.
- Johansson, J. K., Douglas, S. P., Nonaka, I. (1985). Assessing the impact of country of origin on product evaluations: a new methodological perspective. *Journal of Marketing Research*, 388-396.
- Jones, M. V. (1999). The internationalization of small high-technology firms. *Journal of International Marketing*, 7(4), 15-41.
- Jones, M. V. (2001). First steps in internationalisation: Concepts and evidence from a sample of small high-technology firms. *Journal of International Management*, 7(3), 191-210.
- Jones, M. V., Coviello, N., Tang, Y. K. (2011). International entrepreneurship research (1989–2009): a domain ontology and thematic analysis. *Journal of business venturing*, 26(6), 632-659.
- Jones, M. V., Coviello, N. E. (2005). Internationalisation: conceptualising an entrepreneurial process of behaviour in time. *Journal of International Business Studies*, 36(3), 284-303.
- Jones, M. V., Crick, D. (2001). High- technology firms' perceptions of their international competitiveness. *Strategic Change*, 10(3), 129-138.

- Julien, P. (1995). New technologies and technological information in small businesses. *Journal of Business Venturing* 10(6): 459-475.
- Kalantaridis, C. (2004). Internationalization, strategic behavior, and the small firm: A comparative investigation. *Journal of Small Business Management*, 42(3), 245-262.
- Kale, P., Dyer, J. H., Singh, H. (2002). Alliance capability, stock market response, and long- term alliance success: the role of the alliance function. *Strategic Management Journal*, 23(8), 747-767.
- Karagozoglu, N., Lindell, M. (1998). Internationalization of small and medium-sized technology-based firms: An exploratory study. *Journal of Small Business Management*, 36(1), 44-59.
- Karra, N., Phillips, N., Paul Tracey, P. (2008). Building the Born Global Firm: Developing Entrepreneurial Capabilities for International New Venture Success. *Long Range Planning*, 41(4), 440–458
- Katsikeas, C. S. (1996). Ongoing export motivation: differences between regular and sporadic exporters. *International Marketing Review*, 13(2), 4-19.
- Katsikeas, C. S., Leonidou, L. C., Samiee, S. (2009). Research into exporting: theoretical, methodological, and empirical insights. In: Kotabe, M., Helsen, K. (Eds.). *The Sage Handbook of International Marketing*. Thousand Oaks, CA: Sage, 165-182.
- Kaynak, E., Kucukemiroglu, O., Hyder, A. S. (2000). Consumers' country-of-origin (COO) perceptions of imported products in a homogenous less-developed country. *European Journal of Marketing*, 34(9/10), 1221-1241.
- Kelley, D. J., O'Connor, G. C., Neck, H., Peters, L. (2011). Building an organizational capability for radical innovation: The direct managerial role. *Journal of Engineering and Technology Management*, 28(4), 249-267.
- Kennedy, A., Keeney, K. (2009). Strategic partnerships and the internationalisation process of software SMEs. *Service Business*, 3(3), 259-273.
- Keown, C., Casey, M. (1995). Purchasing behaviour in the Northern Ireland wine market. *British Food Journal*, 97(1), 17-20.
- Ketchen, D. J., Ireland, R. D., Snow, C. C. (2007). Strategic entrepreneurship, collaborative innovation, and wealth creation. *Strategic Entrepreneurship Journal*, 1(3- 4), 371-385.
- Keupp, M. M., Gassmann, O. (2009). The past and the future of international entrepreneurship: a review and suggestions for developing the field. *Journal of Management*.

- Khan, H., Bamber, D. (2007). Market entry using country-of-origin intelligence in an emerging market. *Journal of Small Business and Enterprise Development*, 14(1), 22-35.
- Kim, W. C., Hwang, P. (1992). Global strategy and multinationals' entry mode choice. *Journal of International Business Studies*, 23(1), 29-53.
- Kinra, N. (2006). The effect of country-of-origin on foreign brand names in the Indian market. *Marketing Intelligence & Planning*, 24(1), 15-30.
- Kirzner, I. (1979). Perception, opportunity, and entrepreneurship: Chicago: University of Chicago Press.
- Kiss, A. N., Danis, W. M. (2008). Country institutional context, social networks, and new venture internationalization speed. *European Management Journal*, 26(6), 388-399.
- Kiss, A. N., Danis, W. M., Cavusgil, S. T. (2012). International entrepreneurship research in emerging economies: A critical review and research agenda. *Journal of Business Venturing*, 27(2), 266-290.
- Klein, S. (1989). A transaction cost explanation of vertical control in international markets. *Journal of the Academy of Marketing Science*, 17(3), 253-260.
- Klein, J. G. (2002). Us versus them, or us versus everyone? Delineating consumer aversion to foreign goods. *Journal of International Business Studies*, 33(2), 345-363.
- Klein, H. K., Myers, M. D. (1999). A set of principles for conducting and evaluating interpretive field studies in information systems. *MIS quarterly* 23(1), 67-93.
- Klein, S., Frazier, G. L., Roth, V. J. (1990). A transaction cost analysis model of channel integration in international markets. *Journal of marketing research*, 27(2), 196-208.
- Knight, G. (2000). Entrepreneurship and marketing strategy: the SME under globalization. *Journal of International Marketing*, 8(2), 12-32.
- Knight, G. (1999). Consumer preferences for foreign and domestic products. *Journal of Consumer Marketing*, 16(2), 151-162.
- Kocak, A., Abimbola, T. (2009). The effects of entrepreneurial marketing on born-global performance. *International Marketing Review*, 26(4), 439-452.
- Kogut, B., Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19(3), 411-432.

- Kontinen, T., Ojala, A. (2010). Internationalization pathways of family SMEs: psychic distance as a focal point. *Journal of Small Business and Enterprise Development*, 17(3), 437-454.
- Kontinen, T., Ojala, A. (2011). Network ties in the international opportunity recognition of family SMEs. *International Business Review*, 20(4), 440-453.
- Kontinen, T., Ojala, A. (2012). Internationalization pathways among family-owned SMEs. *International Marketing Review*, 29(5), 496-518.
- Koryak, O., Mole, K. F., Lockett, A., Hayton, J. C., Ucbasaran, D., Hodgkinson, G. P. (2015). Entrepreneurial leadership, capabilities and firm growth. *International Small Business Journal*, 33(1), 89-105.
- Kotler, P., Pfoertsch, W. (2007). B2B brand management. *The Marketing Review* 7(2): 201-203.
- Kraus, S. (2011). State-of-the-art current research in international entrepreneurship: A citation analysis. *African Journal of Business Management*, 5(3), 1020-1038.
- Kreis-Hoyer, P., et al. (2004). Strukturen real existierender Wissensnetzwerke—eine empirische Analyse. Interorganisatorische Wissensnetzwerke, Springer: 177-250.
- Kroth, M., Keeler, C. (2009). Caring as a managerial strategy. *Human resource development review*, 8(4), 506-531.
- Kuhn, T. S. (1970). *The structure of scientific revolutions* (2<sup>nd</sup>ed.). Chicago: University of Chicago Press.
- Kuivalainen, O., Puumalainen, K., Sintonen, S., Kyläheiko, K. (2010). Organisational capabilities and internationalisation of the small and medium-sized information and communications technology firms. *Journal of International Entrepreneurship*, 8(2), 135-155.
- Kumar, V., Subramanian, V. (1997). A contingency framework for the mode of entry decision. *Journal of World Business*, 32(1), 53-72.
- La, V., Patterson, P., Styles, C. (2009). Client-perceived performance and value in professional B2B services: An international perspective. *Journal of International Business Studies*, 40(2), 274-300.
- Lado, A. A., Boyd, N. G., Wright, P. (1992). A competency-based model of sustainable competitive advantage: Toward a conceptual integration. *Journal of management*, 18(1), 77-91
- Lampert, S. I., Jaffe, E. D. (1996). Country of origin effects of international market entry. *Journal of Global Marketing*, 10(2), 27-52.

