Anita Juho

ACCELERATED INTERNATIONALISATION AS A NETWORK-BASED INTERNATIONAL OPPORTUNITY DEVELOPMENT PROCESS
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Abstract

The purpose of the present study is to examine theoretically and empirically how entrepreneurs act in pursuit of accelerated internationalisation. The study will facilitate a better understanding of the accelerated internationalisation process in the case of small and medium sized enterprises in high tech context. The theoretical background is based on international entrepreneurship literature and internationalisation process research.

The research setting is small high tech firms at the start of the internationalisation process. The firms represent two distinct types of internationalising firms, an international late starter and international new venture. The empirical study is a qualitative longitudinal comparative multiple case study of two case firms. The main data gathering method was interviews and observations supported by secondary data.

In this study, the four theory-based determinants of internationalisation were identified; 1) processuality 2) knowledge, 3) networks and 4) opportunity development. These determinants were used as the key elements for exploring accelerated internationalisation as an outcome of interlinked entrepreneurial actions. The active networking and learning undertaken in pursuit of international opportunity development are the intertwined entrepreneurial actions which are likely to create an accelerated internationalisation process.

The study provides potentially interesting findings for entrepreneurs and external facilitators. First, the accelerated internationalisation process may be either periodic or cyclical in nature depending on the entrepreneur’s access to the relevant knowledge and networks. However, the relevance of the existing and pursued networks and knowledge is dependent on business context and changes in that business context may change the value of networks and knowledge as they are not inherently stable. Secondly, the networking and learning components mediate international opportunity development which may occur either as a network driven international opportunity development or as a knowledge driven international opportunity development. Thirdly, it is important to be aware of the differences between the temporary and voluntary networks which drive the international opportunity development process. Those network actors with temporary collaborative contracts and in possession of expert knowledge have a mainly instrumental role in knowledge and resource sharing; whereas the voluntarily developed networks not only provide knowledge and resources, but relevant contacts and particularly, facilitate in international business opportunity development.

Keywords: accelerated internationalisation, international opportunity development, process research, small and medium sized enterprises
Tiivistelmä

Tämän tutkimuksen tarkoituksena on tarkastella sekä teoreettisesti että empiirisesti, kuinka yrittäjät toimivat pyrkessään nopeutettuun kansainvälistymiseen. Tutkimus auttaa ymmärtämään syvällisemmin pienten korkean teknologian yritysten nopeutettua kansainvälistymistä. Tutkimuksen teoriatausta on rakennettu kansainvälistä yrittäjyyttä ja kansainvälistymisprosessia käsittelevän kirjallisuuden perusteella.


Tutkimuksen lähtökohtana ovat teoriataustan perusteella tunnistetut neljä kansainvälistymisen perusteekijöitä: 1) prosessuualisuus, 2) tieto, 3) verkostot ja 4) liiketoimintamahdollisuuden luominen, joita hyödynnetään lähtökohtana tarkasteltaessa nopeutettua kansainvälistymistä. Yrittäjän aktiivinen verkostoituminen ja oppiminen kansainvälisen liiketoimintamahdollisuuden luomiseksi nähdään toisinsa kiertotateutuneina toimintoja, jotka yhdessä saavat aikaan nopeutetun kansainvälistymisprosessin. Näin ollen nopeutetun kansainvälistymisen nähden olevan seurausta useista toissinsa liittyvistä toimista, joita yrittäjä tekee kehittäessään yrityksen kansainvälistä liiketoimintaa.

Tutkimus tarjoaa mielenkiintoisia löydöksiä yrittäjille sekä tukitoimintoja tarjoaville organisaatioille: Yrittäjän pääsy merkitykselliseen tiedoon ja verkostoihin vaikuttaa nopeutettuun kansainvälistymiseen, joka voi olla tyyppiltään joko vaihtelevainen tai syklinen prosessi. Huomionarvoista on, että muutokset liiketoimintaympäristössä voivat muuttaa olemassa olevien sekä tavoitellavien verkostojen ja tiedon arvoa yrittäjän kansainvälistymisprosessissa. Näin ollen tieto ja verkosto tulisi nähdä muuttuvina elementteinä, jotka vaikuttavat kansainvälisen liiketoimintamahdollisuuden luomiseen. Lisäksi kansainvälisten liiketoimintamahdollisuuden luominen voi olla joko verkostoeläintä tai tietoon perustuvaa prosessi, jossa tulee huomioida erilaisten verkostotoimijoiden rooli. Tutkimuksessa havaittiin, että väliaikaiset sopimusperustaiset toimijat ovat tyyppillisesti asiantuntijoita, joiden rooli on lähinnä tiedon ja ressurssien tarjoaminen, kun taas vapaaehtoisuuteen perustuvat verkostosuhteet tarjoavat tiedon ja ressurssien lisäksi hyödyllisiä kontakteja sekä erityisesti auttavat kansainvälisten liiketoimintamahdollisuusen luomisessa.
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1 Introduction

“Opportunity is missed by most people because it is dressed in overalls and looks like work.” (Thomas Alva Edison)

1.1 Accelerated internationalisation – an intensive international development opportunity in the global economy

Thomas Edison (1847–1931) was an American inventor and businessman known primarily as the inventor of the incandescent light bulb (1879) (Millard 1991). The quote above describes Edison’s attitude towards opportunity, an opportunity does not happen due to serendipity but when an opportunity meets preparation, fortune may arise. The reference to overalls signifies the need for preparing and developing the opportunity in order to become profitable in terms of business. The story goes that after conducting thousands of unsuccessful experiments on developing a light bulb, Edison finally presented a working bulb and was asked how it felt to succeed after failing so many times. Edison is said to have retorted that he had not failed, not even once, but instead had discovered ten thousand ways that did not work.

For me, the story is not just about success and the right attitude, it also describes a learning process. Having an aim, idea and belief, Edison (and his team) developed the light bulb through a learning process which was not a set of coincidences but a purposeful set of activities. Edison was also willing to invest time and resources into failing and learning when developing the light bulb, which in the end became a great commercial success. Even though Edison was said to be a great inventor and a poor businessman (Millard 1991), he was the driver for developing the innovation which became a business opportunity and he was also the entrepreneur who established the firm to commercialise it.

An interesting issue is that, contrary to popular belief, Edison was not actually the first inventor of a light bulb, but he was the first person to make it commercially successful. Heinrich Göbel invented the light bulb in 1854. However, for Edison, the light bulb was just one part of the project to develop electric lighting. During the period spent working on the light bulb, Edison developed a system for electricity distribution, and together these inventions created an opportunity for commercialising electric lighting. Edison’s firm, Edison Illuminating Company, was the first company to sell electricity to consumer markets in the US. Edison was not only a productive inventor, he was
also an entrepreneur who established several companies, such as General Electric, to commercialise the inventions (Millard 1991, Thomas Edison Home Page 11.4.2011).