- Laufs, K., Schwens, C. (2014). Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda. *International Business Review*, 23(6), 1109-1126.
- Lavie, D. (2007). Alliance portfolios and firm performance: A study of value creation and appropriation in the US software industry. *Strategic Management Journal*, 28(12), 1187-1212.
- Lawrence, C., Marr, N. E., Prendergast, G. P. (2013). Country- of- origin stereotyping: a case study in the New Zealand motor vehicle industry. *Asia Pacific International Journal of Marketing*.
- Lee, D., Schaninger, C. (1996). Country of production/assembly as a new country image construct: a conceptual application to global transplant decision. *Advances in international marketing*, 7, 233-254.
- Leiblein, M. J., Reuer, J. J. (2004). Building a foreign sales base: the roles of capabilities and alliances for entrepreneurial firms. *Journal of business venturing*, 19(2), 285-307.
- Leonidou, L. C., Katsikeas, C. S. (1996). The export development process: an integrative review of empirical models. *Journal of International Business Studies*, 517-551.
- Leonidou, L. C., Katsikeas, C. S., Coudounaris, D. N. (2010). Five decades of business research into exporting: a bibliographic analysis. *Journal of International Management*, 16(1), 78-91.
- Levin, I., Jasper, J., Mittelstaedt, J., Gaeth, G. (1993). Attitudes towards 'buy America first' and preferences for American and Japanese cars: a different role for country-of-origin information. In McAlister et al. (Eds), *Advances in Consumer Research*, Vol. 20, 625-629.
- Levitt, T. (1986). *Marketing Imagination: New*: Simon and Schuster.
- Li, J. (1995). Foreign entry and survival: Effects of strategic choices on performance in international markets. *Strategic Management Journal*, 16(5), 333-351.
- Lin, H.F. (2011). An empirical investigation of mobile banking adoption: The effect of innovation attributes and knowledge-based trust. *International Journal of Information Management*. 31(3), 252–260
- Lindqvist, M. (1997). Infant multinationals: internationalisation of small technology-based firms. In: Jones-Evans, D., Klofsten, M. (Eds.) *Technology, innovation and enterprise* Basingstoke: Macmillan, 303-324.

- Lindstrand, A., Melén, S., Nordman, E. R. (2011). Turning social capital into business: A study of the internationalization of biotech SMEs. *International Business Review*, 20(2), 194-212.
- Lorenzoni, G., Lipparini, A. (1999). The leveraging of interfirm relationships as a distinctive organizational capability: a longitudinal study. *Strategic Management Journal*, 20(4), 317-338.
- Lloyd-Reason, L., Mughan, T. (2002). Strategies for internationalisation within SMEs: the key role of the owner-manager. *Journal of Small Business and Enterprise Development*, 9(2), 120-129.
- Lorentz, H., Ghauri, P. N. (2010). Demand supply network opportunity development processes in emerging markets: Positioning for strategy realization in Russia. *Industrial Marketing Management*, 39(2), 240-251.
- Lu, J. W., Beamish, P. W. (2001). The internationalization and performance of SMEs. *Strategic Management Journal*, 22(6- 7), 565-586.
- Luo, Y. (2000). Dynamic capabilities in international expansion. *Journal of World Business*, 35 (4), 355–378.
- Lumpkin, G. T., Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135-172.
- Luo, Y. (2007). An integrated anti-opportunism system in international exchange. *Journal of International Business Studies*, 38(6), 855-877.
- Ma, X., Yao, X., Xi, Y.(2009). "How do interorganizational and interpersonal networks affect a firm's strategic adaptive capability in a transition economy?" *Journal of Business Research* 62(11), 1087-1095.
- Madsen, T. K., Servais, P. (1997). The internationalization of born-globals: an evolutionary process? *International Business Review*, 6(6), 561-583.
- Maekelburger, B. (2012). *Internationalization and New Product Success of German Small and Medium-sized Enterprises*. University of Giessen.
- Magnusson, P., Westjohn, S. A. (2011). Is there a country-of-origin theory?, In: Jain, S.C., Griffith, D.A. (eds.) *Handbook of research in International Marketing*. *Handbook of Research in International Marketing*, 292-331
- Maillat, D. (1988). The role of innovative small and medium-sized enterprises and the revival of traditionally industrial regions. In: Nijkamp, P., Storey, D. (Eds.). *Small and Medium sized Enterprises and Regional Development*, London: Routledge, 71-84.

- Mainela, T., Puhakka, V., Servais, P. (2014). The concept of international opportunity in international entrepreneurship: a review and a research agenda. *International Journal of Management Reviews*, 16(1), 105-129.
- Makino, S., Neupert, K. E. (2000). National culture, transaction costs, and the choice between joint venture and wholly owned subsidiary. *Journal of International Business Studies*, 31(4), 705-713.
- Mamun, K. N. (2015). *International Opportunity Enactment by Small and Medium-sized Enterprises in the UK* (PhD Thesis), University of Strathclyde.
- Manolova, T. S., Manev, I. M. (2004). Internationalization and the performance of the small firm: a review of the empirical literature between 1996 and 2001. In Jones, M., Dimitratos, P. (Eds.). *Emerging paradigms in international entrepreneurship*, Cheltenham: Edward Elgar Publishing Limited, 37-63
- Matthyssens, P., Kirca, A. H., Pace, S., Evers, N., Knight, J. (2008). Role of international trade shows in small firm internationalization: a network perspective. *International Marketing Review*, 25(5), 544-562
- McAuley, A. (1999). Intrapreneurial instant exporters in the Scottish arts and crafts sector. *Journal of International Marketing*, 7(4), 67-82.
- McAuley, A. (2010). Looking back, going forward: reflecting on research into the SME internationalisation process. *Journal of Research in Marketing and Entrepreneurship*, 12(1), 21-41.
- McGrath, H., O'Toole, T. (2013). Enablers and inhibitors of the development of network capability in entrepreneurial firms: A study of the Irish micro-brewing network. *Industrial Marketing Management*, 42(7), 1141-1153.
- McDougall, P. P. (1989). International versus domestic entrepreneurship: new venture strategic behavior and industry structure. *Journal of Business Venturing*, 4(6), 387-400.
- McDougall, P. P., Oviatt, B. M. (2000). International entrepreneurship: The intersection of two research paths. *Academy of Management Journal*, 43(5), 902-906.
- McDougall, P. P., Oviatt, B. M., Shrader, R. C. (2003). A comparison of international and domestic new ventures. *Journal of International Entrepreneurship*, 1(1), 59-82.
- McDougall, P. P., Shane, S., Oviatt, B. M. (1994). Explaining the formation of international new ventures: The limits of theories from international business research. *Journal of Business Venturing*, 9(6), 469-487.
- McQuiston, D. H. (2004). Successful branding of a commodity product: The case of RAEX LASER steel. *Industrial Marketing Management*, 33(4), 345-354.

- Mesquita, L. F., Lazzarini, S. G. (2008). Horizontal and vertical relationships in developing economies: Implications for SMEs' access to global markets. *Academy of Management Journal* 51(2): 359-380.
- Mesquita, L. F., Anand, J., Brush, T. H. (2008). Comparing the resource- based and relational views: knowledge transfer and spillover in vertical alliances. *Strategic Management Journal*, 29(9), 913-941.
- Meyer, K., Skak, A. (2002). Networks, serendipity and SME entry into Eastern Europe. *European Management Journal*, 20(2), 179-188.
- Meyer, K. E., Nguyen, H. V. (2005). Foreign Investment Strategies and Sub-national Institutions in Emerging Markets: Evidence from Vietnam. *Journal of Management Studies*, 42(1), 63-93.
- Miesenbock, K. J. (1988). Small businesses and exporting: a literature review. *International Small Business Journal*, 6(2), 42-61.
- Milanov, H., Maisenhälter, B. (2015). Cognition in international entrepreneurship. In: S. A. Fernhaber, S. Prashantham,(eds). 2015. *The Routledge Companion to International Entrepreneurship*, 47-69. New York: Routledge.
- Miller, W. L. (1999). *Doing qualitative research*. (3<sup>rd</sup> ed.) Thousand Oaks: Sage
- Minniti, M. (2004). Entrepreneurial alertness and asymmetric information in a spin-glass model. *Journal of Business Venturing*, 19(5), 637-658.
- Mintzberg, H. (1989). *Mintzberg on management: Inside our strange world of organizations*: New York: Simon and Schuster.
- Mintzberg, H., Waters, J. A. (1982). Tracking strategy in an entrepreneurial firm. *Academy of Management Journal*, 25(3), 465-499.
- Mishler, E. G. (1991). *Research interviewing*: Harvard: Harvard University Press.
- Mitrega, M., Forkmann, S., Ramos, C, Henneberg, S. (2012). Networking capability in business relationships — Concept and scale development. *Industrial Marketing Management*, 41(5), 739–751.
- Mitrega, M., Zolkiewski, J. (2012). Negative consequences of deep relationships with suppliers: An exploratory study in Poland. *Industrial Marketing Management*, 41(5), 886-894.
- Molina- Morales, F. X., Martínez- Fernández, M. T. (2010). Social networks: effects of social capital on firm innovation. *Journal of Small Business Management*, 48(2), 258-279.



- Moen, Ø., Bakås, O., Bolstad, A., Pedersen, V. (2010). International Market Expansion Strategies for High-Tech Firms: Partnership Selection Criteria for Forming Strategic Alliances. *International Journal of Business and Management*, 5(1), 20.
- Möller, K.K., Aino Halinen, A. (1999). Business Relationships and Networks:: Managerial Challenge of Network Era *Industrial Marketing Management*, 28 (5), 413–427
- Montealegre, R. (2002). A process model of capability development: Lessons from the electronic commerce strategy at Bolsa de Valores de Guayaquil. *Organization science*, 13(5), 514-531.
- Moran, R.T., Abrahamson, N.R., Moran, S.V. (2014). *Managing Cultural Differences*, 9<sup>th</sup> edn, London: Routhledge.
- Moorman, C., Miner, A. S. (1998). Organizational improvisation and organizational memory. *Academy of Management Review*, 23(4), 698-723.
- Moorman, C., Zaltman, G., and Deshpande, R. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3), 314-328.
- Moran, P. (2005). Structural vs. relational embeddedness: Social capital and managerial performance. *Strategic Management Journal*, 26(12), 1129-1151
- Morgan-Thomas, A., Veloutsou, C. (2013). Beyond technology acceptance: Brand relationships and online brand experience. *Journal of Business Research*, 66(1), 21-27.
- Morgan, R. E., Katsikeas, C. S. (1997). Theories of international trade, foreign direct investment and firm internationalization: a critique. *Management Decision*, 35(1), 68-78.
- Morschett, D., Schramm-Klein, H., Swoboda, B. (2010). Decades of research on market entry modes: what do we really know about external antecedents of entry mode choice? *Journal of International Management*, 16(1), 60-77.
- Mowery, D. C., Oxley, J. E., & Silverman, B. S. (1996). Strategic alliances and interfirm knowledge transfer. *Strategic Management Journal*, 17(S2), 77-91.
- Mudambi, S. (2002). Branding importance in business-to-business markets: Three buyer clusters. *Industrial Marketing Management* 31(6): 525-533.
- Mudambi, S., Doyle, P., Wong, V. (1997). An exploration of branding in industrial markets. *Industrial Marketing Management*, 26(5): 433-446.