Thomas Edison’s light bulb is an example of entrepreneurial opportunity development. Whilst the light bulb was the innovation that was visible to customers, electric lighting was actually the business opportunity that was the object of action. Rather than just inventing the light bulb, Edison developed the whole business which, which eventually, became a global one. Edison patented the light bulb in 1879 in the USA and a few years later, in 1882, the first light bulb was illuminated in Finland. The business environment has changed since the 1800s, and nowadays the business context for technological innovations includes global markets from the very beginning. However, as in Edison’s time, entrepreneurs still develop business opportunities through a set of purposeful actions – even though the international business environment increases the complexity of developing business opportunities and doing business.

Globalisation has made geographical distance, and even national borders, less relevant because of information and communication technology, and the liberalisation of trade (e.g. Madsen & Servais 1997, Chetty & Campbell-Hunt 2004). In addition to the globalisation of technology and the business environment, people have also become more global due to greater movement from one country to another, and increasing numbers of people have international business experience (e.g. Oviatt & McDougall 1994, Madsen & Servais 1997, Crick & Jones 2000). Consequently, the mind-sets, skills, capabilities and knowledge related to global markets appear to be relevant for international business (Oviatt & McDougall 2005). The new global economy has enabled a phenomenon of accelerated and rapid internationalisation of a specific type of firm, international new ventures (INVs). INVs become international soon after establishment, despite their youth and small size (c.f. Oviatt & McDougall 1994, Rialp, Rialp & Knight 2005, Mathews & Zander 2007). In the case of INVs, accelerated internationalisation is not necessarily related to the age or size of the firm, but may be due to the intensity and speed of internationalisation (Mathews & Zander 2007). In addition, accelerated internationalisation is typically connected to high-tech business and small-to-medium sized firms (SMEs), which covers INVs as well as international late starters (ILS) (Mathews & Zander 2007, Weerawardena, Mort, Liesch & Knight 2007).

Along with globalisation, small firms and entrepreneurs have become an important engine for economic growth and welfare (e.g. Acs 2006, Carree &
The dynamic environment of the global business field provides multiple international opportunities for entrepreneurs (Jantunen, Puimalainen, Saarenketo & Kyläheiko 2005). Furthermore, accelerated internationalisation can be seen as a consequence of the entrepreneurial actions of international opportunity development (Johanson & Vahlne 2009). Those actions and business decisions, however, are often based on resource limitations as scarce physical, human and cognitive resources create a framework for internationalisation (c.f. Johanson & Vahlne 1977, Bell, McNaughton, Young & Crick 2003, Oviatt & McDougall 2005). However, internationalising SMEs live with the reality of scarce resources and therefore entrepreneurs aim to find the most appropriate course of action in an international environment (Knight 2000, 2001). The combination of global opportunities and scarce resources requires complex entrepreneurial actions in a challenging and dynamic environment.

Researchers from different perspectives emphasise the role of networks in internationalisation because they reduce risks and stimulate proactive behaviour and innovation in high-tech firms (e.g. Coviello & Munro 1995, Coviello & McAuley 1999, Sharma & Blomstermo 2003, Johanson & Vahlne 2003). Networks have also been seen as a source of external resources which complement firms’ own competences and internal resources in international markets (Johanson & Mattsson 1988, Oviatt & McDougall 1994, Coviello & Munro 1997). Furthermore, relationships offer potential for learning as well as building trust and commitment, both of which are preconditions for internationalisation and also for the development during the process (Johanson & Vahlne 2003, 2009). The process of creating knowledge is not separate from the other activities in business relationships, it is embedded in them (Johanson & Vahlne 2003, Harris & Wheeler 2005). Therefore entrepreneurs are highly dependent on interaction and exchange in networks to achieve the necessary knowledge and resources to develop and exploit international business opportunities.

To sum up, a precondition for internationalisation is finding the most appropriate course of action in terms of networking and learning to develop international business opportunities. When discussing accelerated internationalisation, the speed and intensity of the actions are more relevant than the age of the firm. Even if the research on international new ventures (e.g. Oviatt & McDougall 1994) emphasises the firm’s age, the entrepreneur’s actions towards internationalisation are the central elements for accelerated internationalisation. Therefore, to understand accelerated internationalisation it is
necessary to explore how entrepreneurs act during the internationalisation process to implement it in an intensive manner.

1.2 Purpose of the study

The objective of the study is to determine how entrepreneurs act for accelerated internationalisation. The basic assumption is that active networking and learning to support international opportunity development are the intertwined entrepreneurial actions which are likely to create an accelerated internationalisation process. Moreover, the objective is to develop an understanding of the accelerated internationalisation process in the case of INV and ILS. Both types of firms need to develop international business opportunities to be able to internationalise and both types of firms may internationalise in an accelerated manner. To earn the label of accelerated internationalisation, the international opportunity development needs to be interlinked with the processes of networking and learning. To have accelerated nature of internationalisation the international opportunity development needs to be interlinked with the processes of networking and learning. Therefore, international opportunity development in the accelerated internationalisation process is approached theoretically by combining the research on internationalisation process literature and international entrepreneurship literature. Empirically, the phenomenon is approached by using qualitative longitudinal process research with a multiple comparative case-study setting. In this study, the entrepreneurs are the actors representing the firm in the accelerated internationalisation process. Therefore the analysis is conducted at an individual level to capture the entrepreneurs’ actions in the accelerated internationalisation process.

The study aims to contribute to the international entrepreneurship literature by exploring the accelerated internationalisation process longitudinally through event-based process analysis of the entrepreneurs’ actions. The longitudinal theoretical and empirical examination of the entrepreneurs’ actions provides a deep understanding of the development of the interlinked processes during accelerated internationalisation both in the case of INVs and ILSs. Therefore the study contributes theoretically to the international entrepreneurship literature especially in terms of determining the entrepreneurs’ ways of acting in the process of accelerated internationalisation. In addition, the study contributes methodologically by approaching the entrepreneurs’ processes by using longitudinal process research and event-based analysis as a method for
determining the development of the networking, learning and international opportunity development processes in internationalisation. Furthermore, as a managerial contribution, the study provides tools for entrepreneurs to enhance the internationalisation process by providing information about the different type of approaches to international business and, therefore, the different needs for learning and networking. The study also provides tools for external facilitation organisations to enhance the facilitation systems for different types of firms and their needs.

The objective of the study is approached through the following main research question:

- How does accelerated internationalisation develop as a process of entrepreneurial acting?

The main research question is expanded into two detailed sub-questions:

- What are the determinants of the internationalisation of entrepreneurial firms?
- How are entrepreneurs’ networking, learning and international opportunity development interlinked in accelerated internationalisation?