- Müller, M. (2007). What's in a word? Problematizing translation between languages. *Area*, 39(2), 206-213.
- Muzychenko, O. (2011). International opportunity identification by entrepreneurs: the process and cognitive determinants. *European Journal of Management* 11,(2), 52-72.
- Nagashima, A. (1970). A comparison of Japanese and US attitudes toward foreign products. *The Journal of Marketing*, 68-74.
- Nahapiet, J., Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23(2), 242-266.
- Narayana, C. L. (1981). Aggregate images of American and Japanese products-implications on international marketing. *Columbia Journal of World Business*, 16(2), 31-35.
- Nakos, G., Brouthers, K. D. (2002). Entry mode choice of SMEs in Central and Eastern Europe. *Entrepreneurship Theory and Practice*, 27(1), 47-63.
- Nakos, G., Brouthers, K. D., Brouthers, L. E. (1998). The impact of firm and managerial characteristics on small and medium-sized Greek firms' export performance. *Journal of Global Marketing*, 11(4), 23-47.
- Narver, J. C., Slater, S. F. (1990). The effect of a market orientation on business profitability. *The Journal of Marketing* 54(4) 20-35.
- Newman, M. E. (2003). The structure and function of complex networks. *SIAM review*, 45(2), 167-256.
- Newman, M. E. J. (2010). *Networks: An Introduction*. Oxford: Oxford University Press.
- Ngugi, I. K., Johnsen, R. E., Erdélyi, P. (2010). Relational capabilities for value co-creation and innovation in SMEs. *Journal of Small Business and Enterprise Development*, 17(2), 260-278.
- Nicholson, C., Compeau, L., Sethi, R. (2001). The role of interpersonal liking in building trust in long-term channel relationships. *Academy of Marketing Science Journal*, 29 (1), 3-15.
- Nieminen, S. (2011). Supplier relational effort in the buyer-supplier relationship. Aalto University.
- Nijssen, E. J., Douglas, S. P. (2004). Examining the animosity model in a country with a high level of foreign trade. *International journal of research in marketing*, 21(1), 23-38.

- Nisar, S., Boateng, A., Wu, J., Leung, M. (2012). Understanding the motives for SMEs entry choice of international entry mode. *Marketing Intelligence & Planning*, 30(7), 717-739.
- Nooteboom, B. (2004). *Inter-firm collaboration, learning and networks: an integrated approach*: Psychology Press.
- Nordman, E. R., Melén, S. (2008). The impact of different kinds of knowledge for the internationalization process of born-globals in the biotech business. *Journal of World Business*, 43(2), 171-185.
- Nordström, K. A. (1991). *The internationalization process of the firm: searching for new patterns and explanations (PhD Thesis)*. Stockholm School of Economics.
- North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge: Cambridge university press.
- Nummela, N., Saarenketo, S., Puumalainen, K., 2004. A global mindset - a prerequisite for successful internationalization? *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 21(1), 51-64.
- Nutt, P. (2007). Intelligence gathering for decision-making. *Omega*, 35 (5), 604-622.
- OECD. (2009). *Top Barriers and Drivers to SME Internationalisation. Report by the OECD Working Party on SMEs and Entrepreneurship*, OECD. Retrieved from <https://www.oecd.org/cfe/smes/43357832.pdf> (accessed Nov 23, 2015).
- Ofir, C., Lehmann, D. R. (1986). Measuring images of foreign products. *Columbia Journal of World Business*, 21(2), 105-108.
- Ojala, A., Tyrväinen, P. (2006). Business models and market entry mode choice of small software firms. *Journal of International Entrepreneurship*, 4(2-3), 69-81.
- Ojala, A., Tyrväinen, P. (2007). Market entry and priority of small and medium-sized enterprises in the software industry: An empirical analysis of cultural distance, geographic distance, and market size. *Journal of International Marketing*, 15(3), 123-149.
- Olejnik, E., Swoboda, B. (2012). SMEs' internationalisation patterns: descriptives, dynamics and determinants. *International Marketing Review*, 29(5), 466-495.
- Oliver, C. (1997). The influence of institutional and task environment relationships on organizational performance: The Canadian construction industry. *Journal of Management Studies*, 34(1), 99-124.
- Olsen, J.E., Granzin, K.L., Biswas, A. (1993). Influencing consumers' selection of domestic versus imported products: implications for marketing based on a model of helping behaviour. *Journal of the Academy of Marketing Science* 21(4), 307-321.

- Osland, G. E., Taylor, C. R., Zou, S. (2001). Selecting international modes of entry and expansion. *Marketing Intelligence & Planning*, 19(3), 153-161.
- Oviatt, B. M., McDougall, P. (1995). Global start-ups: Entrepreneurs on a worldwide stage. *The Academy of Management Executive*, 9(2), 30-43.
- Oviatt, B. M., McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25, 45-64.
- Oviatt, B. M., McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship Theory and Practice*, 29(5), 537-554.
- Ozcan, P., Eisenhardt, K. M. (2009). Origin of alliance portfolios: Entrepreneurs, network strategies, and firm performance. *Academy of Management Journal*, 52(2), 246-279.
- Ozgen, E., Baron, R. A. (2007). Social sources of information in opportunity recognition: Effects of mentors, industry networks, and professional forums. *Journal of Business Venturing*, 22(2), 174-192.
- Ozsomer, A., Cavusgil, S. T. (1991). Country-of-origin effects on product evaluations: A sequel to Bilkey and Nes review. *Enhancing knowledge development in marketing*, 2(1991), 269-277.
- Pan, Y., Tse, D. K. (2000). The hierarchical model of market entry modes *Journal of International Business Studies*, 31(4), 535-554.
- Papadopoulos, N., Papadopoulos, N., Heslop, L. A. (1993). What product and country images are and are not. *Product-country images: Impact and role in international marketing*, 3-38.
- Parise, S., Casher, A. (2003). Alliance portfolios: Designing and managing your network of business-partner relationships. *The Academy of Management Executive*, 17(4), 25-39.
- Peiris, I., Akoorie, K., Sinha, M., Sinha, E., Sinha, M., Sinha, P. International entrepreneurship: A critical analysis of studies in the past two decades and future directions for research. *Journal of International Entrepreneurship*, 10(4), 279-324.
- Peiris, I., Akoorie, M., Sinha, P. (2013). Conceptualizing the process of opportunity identification in international entrepreneurship research. *South Asian Journal of Management*, 20(3), 7-38.
- Peiris, I. K., Akoorie, M. E., Sinha, P. (2012). International entrepreneurship: A critical analysis of studies in the past two decades and future directions for research. *Journal of International Entrepreneurship*, 10(4), 279-324.