The research questions are both theoretical and empirical in nature. The first sub-question ‘What are the determinants of the internationalisation of entrepreneurial firms?’ aims to provide a theoretical understanding of the small firm’s internationalisation. The entrepreneur’s perspective is built in to the question and limits the theoretical approach of the study to small, internationalising, entrepreneurial firms. However, the general internationalisation-process literature on SME and high-tech firm internationalisation builds the basis for understanding internationalisation from an international entrepreneurship point of view. In this study, the activity of a firm is internationalisation in an accelerated manner but the study emphasises the international business opportunity development as entrepreneurs’ process of acting that enables firms’ internationalisation. Therefore, an understanding of the determinants of a firm’s internationalisation acts as a framework for examining the entrepreneur’s interlinked acting for accelerated internationalisation.

Entrepreneurs, both experienced and inexperienced, continuously face new situations and new people during the internationalisation process, therefore learning and networking are the personal processes they are involved with. The
second sub-question, ‘How are entrepreneurs’ networking, learning and international opportunity development interlinked in accelerated internationalisation?’ focuses on those central activities, which in fact are interlinked entrepreneurial processes in an accelerated internationalisation process. The aim is to understand the entrepreneurs’ actions in accelerated internationalisation. The question also aims to describe the actions that entrepreneurs take, and how those develop in the course of an accelerated internationalisation process. The question highlights the entrepreneur as a central actor and the opportunities as feasible constructs that can be created and/or influenced by actions.

Together, the sub-questions create the basis for answering the main research question. The main question is both theoretical and empirical in nature and requires a longitudinal process study approach to be answered comprehensively.

### 1.3 Key concepts of the study

The key concepts of the study are defined below and provide a view of the selected approaches.

**Internationalisation**

Internationalisation is an entrepreneurial process of increasing cross-border activity and integrating the firm into the international business environment. Internationalisation can take many forms through the action-driven process of discovery, integration, development and adaptation of new business ideas into the structures and networks of the global economy.

**Accelerated internationalisation**

The concept of accelerated internationalisation can be defined as an action-driven, intensive and goal-oriented period of intensified efforts to increase the international involvement of the firm. Internationalisation tends to become accelerated when the entrepreneurial processes of networking, learning and IOD are interlinked over time. The concept does not limit, determine or appraise the speed, direction, scope or depth of internationalisation. Therefore accelerated internationalisation applies to INVs and ILSs without specifically emphasising the age or size of the firm involved in the internationalisation process.
International opportunity development

International opportunity development consists of an entrepreneur’s purposeful activities towards developing new economic value in an international environment. International opportunity is made up of ideas, beliefs, goals, and actions to follow up new profit opportunities. Those building blocks become developed in connection to networking and learning in the international business context. Therefore, international opportunity development is a process of finding the most appropriate course of action in an uncertain environment in order to develop international business with the available resources.

Social network

A social network is the web of interpersonal relationships available to the entrepreneur that has a specific personal or organisational purpose. The concept of the social network brings the individual level of analysis to the study and makes entrepreneurs the focal actors in the study. In this study, the entrepreneurs’ relationships are in the focus of interest, as well as the influence and development of the entrepreneurs’ social network during the process of accelerated internationalisation.

Learning

Knowledge creation and development are processes which are related to combining new and existing knowledge, which is called learning. Learning can be defined as a social activity which is related to acquiring and exploiting relevant knowledge.

1.4 The theoretical positioning and contribution of the study

The roots of international entrepreneurship are most often connected back to the seminal paper by Oviatt and McDougall (1994) that started INV research. Over the years, the phenomenon of immediately, or at least swiftly, internationalising small firms has grown into a new research stream, international entrepreneurship (Zahra & George 2002, Oviatt & McDougall 2005, Jones, Coviello & Tang, 2011). Today, international entrepreneurship is a multi-disciplinary research field with implications for management, marketing, entrepreneurship, strategic management
and international business (c.f. McDougall & Oviatt 2000, Autio 2005, Mort & Weerawardena 2006). Therefore this chapter describes the delimitations of the study, the theoretical background of the study and finally the contributions of the study.

1.4.1 The delimitations of the study

Various research papers on international entrepreneurship have focused on firm-specific characteristics such as, inter alia, top-management teams and the firm’s resources (Zahra & George 2002). The speed of internationalisation is one strong research area which differentiates the phenomenon from a stepwise process of internationalisation (Petersen & Pedersen 1997, Bell et al. 2003, Loane & Bell 2007). One stream of international entrepreneurship has focused on international opportunity development and exploitation (e.g. Ar dichvili, Cardozo & Ray 2003, Eckhardt & Shane 2003, Oviatt & McDougall 2005, Zhou 2007) rather than the overall internationalisation process. However, in terms of internationalisation in international entrepreneurship, INVs still dominate the field and in the literature the firms may be called international new ventures (INVs), born globals, instant exporters or global start-ups (Oviatt & McDougall 1994, Madsen & Servais 1997, Moen & Servais 2002, Knight & Cavusgil 2004, McDougall & Oviatt 2005, Rialp et al. 2005). In addition, the concepts related to the early phases of internationalisation such as ‘accelerated internationalisation’ and ‘early internationalisation’ are strongly related to the INV phenomenon (e.g. Oviatt & McDougall 1997, Schrader, Oviatt & McDougall 2000, Mathews & Zander 2007: Zhou 2007, Zucchella, Palamara & Denicolai 2007). Furthermore, INVs are characterised especially by their increasing role in the international economy and the tendency to change the business environment with the active interaction (e.g. Anderson & Wictor, 2003, Mathews & Zander 2007).

Those entrepreneurial firms with accelerated internationalisation often face the challenge of resource access (McDougall, Shane & Oviatt 1994, Knight & Cavusgil 1996, Bell, et al. 2003). In fact, the ILSs (Johanson & Mattsson 1988) and INVs might not have an option for step-wise internationalisation due to scarce resources or market dynamism, therefore those firms benefit from network based internationalisation due to their resource access (e.g. Sohlberg & Askeland 2006, Coviello 2006). The traditional RBV emphasizes the role of distinctive competencies as a basis for sustainable competitive advantage of the firm (Barney...
1991, Peteraf 1993, Peng 2001) and has close connections on the research of high
tech firm’s internationalisation (Ahokangas, Juho & Haapanen 2010).

Peng (2001) argues that international knowledge and experience can be seen
as a valuable, unique and hard-to-imitate resource which differentiates the firm in
the international markets. In addition to RBV, the role of personal networks of an
entrepreneur as an access to external resources has been emphasised in network
Instead of focusing on resources as a source of competitive advantage in
internationalisation the interest is entrepreneurial processes as network embedded
phenomenon. More specifically, the study focuses on the interlinked processes of
learning, networking and international opportunity development which tend to
accelerate the internationalisation of a firm.