- Peng, M. W., Heath, P. S. (1996). The growth of the firm in planned economies in transition: Institutions, organizations, and strategic choice. *Academy of Management Review*, 21(2), 492-528.
- Peris, S. M., Newman, K., Bigne, E., Chansarkar, B. (1993). Aspects of Anglo-Spanish perceptions and product preferences arising from 'country of origin' image. *International Journal of Advertising*, 12(2), 131-142.
- Peteraf, M. A. (1993). The cornerstones of competitive advantage: a resource-based view. *Strategic Management Journal*, 14(3), 179-191.
- Petersen, B., Benito, G. R. G., Welch, L. S., Asmussen, C. G. (2008). Mode configuration diversity: A new perspective on foreign operation mode choice. In: Griffith, S. T. C. D., Hult G. T. M, Lewin, A. Y. (Eds.). *Thought leadership in advancing international business research*, London: Palgrave, 57-78.
- Petersen, B., Welch, L., Nielsen, K. V. (2001). Resource commitment to foreign markets: the establishment patterns of Danish firms in Southeast Asian markets. In: Gray, S., McGaughey, S. L. Purcell W. R. (Eds.), *Asia -Pacific issues in international business*. Cheltenham: Edward Elgar, 7-27.
- Petersen, B., Welch, L. S. (2002). Foreign operation mode combinations and internationalization. *Journal of Business Research*, 55(2), 157-162.
- Petersen, B., Welch, L. S. (2002). Foreign operation mode combinations and internationalization. *Journal of Business Research*, 55(2), 157-162.
- Peterson, R. A., Jolibert, A. J. (1995). A meta-analysis of country-of-origin effects. *Journal of International Business Studies*, 26(4), 883-900.
- Pimentel Claro, D., Borin de Oliveira Claro, P. (2004). Coordinating B2B cross-border supply chains: the case of the organic coffee industry. *Journal of Business & Industrial Marketing* 19(6): 405-414.
- Pinho, J. C. (2007). The impact of ownership: location-specific advantages and managerial characteristics on SME foreign entry mode choices. *International Marketing Review*, 24(6), 715-734.
- Podolny, J. M., Page, K. L. (1998). Network forms of organization. *Annual review of sociology*, 57-76
- Polkinghorne, D. E. (2005). Language and meaning: Data collection in qualitative research. *Journal of counseling psychology*, 52(2), 137.
- Powell, W. W., Koput, K. W., Smith-Doerr, L. (1996). Interorganizational collaboration and the locus of innovation: Networks of learning in biotechnology. *Administrative science quarterly*, 116-145.

- Prashantham, S. (2008). New venture internationalization as strategic renewal. *European Management Journal*, 26(6), 378-387.
- Preece, S. B., Miles, G., Baetz, M. C. (1999). Explaining the international intensity and global diversity of early-stage technology-based firms. *Journal of business venturing*, 14(3), 259-281.
- Presutti, M., Boari, C., Fratocchi, L. (2007). Knowledge acquisition and the foreign development of high-tech start-ups: A social capital approach. *International Business Review*, 16(1), 23-46.
- Ragin, C. C. (1994). *Constructing Social Research: The Unity and Diversity of Method*. Thousand Oaks, CA: Pine Forge Press.
- Rahman, S. H. (2003). Modelling of international market selection process: a qualitative study of successful Australian international businesses. *Qualitative Market Research: An International Journal*, 6(2), 119-132.
- Ram, M., Theodorakopoulos, N., Jones, T. (2008). Forms of capital, mixed embeddedness and Somali enterprise. *Work, Employment & Society*, 22(3), 427-446.
- Randøy, T., Dibrell, C. C. (2002). How and why Norwegian MNCs commit resources abroad: Beyond choice of entry mode. *MIR: Management International Review*, 42(2), 119-140.
- Rangone, A. (1999). A resource-based approach to strategy analysis in small-medium-sized enterprises. *Small Business Economics*, 12(3), 233-248.
- Rauyruen, P., Miller, K. E. (2007). Relationship quality as a predictor of B2B customer loyalty. *Journal of Business Research*, 60(1), 21-31.
- Reid, S. (1983). Firm internationalization, transaction costs and strategic choice. *International Marketing Review*, 1(2), 44-56.
- Reid, S. D. (1981). The decision-maker and export entry and expansion. *Journal of International Business Studies*, 12(2), 101-112.
- Reierson, C. (1966). Are foreign products seen as national stereotypes? Survey of attitudes in college students. *Journal of Retailing*, 42(3), 33-40.
- Reinartz, W., Krafft, M., Hoyer, W.D. (2004). The customer relationship management process: Its measurement and impact on performance. *Journal of Marketing Research*, 41(3) (2004), pp. 293–305.
- Reuber, A. R., Fischer, E. (1997). The influence of the management team's international experience on the internationalization behaviors of SMEs. *Journal of International Business Studies*, 28(4), 807-825.

- Rindova, V., Barry, D., Ketchen, D. J. (2009). Entrepreneurship as emancipation. *Academy of Management Review*, 34(3), 477-491.
- Ring, P. S., Van de Ven, A. H. (1992). Structuring cooperative relationships between organizations. *Strategic Management Journal*, 13(7), 483-498.
- Ripollés, M., Blesa, A. (2012). International new ventures as “small multinationals”: The importance of marketing capabilities. *Journal of World Business*, 47(2), 277-287.
- Ritter, T., Gemünden, H. G. (2003). Interorganizational relationships and networks: An overview. *Journal of Business Research*, 56(9), 691-697.
- Ritter, T., Geersbro, J. (2011). Organizational relationship termination competence: A conceptualization and an empirical test. *Industrial Marketing Management*, 40(6), 988-993.
- Ritter, T., Wilkinson, I. F., Johnston, W. J. (2002). Measuring network competence: some international evidence. *Journal of Business & Industrial Marketing*, 17(2/3), 119-138.
- Roberto, B. (2004). Acquisition versus greenfield investment: the location of foreign manufacturers in Italy. *Regional Science and Urban Economics*, 34(1), 3-25.
- Roberts, P. W., Greenwood, R. (1997). Integrating transaction cost and institutional theories: Toward a constrained-efficiency framework for understanding organizational design adoption. *Academy of Management Review*, 22(2), 346-373.
- Root, F. R. (1987). *Entry strategies for international markets*. Lexington, Mass: Lexington Books.
- Root, F. R. (1994). *Entry strategies for international markets*, New York: Lexington books.
- Rosen, D. E., Schroeder, J. E., Purinton, E. F. (1998). Marketing high tech products: lessons in customer focus from the marketplace. *Academy of Marketing Science Review*, 6(3) 1-17.
- Roth, K. (1995). Managing international interdependence: CEO characteristics in a resource based framework. *Academy of Management journal*, 38(1), 200-231.
- Roth, M. S., Romeo, J. B. (1992). Matching product category and country image perceptions: A framework for managing country-of-origin effects. *Journal of International Business Studies*, 23(3), 477-497.
- Rothwell, R. (1994). Towards the fifth-generation innovation process. *International Marketing Review* 11(1): 7-31.