1.4.2 Theoretical background of the study

The phenomenon of accelerated internationalisation is primarily related to
theories of international entrepreneurship research – which is a combination of
entrepreneurship and international business theories – and the internationalisation
process studies. What makes the internationalisation process an accelerated one is
the rapid pace of the process which changes the dynamics of the firm’s activities
internationalisation is a goal-oriented period of intensified efforts for increasing
the international involvement of the firm. The history of the firm and the
entrepreneur matters, because they give the background for the goal-oriented
efforts of an entrepreneur, but the current actions for internationalisation are
central. A firm which follows the accelerated internationalisation process may
therefore be either an INV or an ILS. However, although the discussion of
accelerated internationalisation is dominated by INVs, the present study brings
the ILS into the discussion of accelerated internationalisation process, together
with the INV.

Rialp et al. (2005) highlighted the twofold nature of the internationalisation
literature in their review article. The first approach is the traditional process
theory on internationalisation (PTI) with gradual, stepwise, well-ordered
internationalisation, as presented in the Uppsala internationalisation model
(Johanson & Vahlne 1977). The second approach is the international
entrepreneurship-related phenomenon featuring INVs undergoing dynamic,
accelerated and even chaotic internationalisation with limited knowledge and
resources (Oviatt & McDougall 1994, Knight & Cavusgil 1996, Bell et al. 2003, Anderson & Wictor 2003). However, the two approaches have four common characteristics which can be seen in both streams of literature: processuality, networks, knowledge and business opportunity (e.g. Johanson & Vahlne 1977, 2009, Oviatt & McDougall 1994, Coviello & Munro 1997, Forsgren 2002, Sharma & Blomstermo 2003, Coviello 2006). Despite the commonalities, the integration of internationalisation process research and international entrepreneurship research is rarely seen in the literature (Keupp & Gassmann 2009) despite the need being noted by several authors (c.f. Madsen & Servais 1997, Coviello & Jones 2004, Mathews & Zander 2007). In this study, these common characteristics are used to integrate the two research approaches to examine the process of accelerated internationalisation.

The difference between traditional process models of internationalisation and international entrepreneurship is the focus which has shifted from market knowledge to opportunity development and exploitation (Oviatt & McDougall 2005, Zhou 2007). In this study, the phenomenon of accelerated internationalisation is approached with the view that international opportunity development is a part of, and inseparable from, a firm’s overall internationalisation (e.g. Hohenthal, Johanson & Johanson 2003, Oviatt & McDougall 2005, Johanson & Vahlne 2009). Related to that, networking and learning are integral parts of the international opportunity development process. Networking through social relationships (e.g. Harris & Wheeler 2005) and external facilitators (e.g. Bessant & Rush 1995) provides knowledge, capabilities and resources which enable the international opportunity development. Learning within social interaction provides either objective or experiential knowledge (Fletcher & Harris, 2011) and has been well recognized as a key influence on SMEs internationalisation (e.g. Forsgren 2002, Fletcher & Harris 2011) and international opportunity development (Johanson & Vahlne 2009). In this study the underlying assumption is that when the entrepreneurial processes of networking, learning and international opportunity development as intertwined processes are involved, the nature of internationalisation is likely to be accelerated. Coviello, McDougall and Oviatt (2011) state that international entrepreneurship research would benefit from multi-level of analysis and therefore the study takes into account the accelerated internationalisation as a firm level process and international opportunity development, networking and learning as entrepreneur level processes.
According to Venkataraman (1997) the entrepreneurial opportunity consists of ideas, beliefs and actions that enable their possible implementation. Later on Sarasvathy (2001) applied the effectuation approach to highlight the importance of entrepreneurial decisions in creating new opportunities. Johanson and Vahlne (2009) focus on the process of international business (opportunity) development as a combination of search, routine and improvisation. Common to all these approaches to an opportunity is that they highlight actions as a key driver for developing the cognitive processes into business opportunities. According to Sarasvathy, Dew, Velamuri and Venkataraman (2003) the opportunity development is context dependent and the entrepreneurs are acting towards opportunity development with the existing knowledge and in the current environment. Related to that, international opportunity development may be seen to incorporate the networking and learning actions for business opportunity development (e.g. Oviatt & McDougall 1994, Dimitratos & Jones 2005, Johanson & Vahlne 2009) because those actions shape the existing knowledge and environment. However, there is still limited research on how entrepreneurs use relationships in international opportunity development, before the initial internationalisation (Coviello & Jones 2004, Mainela & Puhakka 2011). Therefore, researching the activities before international market entry is important to understanding the phenomenon of INVs (Mainela & Puhakka 2011) and accelerated internationalisation. Although accelerated internationalisation is the research phenomenon, the understanding of an entrepreneur’s international opportunity development activity is at the core of the study. Therefore, this study adopts the action-based research approach to study the international opportunity development activities which together enable accelerated internationalisation.

The importance of networks in international entrepreneurship and in the process of internationalisation has been widely acknowledged (e.g. Coviello & McAuley 1999, Chetty & Blankenburg Holm 2000, Moen & Servais 2002, Loane & Bell 2006). Interpersonal relationships are particularly emphasised as they provide knowledge, create new resources and develop new activities that are the elements required to develop international opportunities (Harris & Wheeler 2005, Zhou et al. 2007, Zhou 2007). However, Zhou et al. (2007) argue that the existing literature fails to explain why networks exert a positive influence on internationalisation. There is still confusion about the roles and dimensions, as well as the mechanisms and processes, behind the network ties that benefit firms’ performance (Elfring & Hulsink 2002). For example, even if firms appear to have identical opportunities, the process of opportunity development is unique because
of the differences in networks. Despite the many benefits that networks provide, foreign market knowledge is seen as the main mediator for international opportunity development (e.g. Autio Sapienza & Almeida 2000, Zhou 2007). Also Halinen and Törnroos (1998) argue that network actors are bearers of knowledge and therefore a network of business relationships provides an extended knowledge base for a firm. On this basis, international opportunity development is seen as social learning about another firm’s needs, capabilities, markets and networks, which culminates in identifying an international business opportunity (Johanson & Vahlne 2009). Thus, networking and learning are activities which are strongly interconnected with each other and together mediate the international opportunity development.

Change and the processual nature of the phenomenon are prominent in accelerated internationalisation, meaning that a process approach is a valuable method to describe the dynamism of the research area (Coviello 2006). However, this approach is challenging because it is difficult to centralise the research on opportunities when the main goal of entrepreneurs is to develop business through business actions and the processes are not separate and clearly structured (Shane 2000). According to Johanson and Vahlne (2009), entrepreneurs focus on business activities rather than exclusively on opportunity development activities. Following that idea, this study examines opportunity development through entrepreneurs’ activities towards their firm’s business development with an international scope. Accordingly, the study emphasises the interacting layers of entrepreneurial activity by approaching the accelerated internationalisation process at the firm level, which is intertwined with the process of international opportunity development at the entrepreneurial level. Both processes are driven by entrepreneurial activity and therefore the different layers of activity are taken into account as Etemad (2004) demanded. As the study approaches the phenomenon longitudinally, the changes and differences in the entrepreneurial activities can be described and the influences for accelerated internationalisation specified. This study also answers the calls of several researchers to analyse and describe accelerated internationalisation based on the longitudinal data.

1.4.3 The contribution of the study

As summarised in Figure 1, the study contributes to the literature on international entrepreneurship. Under the discussion of international entrepreneurship, the theoretical background of the study combines the INV approach and
internationalisation process literature, through the overlapping elements of networks and learning, with a process study approach to describe the entrepreneurial accelerated internationalisation process. As the phenomenon is studied as an entrepreneurial process and internationalisation is seen as a network embedded process, the social network approach acts as the background for the actions of networking and learning for developing international opportunities to internationalise in an accelerated manner.

As mentioned above, accelerated internationalisation is dominated by the research on INVs but ILSs may also follow an accelerated internationalisation process. In fact, studying different types of firms with different foundations and approaches provides a broader understanding of the phenomenon. This also allows combination of the internationalisation approaches, INV approach and internationalisation process research, which are often seen as opposites and are rarely combined. However, these approaches actually have many similar elements and combining them therefore provides an opportunity for developing an in-depth analysis of the accelerated internationalisation process. However, to understand the accelerated internationalisation process, the constructs of the phenomenon

Fig. 1. Theoretical background of the study.

As mentioned above, accelerated internationalisation is dominated by the research on INVs but ILSs may also follow an accelerated internationalisation process. In fact, studying different types of firms with different foundations and approaches provides a broader understanding of the phenomenon. This also allows combination of the internationalisation approaches, INV approach and internationalisation process research, which are often seen as opposites and are rarely combined. However, these approaches actually have many similar elements and combining them therefore provides an opportunity for developing an in-depth analysis of the accelerated internationalisation process. However, to understand the accelerated internationalisation process, the constructs of the phenomenon
need to be deconstructed into entrepreneurial activities. The activities which constitute the accelerated internationalisation process are networking, learning and international opportunity development, but there is little research about their development and content. In addition, the processual and intertwined nature of the activities present challenges for researchers, making the longitudinal qualitative process research a suitable method for gaining an in-depth understanding of the phenomenon. The research gap provides an opportunity to contribute to the international entrepreneurship research and especially to that on accelerated internationalisation.

Due to the examination of entrepreneurial activity over time, the main contribution of the study is the in-depth analysis of the interlinked entrepreneurial processes of international opportunity development, networking and learning and their joint influence on the accelerated nature of internationalisation. The main theoretical contribution is targeted at the international entrepreneurship literature but, by adding the internationalisation process theory approach to the framework, the study also contributes to the internationalisation literature in general. This occurs through the longitudinal process study and the qualitative comparative case study of an INV and entrepreneurial ILS. The process of accelerated internationalisation is described, the influence of entrepreneurial activities on accelerated internationalisation is defined and the development of entrepreneur relationships and knowledge in the international opportunity development are described. Together the process description develops the understanding of accelerated internationalisation of an entrepreneurial firm and provides the basis for combining the two internationalisation approaches (international entrepreneurship and traditional internationalisation process approach). In addition, the study contributes methodologically by employing the longitudinal process research method to examine the accelerated internationalisation process and entrepreneurs’ processes. Moreover, the study identifies the managerial implications for internationalising firms and the mediating organisations offering support to internationalising firms.

1.5 Research strategy

In this study, the subjective approach focuses on obtaining a deep understanding of the whole phenomenon. The study does not aim for generalisability of the phenomenon but for a rich description of complex processes. In terms of the basic assumptions of reality and knowledge, the research philosophy adopts a
worldview of critical realism and contextualised explanation (Welch, Piekkari, Plakoyinnaki & Paavilainen-Mäntymäki 2011). Hence, reality in this study is perceived as independent of our knowledge of it, but our understanding of reality is based on subjective observations and previous knowledge (Järvensivu & Törnroos 2010, Welch et al. 2011). Therefore, understanding and explaining the processes related to accelerated internationalisation in its context can be approached via subjective observations and the creation of consensus through multiple data sources, with an abductive research approach and longitudinal process research method within a multiple case-study setting.

Processuality is strongly present in this study because the study aims to research the process of accelerated internationalisation in a firm and the processes followed by an entrepreneur seeking international opportunity development. In order to provide in-depth understanding of the phenomenon, the nature of the study requires explanation of the processes through generative mechanisms between the intertwined entrepreneurial processes within a longitudinal period of empirical observations. Therefore, the study adopts a qualitative approach to investigate entrepreneurs’ actions in the process of developing international business opportunities for accelerated internationalisation. The basic lens for perceiving the phenomenon of accelerated internationalisation is the process approach which scrutinises entrepreneurs’ actions on events during the process. Pettigrew (1997) defined process as a sequence of individual and collective events, actions and activities unfolding over time in context. Process research is concerned with understanding why and how events play out over time and therefore the data consist of stories about events and activities (Langley 1999). According to Pettigrew (1997), processes are embedded into the context and in order to fulfil the aim of explaining the process, the context must be taken into account. Accordingly, a contextualised explanation, which is based on the ontological assumptions of critical realism, is a suitable method for the research (Welch et al. 2011).

The phenomenon has been approached methodologically with a longitudinal, qualitative multiple case study. Van de Ven (1992) argues that with the longitudinal process research method it is possible to gain knowledge of the outcomes and processes and also explain how and why the outcomes are affected by the process. Halinen and Törnroos (2005) support the case-study method because it offers opportunities to study different aspects and find the connections in the process. According to them, a case study also makes it possible to acquire a deep understanding and produce a rich description of the phenomenon, and so has
potential when researching relatively new phenomena with inadequate theoretical background support. As a result of the longitudinal data collection method, the research is conducted with abductive reasoning instead of a purely inductive or deductive way of constructing the research. According to Dubois and Gadde (2002), an abductive approach is fruitful when the researcher’s objective is to discover new things or develop the original framework of the study with the empirical findings and theoretical insights. It also creates in-depth understanding of the phenomenon when the researcher is moving back and forth between the theory and empirical data (Dubois & Gadde 2002).

In this study, the empirical data was collected between 2007 and 2010 with multiple data-collection methods from two case firms and from the external facilitator organisation. The conjunctive factors for the companies were that they be small, entrepreneur-driven firms acting in high-tech business sectors and having a strong intention of becoming international players in the near future. Another common denominator was that the firms participated in a business development programme which aimed to provide tools for international expansion for Finnish high-tech SMEs. The case selection, empirical data collection and methodological choices are thoroughly described and justified in chapter 4.

1.6 Structure of the study

The thesis begins with an ‘Introduction’ which briefly describes the area of the study, theoretical background, objective of the study, key concepts, research problem and methodology used. Overall, the chapter presents the approach and phenomenon of the study, and the structure of the thesis is described in Figure 2 at the end of the chapter.