- Ruokonen, M., Nummela, N., Puumalainen, K., Saarenketo, S. (2008). Market orientation and internationalisation in small software firms. *European Journal of Marketing*, 42(11), 1294-1315.
- Ruokonen, M., Nummela, N., Puumalainen, K., Saarenketo, S. (2006). Network management—the key to the successful rapid internationalisation of the small software firm? *International Journal of Entrepreneurship and Innovation Management*, 6(6), 554-572.
- Ruzzier, M., Hisrich, R. D., Antoncic, B. (2006). SME internationalization research: past, present, and future. *Journal of Small Business and Enterprise Development*, 13(4), 476-497.
- Saldaña, J. (2013). *The coding manual for qualitative researchers* (2<sup>nd</sup> ed.). Thousand Oaks, CA: Sage.
- Samiee, S. (1994). Customer evaluation of products in a global market. *Journal of International Business Studies*, 25(3), 579-604.
- Sanchez-Peinado, E., Pla-Barber, J., Hébert, L. (2007). Strategic variables that influence entry mode choice in service firms. *Journal of International Marketing*, 15(1), 67-91.
- Sarasvathy, S. D., Dew, N., Velamuri, S. R., Venkataraman, S. (2010). Three views of entrepreneurial opportunity. In: Acs, Z.J., Audretsch, D.B. (Eds.) *Handbook of Entrepreneurship Research*, London: Springer, 77-96
- Sasi, V., Arenius, P. (2008). International new ventures and social networks: Advantage or liability? *European Management Journal*, 26(6), 400-411.
- Saunders, M. (2012). *Research methods for business students*, Harlow: Pearson.
- Sawhney, M., Prandelli, E. (2000). Communities of creation: managing distributed innovation in turbulent markets. *California Management Review*, 42(4), 24-54.
- Scase, R., Goffee, R. (1987). *The real world of the small business owner*. London: Croom Helm.
- Schoonjans, B., Van Cauwenberge, P., Van derBauwhede, H. (2013). Formal business networking and SME growth. *Small Business Economics*, 41(1), 169–181.
- Schooler, R. D. (1965). Product bias in the Central American common market. *Journal of Marketing Research*, 394-397.
- Schiefer, G., Fritz, M., Ziggers, G., Henseler, J. (2009). Inter-firm network capability: how it affects buyer-supplier performance. *British Food Journal*, 111(8), 794-810.



- Schumpeter, J. (1934). *The Theory of Economic Development*, Cambridge, MA: Harvard University Press.
- Schumpeter, J. (1950). *Capitalism, Socialism and Democracy*, New York, NY: Harper.
- Schweiger, S., Shimp, T., Shin, J. (1995), Consumer ethnocentrism: a test of antecedents and moderators, *Journal of the Academy of Marketing Science*, 23(1), 36-37.
- Schweizer, R., Vahlne, J.-E., Johanson, J. (2010). Internationalization as an entrepreneurial process. *Journal of International Entrepreneurship*, 8(4), 343-370.
- Schweizer, R., Vahlne, J.-E., Johanson, J. (2010). Internationalization as an entrepreneurial process. *Journal of International Entrepreneurship*, 8(4), 343-370.
- Scott, W. R. (1995). *Institutions and Organizations*, Thousand Oaks, CA: Sage Publishing.
- Sedoglavich, V. (2012). Technological imperatives in the internationalization process: Results from a qualitative investigation of high-tech SMEs. *Management Research Review*, 35(5), 441-459.
- Seggie, S. H. (2012). Transaction Cost Economics in International Marketing: A Review and Suggestions for the Future. *Journal of International Marketing*, 20(2), 49-71.
- Shane, S., Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217-226.
- Shapiro, S. P. (1987). The social control of impersonal trust. *American Journal of Sociology*, 93(3), 623-658.
- Sharma, D. D., Blomstermo, A. (2003). The internationalization process of born-globals: a network view. *International Business Review*, 12(6), 739-753.
- Sharma, V. M., Erramilli, M. K. (2004). Resource-based explanation of entry mode choice. *Journal of Marketing Theory and Practice*, 12(1), 1-18.
- Sharma, A., Krishnan, R., Grewal, D. (2001). Value creation in markets: a critical area of focus for business-to-business markets. *Industrial Marketing Management*, 30(4), 391-402.
- Shaver, J. M. (2013). Do we really need more entry mode studies? *Journal of International Business Studies*, 44(1), 23-27.

- Short, J. C., Ketchen, D. J., Shook, C. L., Ireland, R. D. (2009). The concept of "opportunity" in entrepreneurship research: Past accomplishments and future challenges. *Journal of Management*, 36 (1), 40-65
- Shrader, R. C., Simon, M. (1997). Corporate versus independent new ventures: Resource, strategy, and performance differences. *Journal of Business Venturing*, 12(1), 47-66.
- Simonin, B. L. (1997). The importance of collaborative know-how: An empirical test of the learning organization. *Academy of Management Journal*, 40(5), 1150-1174.
- Smallbone, D., North, D. (1995). Targeting established SMEs: does their age matter? *International Small Business Journal*, 13(3), 47-64.
- Smith, J.A., Osborn, M, (2008). Interpretative phenomenological analysis. In: Smith J. A. (Ed.), *Qualitative psychology: A practical guide to research methods* (2nd ed.): Sage Publications, London.
- Smith, R. E., Swinyard, W. R. (1983). Attitude-behavior consistency: The impact of product trial versus advertising. *Journal of marketing research*, 257-267.
- Somlev, I. P., Hoshino, Y. (2005). Influence of location factors on establishment and ownership of foreign investments: The case of the Japanese manufacturing firms in Europe. *International Business Review*, 14(5), 577-598.
- Solomon, G.T., Winslow, E.K. (1988). Toward A Descriptive Profile of The Entrepreneur. *Journal of Creative Behaviour*, 22(3) 162–171
- Sosa, M. E. (2011). Where do creative interactions come from? The role of tie content and social networks. *Organization science*, 22(1), 1-21.
- Spencer-Oatey, H., Xing, J. (2003). Managing rapport in intercultural business interactions: A comparison of two Chinese-British welcome meetings. *Journal of intercultural studies*, 24(1), 33-46.
- Spencer-Oatey, H., & Xing, J. (2004). Rapport management problems in Chinese-British business interactions. *Multilingual communication*, 197-222
- SPECTARIS (2015). SPECTARIS Jahrbuch (yearbook) Yearly publication, issued by the SPECTARIS association of German high-tech firms.
- SPECTARIS (2015). SPECTARIS Verband der Hightech Industrie. Retrieved from <http://www.spectaris.de/index.php> (accessed June, 20, 2015).
- SPECTARIS (2014) Aussenwirtschaftstag, S. (2014). Retrieved from <http://www.spectaris.de/verband/veranstaltungen/dokumentation/artikel/seite/5-aussenwirtschaftstag/dokumentation.html> (accessed June 20, 2015).