To introduce the theoretical basis of the central phenomenon of internationalisation, the chapter ‘Networked internationalisation of an entrepreneurial firm’ describes two theoretical approaches on internationalisation, often considered alternatives. Following reviews of the internationalisation process and INV approaches, the key determinants of small, entrepreneurial firms’ internationalisation are presented. The conclusions of the second chapter provide the basis for the next chapter, ‘Opportunity development during an accelerated internationalisation process.’ In the third chapter, a theoretical understanding of international opportunity development as a phenomenon is discussed from the action perspective. As entrepreneurs are seen as the individuals and key actors in
the process, the social network approach is adopted to take the study to the entrepreneur rather than the firm level. The study views international opportunity development as a goal-oriented activity, in which networking and learning are the key actions driving the internationalisation process. As part of developing the theoretical understanding of networking and learning in this context, the role of external facilitation in a small firm’s internationalisation is also taken into consideration. Especially in countries with small home markets, such as Finland, external facilitation to support internationalisation is offered through various organisations and projects. Different mediators support entrepreneurial actions to develop international opportunities and partly accelerate the internationalisation process. Finally, at the end of the chapter, the theoretical framework of accelerated internationalisation is presented to aid studying international opportunity development during an accelerated internationalisation process.

The fourth chapter ‘Research methodology’ discusses the methodological choices made and describes the empirical research process. The chapter connects the problem setting, theoretical framework and empirical setting under the methodological approach. First, the process research approach and case study design with data collection procedures are presented. Finally, the chapter relates how the longitudinal data was analysed in its comparative case-study setting.

‘Networking and learning-based accelerated internationalisation’ is the fifth chapter, and contains the empirical analysis of two cases. In the analysis, both cases are described as action-based processes through specific international business development events. After the case description, the international opportunity development processes of the cases are compared and analysed. The sixth chapter ‘Findings and discussion’ reviews the results of the empirical analysis in relation to the previous theoretical examination. The theoretical contributions and managerial implications based on the study are also discussed and the research evaluated. Finally, the revised theoretical framework, based on theoretical and empirical analysis, is presented. The last chapter summarises the conclusions of the study and presents answers to the research questions in the introduction. The thesis ends by making suggestions for future avenues of research.
Fig. 2. Structure of the study.

1. Introduction
Background, purpose and research design of the study.

2. Networked internationalisation of an entrepreneurial firm
- International entrepreneurship
- INVs
- Uppsala model

3. Opportunity development during accelerated internationalisation process
- International opportunity development
- Networking in social networks
- Learning in internationalisation
- External facilitation

4. Research methodology
Description of the methodological choices and research process.

5. Networking- and learning-based accelerated internationalisation
Event based analysis of the entrepreneurs' networking and learning actions in international opportunity development process during accelerated internationalisation, based on the longitudinal empirical data.

6. Findings and discussion
Findings and discussion. Evaluation of the results. Revised framework of accelerated international opportunity development.

7. Conclusions
Summary of the study. Answers to the research questions and contributions of the study. Limitations and future research avenues.
2 Network-based internationalisation of an entrepreneurial firm

Internationalisation literature in general agrees that internationalisation is a process of increasing cross-border operations and presence in international markets. From an international entrepreneurship perspective, internationalisation can be seen as an outcome of actions which integrate the firm into the international business environment. That description includes two underlying assumptions: first, internationalisation happens in network(s) in which the entrepreneur and the firm are embedded, second, internationalisation happens because of actions taken by individuals – in the case of small firms, typically by the entrepreneurs.

In this chapter, the focus is on the internationalisation process and its determinants especially in entrepreneur-driven small firms. The chapter begins with a review of internationalisation as a phenomenon in internationalisation process research and in international entrepreneurship literature. Specifically, the chapter focuses on the Uppsala internationalisation process model and INVs as an internationalisation phenomenon especially in a high-tech context. The purpose of the chapter is to describe the background theories of entrepreneurial internationalisation and how those theories illuminate the internationalisation process. Finally, the chapter concludes by revealing the determinants of the entrepreneur internationalisation process to create a basis for the more detailed theoretical examination in chapter 3.

2.1 Traditional internationalisation process research

The development of international business theories started relatively late in the post-war environment (Mtigwe 2006). According to Ruzzier Hisrich & Antoncic (2006), mature multinational companies (MNCs) have dominated the research field whereas SMEs, and especially SME internationalisation, have received broader attention only during the last two decades. However, when focusing on SMEs, internationalisation theories can be divided into internationalisation process theory, network theory, the resource-based view (RBV) and international entrepreneurship theory (Rialp et al. 2005, Ruzzier et al. 2006). Each of these theories is connected to the others and shares a common behavioural approach which has its roots in the research of Cyert and March (1963) (e.g. Björkman & Forsgren 2000, Ruzzier et al. 2006, Sohlberg & Askeland 2006).
Especially in Nordic countries, SME internationalisation has been seen as a gradual, stepwise process of increasing involvement in international business (e.g. Johanson & Vahlne 1977, Welch & Luostarinen 1993). In addition, the behavioural approach has influenced the research approach in Nordic countries and therefore overall international business research has focused on analysing behaviour as well as management problems at only a firm level rather than addressing macro-level issues (Björkman & Forsgren 2000). Coviello and McAuley (1999) argue that the different approaches of internationalisation process theories emphasise the importance of organisational growth, behaviour and learning. The best known process theory is the Nordic Uppsala internationalisation process model. Network theories have also been important components in developing the behavioural approach to internationalisation (Björkman & Forsgren 2000). The model teaches that the internationalising firm is a learning organisation characterised by bounded rationality and limited knowledge (Björkman & Forsgren 2000).

The Uppsala internationalisation process model (Johanson & Vahlne 1977) is one of the most cited internationalisation studies (Andersen 1993, Blankenburg Holm, Droegendijk, Hohenthal, Holm, Johanson & Zander 2009). It is notable that Johanson and Vahlne have continued researching the internationalisation process in the decades since publishing the seminal article in 1977. They have actively contributed to internationalisation process studies over the years and to developing the Uppsala model (e.g. Johanson & Vahlne 1977, 1990, 2003, 2006, 2009). For example, in 1990 they published an article about the mechanisms of internationalisation and in 2003 emphasised business relationships and the role of networks in the internationalisation process. In 2006 they wrote about the concepts of commitment and opportunity development in the internationalisation process (Johanson & Vahlne 2003, 2006, 2009) and in 2009 revised the original 1977 model, placing it in the context of the 21st century (Johanson & Vahlne 2009). The following section describes the three steps of the Uppsala model, from learning and commitment to networks and finally to opportunity development in internationalisation.

The 1977 Uppsala model

In 1977, Johanson and Vahlne published the seminal article presenting a process model of a firm’s internationalisation. The model has been referred to as reflecting stage theory (e.g. Bell 1995, Zahra 2005), as a stepwise
internationalisation model (e.g. Covielo & Munro 1997), an incremental internationalisation model (e.g. Oviatt & McDougall 1997, Johanson & Vahlne 2006) and as (gradual) learning model (e.g. Forsgren 2002). The model anticipates firms moving gradually from low to high commitment international operation modes as well as slowly to higher psychic distance markets (Björkman & Forsgren 2000). According to Johanson and Vahlne (1977), the stepwise internationalisation controlled by managers is assumed to reduce risks associated with international operations, meaning it lowers uncertainty. The bounded rational decisions of foreign market commitment are made by managers balancing risk-taking and seizing business opportunities in foreign environments (Barkema & Drogendijk 2007, Johanson & Vahlne 2009). In the long term, the firm aims to make a profit by increasing international operations, and the state of internationalisation affects perceived international opportunities and risk, which in turn affects commitment decisions and the firm’s current activities in the international arena (Johanson & Vahlne 1977).

The 1977 Uppsala process model consists of a set of basic variables – state variables on the left side and change variables on the right side (Figure 3). Market knowledge and market commitment are assumed to be state variables which have an impact on decisions concerning foreign market commitment and eventually also affect the way current activities are performed (Johanson & Vahlne 1977). There are two change mechanisms in the model: learning and commitment (e.g. Johanson & Vahlne 1977, Forsgren 2002). First, firms change by experiential learning that they gain from operations and current activities in foreign markets (Johanson & Vahlne 1977). The influence of experiential learning is related to ‘liability of foreignness’ (Hymer 1976), because the lack of knowledge about local cultures and business environments increases the failure rate in internationalisation (Barkema & Drogendijk 2007). In addition, learning through experiences is eminently important in change as “experiences produces increased knowledge about things and contributes to ‘objective’ knowledge in so far as its results can be transmitted to others. But experience itself can never be transmitted; it produces a change –frequently a subtle change –in individuals and cannot be separated from them” (Penrose 1959, 48). Secondly, firms change through the commitment decisions they make to strengthen their position in the foreign market (Johanson & Vahlne 1977). This is a self-fuelling cycle where knowledge creates commitment which leads to decisions about business operations and, through its operations, to a firm gaining market position which again leads to knowledge creation (Petersen Pedersen & Lyles 2008). Learning has an impact on
the selection of current activities in foreign markets and it can be expected that
developing knowledge makes a firm more alert to further business opportunities
(e.g. Johanson & Vahlne 1977, Forsgren, 2002).

Fig. 3. The Uppsala model 1977 (Johanson & Vahlne 1977, published by the
permission of Palgrave Macmillan).

In the model, internationalisation is not only about risk reduction (Johanson &
Vahlne 2006), nor only about optimum allocation of resources to foreign markets
but about adjusting the firm to the new business environment (Johanson & Vahlne
1977). Lack of routines and knowledge makes decision-making concerning
foreign market operations difficult, and in the end management level decisions or
their outcomes are the ones that constitute the input for the next operation
(Johanson & Vahlne 1977). Basically, the assumption behind the
internationalisation process model is that there are market barriers which the firm
needs to surmount (Johanson & Vahlne 2003). The market barriers exist due to
psychic distance between home and foreign markets, which refers to differences
in language, culture, business practices, laws, and industrial development
(Johanson & Vahlne 2003). According to Johanson and Vahlne (1977), psychic
distance consists of aspects which, mainly, can be discovered only through
experience.

The model has its critics because of its assumption of a gradual
internationalisation process where the firm will follow a pattern of incremental
commitment to foreign markets (e.g. Oviatt & McDougall 1994, Hadjikhani 1997,
Björkman & Forsgren 2000, Petersen et al. 2008). Despite the criticism of the
stepwise process, the Uppsala model (1977) in fact emphasises experiential learning and commitment to foreign markets as the central variables in any internationalisation process. The basic assumption of the model is that it is the lack of proper knowledge which is an important obstacle in the development of international operations (Johanson & Vahlne 1977) and therefore it is a learning model rather than simply a stepwise process model for foreign operations (Forsgren 2002). Development of knowledge lowers uncertainty as it improves the flow of information between the companies with high psychic distance (Björkman & Forsgren 2000) and so the unknown becomes known. The required knowledge is expected to be market knowledge, such as information about markets and operations in those markets, and such knowledge can be acquired mainly through international business experience (Johanson & Vahlne 1977).

Another stream of criticism relates to the lack of specificity and usability of the model. Björkman and Forsgren (2000) conclude that the model is said to be too generic. On the other hand, they note the model is not suitable for researching very large MNCs or firms in certain sectors, such as high-tech and service businesses. Furthermore, firms with extensive international experience or those not motivated by determined seeking of new markets are beyond the focus of the Uppsala 1977 model (Björkman & Forsgren 2000). However, the validity of the Uppsala 1977 model has gained much support through empirical testing (e.g. Petersen et al. 2008), and it has been developed by the authors over many years (e.g. Johanson & Vahlne 1977, 1990, 2003, 2006, 2009).

The 2003 network approach to the Uppsala model

In 1990, Johanson and Vahlne published an article about the mechanisms of internationalisation which brought the importance of networks into the discussion of the Uppsala internationalisation model. In a later article in 2003, Johanson and Vahlne argue that there is a need for models that capture the early phase of internationalisation and also explain rapid internationalisation. The article raises the idea of combining the network approach with their internationalisation process model (Johanson & Vahlne 2003). According to Johanson and Vahlne (2003), internationalisation is an outcome of the interplay between the experiential learning of relationships and commitment to potential and existing business partners. The importance of networks is highlighted because the relevant business information is delivered through and within business relationships (e.g. Madsen & Servais 1997, Selnes & Sallis 2003).
Johanson and Vahlne (1977, 2003) particularly emphasise network-related experiential learning, which the internationalisation literature (e.g. Luo & Peng 1999) cites as the central element to overcoming market barriers. They emphasise that doing business (i.e. gaining experience) increases the amount of learning which is seen as valuable for the future and cannot be replaced with general, external market information. According to Johanson and Vahlne (2003), there are four types of business network learning: 1) developing partner-specific knowledge to coordinate activities to support the partnership 2) learning relationship-development skills, which are skills that can be transferred to other business situations as well, 3) learning to coordinate activities between third-party relationships, such as supplier-customer relationships, and 4) learning how to build and connect new business networks. All these learning actions are happening as they become embedded in business networks.

The network approach holds that markets are structured around a set of interconnected business relationships of business partners (Johanson & Mattsson 1992). Therefore, entering a market means becoming a market insider. The approach also implies that market barriers are related to the development of partner relationships rather than to country- or market-specific issues (Johanson & Vahlne 2003). In spite of the network approach notion, the relationships and the gradual development of knowledge, along with the evolutionary idea of the Uppsala model, are still present, but according to Johanson and Vahlne (2003) firms follow an establishment chain when internationalising. However, viewing the causal establishment chain of relationship commitment over network-based knowledge to business opportunity development is not an internationalisation model (Johanson & Vahlne 2006) in itself but an alternative approach to the existing Uppsala model (Johanson & Vahlne 1977).