- SPECTARIS (2013). Mittelständische Hightech-Unternehmen erobern neue Märkte. Retrieved from <http://www.spectaris.de/verband/presse/artikel/seite/mittelstaendische-hightech-unternehmen-erobern-neue-maerkte/presse-3.html> (accessed June 20, 2015).
- Spence, M. (2003). International strategy formation in small Canadian high-technology companies—a case study approach. *Journal of International Entrepreneurship*, 1(3), 277-296.
- Spence, M., Crick, D. (2006). International opportunity recognition and commercialisation among born-global firms: an exploratory study.
- Spence, M., Crick, D. (2009). An exploratory study of Canadian international new venture firms' development in overseas markets. *Qualitative Market Research: An International Journal*, 12(2), 208-233.
- Spreng, R. A., Hui Shi, L., Page, T. J. (2009). Service quality and satisfaction in business-to-business services. *Journal of Business & Industrial Marketing*, 24(8), 537-548.
- Spiegel Online (2011). Deutsche Kultur. Retrieved from: <http://www.spiegel.de/kultur/gesellschaft/traditionen-irene-goetz-ueber-den-wandel-der-deutschen-braeuche-a-1065815.html> (accessed April 20, 2016).
- Spotfolio. (2015). Deutscher Hightech Atlas. Retrieved from <https://spotfolio.com/wp-content/uploads/2015/01/Deutscher-Hightech-Atlas-2015.pdf> (accessed April 20, 2016).
- Steyaert, C. (2007). Entrepreneurship as a conceptual attractor: a review of process theories in 20 years of entrepreneurship studies. *Entrepreneurship and Regional Developments in Marketing Science*, 19(6), 453-477.
- Stoltman, J.J., Lim, Y.K., Morgan, F.W. (1991). The effect of country of origin, product familiarity and ethnocentrism on the acceptance of foreign products. Marketing Theory and Applications, American Marketing Association Winter Educators Conference, 82-89.
- Strauss, A., Corbin, J. (1990). *Basics of Qualitative Research*, Newbury Park, CA: Sage.
- Stray, S., Bridgewater, S., Murray, G. (2001). The internationalisation process of small, technology-based firms: market selection, mode choice and degree of internationalisation. *Journal of Global Marketing*, 15(1), 7-29.
- Styles, C., Ambler, T. (1994). Successful export practice: the UK experience. *International Marketing Review*, 11(6), 23-47.

- Styles, C., Genua, T. (2008). The rapid internationalization of high technology firms created through the commercialization of academic research. *Journal of World Business*, 43(2), 146-157.
- Styles, C., Seymour, R. G. (2006). Opportunities for marketing researchers in international entrepreneurship. *International Marketing Review*, 23(2), 126-145.
- Sullivan Mort, G., Weerawardena, J. (2006). Networking capability and international entrepreneurship: How networks function in Australian born-global firms. *International Marketing Review*, 23(5), 549-572.
- Taylor, C. R., Zou, S., Osland, G. E. (1998). A transaction cost perspective on foreign market entry strategies of US and Japanese firms. *Thunderbird International Business Review*, 40(4), 389-412.
- Taylor, D. W., Thorpe, R. (2004). Entrepreneurial learning: a process of co-participation. *Journal of Small Business and Enterprise Development*, 11(2), 203-211.
- Teece, D. J., Pisano, G., Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 509-533.
- Temple, B., Young, A. (2004). Qualitative research and translation dilemmas. *Qualitative Research*, 4(2), 161-178.
- Terjesen, S., Hessels, J., Li, D. (2016). Comparative International Entrepreneurship A Review and Research Agenda. *Journal of Management*42(1), 299-344,
- Thompson, C. J., Locander, W. B., Pollio, H. R. (1989). Putting consumer experience back into consumer research: The philosophy and method of existential-phenomenology. *Journal of Consumer Research*, 16(2), 133-146
- Thulesius, H. (2003). *Balancing. Cancer from a primary care perspective* (PhD Thesis).Lund University Hospital, Malmö.
- Tietze, S., Dick, P. (2009). Hegemonic practices and knowledge production in the management academy: An English language perspective. *Scandinavian Journal of Management*, 25(1), 119-123.
- Tóth, Z., et al. (2012). A business-to-business love story? Relational Attractiveness (RA) and its impact on the firms' ability to build up and maintain new business relationships. 28th International Marketing and Purchasing Group (IMP) Conference, Rome. Retrieved from: <http://www.impgroup.org/uploads/papers/7850.pdf> (accessed April 16, 2015).
- Tsang, E. W. (2001). Managerial learning in foreign-invested enterprises of China. *Management International Review*, 41 (1), 29-51.

- Tse, A. C. B., Wah, K. (1996). The impact of country-of-origin on the behaviour of Hong Kong consumers. *Journal of International Marketing and Marketing Research*, 21, 39-44.
- Tsonis, A. A., Swanson, K. L., Roebber, P. J. (2006). What do networks have to do with climate? *Bulletin of the American Meteorological Society*, 87(5), 585.
- Twinn, S. (1997). An exploratory study examining the influence of translation on the validity and reliability of qualitative data in nursing research. *Journal of Advanced Nursing*, 26(2), 418-423.
- Uzzi, B. (1997). Social structure and competition in interfirm networks: The paradox of embeddedness. *Administrative Science Quarterly*, 35-67.
- Uzzi, B. (1996). The sources and consequences of embeddedness for the economic performance of organizations: The network effect. *American Sociological Review*, 674-698.
- Vaghely, I. P., Julien, P.-A. (2010). Are opportunities recognized or constructed?: An information perspective on entrepreneurial opportunity identification. *Journal of Business Venturing*, 25(1), 73-86.
- Van Riel, A. C., De Mortanges, C. P., Streukens, S. (2005). Marketing antecedents of industrial brand equity: An empirical investigation in specialty chemicals. *Industrial Marketing Management*, 34(8), 841-847.
- Von Krogh, G. (1998). Care in knowledge creation. *California management review*, 40(3), 133-153.
- Vapola, T., Tossavainen, P., Gabrielsson, M. (2008). The battleship strategy: The complementing role of born-globals in MNC's new opportunity creation. *Journal of International Entrepreneurship*, 6(1), 1-21.
- Vasilchenko, E., Morrish, S. (2011). The role of entrepreneurial networks in the exploration and exploitation of internationalization opportunities by information and communication technology firms. *Journal of International Marketing*, 19(4), 88-105.
- Verlegh, P. W., Steenkamp, J.-B. E. (1999). A review and meta-analysis of country-of-origin research. *Journal of Economic Psychology*, 20(5), 521-546.
- Venkataraman, S. (1997). The distinctive domain of entrepreneurship research. *Advances in entrepreneurship, firm emergence and growth*, 3(1), 119-138.
- Venkataraman, S., Sarasvathy, S. D., Dew, N., Forster, W. R. (2012). Reflections on the 2010 AMR decade award: Whither the promise? Moving forward with entrepreneurship as a science of the artificial. *Academy of Management Review*, 37(1), 21-33.

- Wall, M., Heslop, L. A. (1986). Consumer attitudes toward Canadian-made versus imported products. *Journal of the Academy of Marketing Science*, 14(2), 27-36.
- Walter, A., Auer, M., Ritter, T. (2006). The impact of network capabilities and entrepreneurial orientation on university spin-off performance. *Journal of business venturing*, 21(4), 541-567.
- Wakkee, I. (2006). Mapping network development of international new ventures with the use of company e-mails. *Journal of International Entrepreneurship*, 4(4), 191-208.
- Wang, C.-K., Lamb, C. W. (1983). The impact of selected environmental forces upon consumers' willingness to buy foreign products. *Journal of the Academy of Marketing Science*, 11(1-2), 71-84.
- Wassermann, S., Faust, K. (1994). *Social Networks*, Cambridge: Cambridge University Press.
- Watson, J. (2007). Modeling the relationship between networking and firm performance. *Journal of Business Venturing* 22(6): 852-874.
- Webster Jr, F. E. (1979). *Industrial Marketing Strategy*. New York: John Wiley & Sons.
- Weiss, A. M., Anderson, E. (1992). Converting from independent to employee salesforces: the role of perceived switching costs. *Journal of Marketing Research*, 101-115.
- Welch, L. S., Benito, G. R., Petersen, B. (2007). *Foreign Operation Methods: Theory, Analysis, Strategy*. Cheltenham: Edward Elgar.
- Welch, L. S., Benito, G. R. G., Petersen, B. (2007). *Foreign operation methods: theory, analysis, strategy*: Cheltenham, UK : Edward Elgar.
- Wheeler, C., Ibeh, K. and Dimitratos, P., 2008. UK export performance research review and implications. *International Small Business Journal*, 26(2), pp.207-239.
- Whitelock, J. (2002). Theories of internationalisation and their impact on market entry. *International Marketing Review*, 19(4), 342-347
- Wiklund, J., Shepherd, D. (2003). Knowledge- based resources, entrepreneurial orientation, and the performance of small and medium- sized businesses. *Strategic Management Journal*, 24(13), 1307-1314
- Williamson, O. E. (1975). Markets and hierarchies. In: Faulkner, D (Ed.). *Strategy. Critical Perspectives on Business and Management*, New York: Routledge, 26-30.

- Williamson, O. E. (1979). Transaction-cost economics: the governance of contractual relations. *Journal of Law and Economics*, 22(2), 233-261.
- Williamson, O. E. (1993). Calculativeness, trust, and economic organization. *The Journal of Law & Economics*, 36(1), 453-486.
- Wingreen, S.C., Stephen L., Baglione, S.T. (2005). Untangling the Antecedents and Covariates of E-Commerce Trust: Institutional Trust vs. Knowledge-Based Trust. *Electronic Markets*, 15(3), 246-260
- Westman, M., Etzion, D., Gattenio, E. (2008). International business travels and the work-family interface: A longitudinal study. *Journal of Occupational and Organizational Psychology*, 81(3), 459-480.
- Westman, M. (2004). Strategies for Coping With Business Trips: A Qualitative Exploratory Study. *International Journal of Stress Management*, 11(2), 167
- Wilson, K. (2007). Encouraging the internationalisation of SMEs. In: J. Potter and A. Proto eds. 2007. *Promoting Entrepreneurship in South East Europe: Policies and Tools*, OECD Papers, 6(12), pp. 43-66
- Wilson, D. and Mummalaneni, V. (1986). Bonding and commitment in buyer-seller relationships: a preliminary conceptualisation. *Industrial Marketing and Purchasing*, 1 (3), 44-58.
- Woldesenbet, K., Ram, M., Jones, T. (2012). Supplying large firms: The role of entrepreneurial and dynamic capabilities in small businesses. *International Small Business Journal*, 30(5), 493-512.
- Woodcock, C. P., Beamish, P. W., Makino, S. (1994). Ownership-based entry mode strategies and international performance. *Journal of International Business Studies*, 25(2), 253-273
- Yamasaki, K., Gozolchiani, A., Havlin, S. (2008). Climate Networks around the Globe are Significantly Affected by El Niño. *Physical Review Letters*, 100(22), 85-102.
- Yao, X., Li, S., Sue-Chan, C. (2009) Structural replacement or structural inducement: government ties of Chinese business executives. *Canadian Journal of Administrative Sciences* 26(1), 54–70.
- Yaprak, A., Baughn, C. (1991). The country of origin effects in cross-national consumer behaviour: emerging research avenues. Proceedings of the Fifth Bi-Annual World Marketing Congress of the Academy of Marketing Science.
- Yasuda, H. (2005). Formation of strategic alliances in high-technology industries: comparative study of the resource-based theory and the transaction-cost theory. *Technovation*, 25(7), 763-770.

- Yin, R. K. (2009). *Case study research: Design and methods*, Thousand Oaks, CA: Sage.
- Yip, G. S., Biscarri, J. G., Monti, J. A. (2000). The role of the internationalization process in the performance of newly internationalizing firms. *Journal of International Marketing*, 8(3), 10-35.
- Yiu, D., Makino, S. (2002). The choice between joint venture and wholly owned subsidiary: An institutional perspective. *Organization science*, 13(6), 667-683.
- Young, S. (1987). Business strategy and the internationalization of business: Recent approaches. *Managerial and Decision Economics*, 8(1), 31-40.
- Zacharakis, A. (1997). Entrepreneurial entry into foreign markets: A transaction cost perspective. *Entrepreneurship Theory and Practice*, 21(3), 23.
- Zaefarian, G., Henneberg, S. C., Naudé, P. (2011). Resource acquisition strategies in business relationships. *Industrial Marketing Management*, 40(6), 862-874.
- Zaheer, A. and G. G. Bell (2005). Benefiting from network position: firm capabilities, structural holes, and performance. *Strategic Management Journal* 26(9): 809-825.
- Zahra, S. A. (2005). Entrepreneurial risk taking in family firms. *Family Business Review*, 18(1), 23-40.
- Zahra, S. A., George, G. (2002). International entrepreneurship: the current status of the field and future research agenda. In: Hitt, A., Ireland, R. D., Sexton, D. L., Camp, M. (eds.) *Strategic Entrepreneurship: Creating an Integrated Mindset. Strategic Management Series*, 255-288.
- Zahra, S. A., Ireland, R. D., Hitt, M. A. (2000). International expansion by new venture firms: International diversity, mode of market entry, technological learning, and performance. *Academy of Management journal*, 43(5), 925-950.
- Zhao, H., Luo, Y., Suh, T. (2004). Transaction cost determinants and ownership-based entry mode choice: A meta-analytical review. *Journal of International Business Studies*, 35(6), 524-544.
- Zhao, X., Decker, R. (2004). *Choice of Foreign Market Entry Mode-Cognitions from Empirical and Theoretical Studies*. Discussion paper. Fakultät für Wirtschaftswissenschaften, Universität Bielefeld, Bielefeld.
- Zhou, L., Wu, W.P., Luo, X. (2007). Internationalization and the performance of born-global SMEs: the mediating role of social networks. *Journal of International Business Studies*, 38(4), 673-690



Zucchella, A., Palamara, G., Denicolai, S. (2007). The drivers of the early internationalization of the firm. *Journal of World Business*, 42(3), 268-280.