Finally, the basic idea in the network approach to the Uppsala model is that it is expected that internationalisation is an outcome of the development of existing relationships, the development of relationships with new partners or the development of relationships with partners that the firm reaches through its network (Johanson & Vahlne 2003). Strategic network relationships provide different ways to overcome market barriers, and Johanson and Vahlne (2003) noted that a firm may enter international business through direct relationships with customers, indirect relationships through intermediaries or another third party, or alongside a business partner. All these entry paths support the Uppsala model because doing business increases the commitment to foreign markets (Johanson & Vahlne 2003).
The 2009 Uppsala model

In 2009, Johanson and Vahlne revised their 1977 model in the light of the evolution of international business research, and the development of the business environment which had changed the internationalisation process. As in their 2003 article, the new model presented by Johanson and Vahlne stresses the importance of networks to the internationalisation of firms. The revised model views the business environment as a web of relationships rather than a market of independent suppliers and customers, therefore being an insider in relevant networks is necessary to a firm’s successful internationalisation (Johanson & Vahlne 2009). They emphasise that internationalisation is an outcome of a firm’s actions taken to strengthen rather than protect its network positions.

A network of relationships supports the preconditions for internationalisation such as learning, trust building and commitment (Johanson & Vahlne 2003). Being an outsider in relation to the relevant network is the root of uncertainty and compares to the effects of large psychic distance in the original model, which increased the risk in international operations (Johanson & Vahlne 2009). Along with a stronger emphasis on the network approach, the authors admit that they had neglected the opportunity dimension of experiential learning in the original model and emphasise international opportunity development as a central element of internationalisation (Johanson & Vahlne 2006, 2009). In fact, Johanson and Vahlne had already stated in 1977 that experiential learning provides concrete business opportunities whereas objective knowledge could provide only theoretical opportunities, and in 2006 Johanson and Vahlne had stated that business opportunity is an outcome of commitment. They also argue in the article that learning and commitment development are important building blocks in the internationalisation process. It is notable that opportunity development as a research phenomenon is closely related to international entrepreneurship and entrepreneurship literature (e.g. Ardichvili et al. 2003, Eckhardt & Shane 2003, Oviatt & McDougall 2005, Johanson & Vahlne 2009, Kontinen & Ojala 2009) and therefore the revised Uppsala model moves closer to international entrepreneurship literature.

The 2009 Uppsala model, which depicts a cumulative process of learning, is illustrated in Figure 4. The structure of the 2009 model is the same, featuring the aspects of current state and change variables. However, the first state variable consists of level of knowledge and business opportunity recognition rather than simply market knowledge as in the 1977 model (Johanson & Vahlne 1977, 2009).
Opportunity recognition is a subset of knowledge and the authors emphasise opportunities as the most important element of the body of knowledge that drives the process of internationalisation. The second state variable, network position, emphasises that firms are embedded in various networks. According to Johanson and Vahlne (2009), a firm’s internationalisation depends on its relationships, which have an impact on the internationalisation process in essentially two ways. First, networks increase the likelihood of finding new business opportunities, second, relationship dependency makes it possible to internationalise by following business partners abroad when they are executing the business opportunities they have developed. In the latter case, relationship commitment is more strongly emphasised than opportunity development (Johanson & Vahlne 2009).

The relationship commitment decision is the first change variable in the 2009 model and refers to the psychological commitment to relationships. Johanson and Vahlne emphasise the network approach as the firm decides either to increase or decrease the level of commitment to the relationships in its business network. In international entrepreneurship literature, relationships are seen as sources of knowledge, resources and other relationships (e.g. Oviatt & McDougall 1994, Covielo & Munro 1995, Zhou et al. 2007, Johanson & Vahlne 2009) leading to the conclusion that it is relationship commitment decisions that lead the firm to prosecute its current business activities, which are in turn specified in more detail in the revised mode than in the original 1977 model. The business activities are listed as learning, creating knowledge and trust building, which are the activities for international business development and thus for internationalisation (Johanson & Vahlne 2009).
Chandra, Styles and Wilkinson (2009) argue that mature internationalisation theories such as the Uppsala model (Johanson & Vahlne 1977, 1990) and the Eclectic paradigm (Dunning 1980) take international opportunity development, an approach from international entrepreneurship, as an obvious element of internationalisation. The revised Uppsala model makes a more explicit connection between the model and the international entrepreneurship literature which both emphasises the importance of networks and opportunity development as central elements of internationalisation (e.g. Oviatt & McDougall 1994, Coviello & Munro 1995, Jones 1999, Bell et al. 2003, Hohenthal et al. 2003, Coviello 2006, Chandra et al. 2009). Johanson and Vahlne (2009) define opportunity recognition as learning, on the grounds that experiential knowledge creation enhances awareness of opportunities which again affects relationship commitment decisions, either positively or negatively. The firm’s commitment decisions appear through opportunity exploitation either by developing new relationships to build bridges to fill the structural holes (Burt 1992) or by enhancing and supporting existing relationships (Johanson & Vahlne 2009). Therefore, commitment decisions can be described as exploitation of recognised opportunities (Johanson & Vahlne 2009). They state that the process of opportunity development in the network perspective is very similar to both the internationalisation process and the relationship development process. Schweizer, Vahlne & Johanson (2010) argue that according to Johanson and Vahlne (2009) internationalisation should be seen as a by-product of some other actions.
Following that idea, internationalisation happens processually through business actions in networks which emphasise the relationship commitment and reduce market uncertainty.

As a summary of the Uppsala internationalisation process approach and its iterations, it can be noted that in general, internationalisation is seen as a process in which learning and commitment are the drivers of the actions taken to develop a business. The approach particularly emphasises the role of experiential learning in the internationalisation process and also that involvement in international business is the key element in the overall internationalisation. As Björkman and Forsgren (2000) point out, being generic increases the applicability of the model when the internationalisation process is explained through the basic variables. In the 2003 2006 and 2009 articles, Johanson and Vahlne connect the model with network research and international entrepreneurship which provides the opportunity to combine the different approaches to gain a deeper understanding of a small firm’s internationalisation process. That is a path that can reveal how the process happens, the underlying processes and the actions leading to internationalisation.

2.2 Accelerated internationalisation research

The Uppsala model contrasts with international entrepreneurship research by emphasising the firm as the level for analysis and focusing on cross-border behaviour rather than emphasising the entrepreneur as the focal actor and on entrepreneurial behaviour. For example, from a network point of view, INV research emphasises the role of the personal networks of an entrepreneur as an access route to external resources (e.g. Crick & Spence 2005, Covello & Cox 2006, Zhou et al. 2007). Another central difference between the Uppsala model and the accelerated internationalisation approach is the intensity and speed of internationalisation. Despite the emphasis on firms which are international from establishment, many small firms, including many in the high-tech industry, follow the slow and evolutionary path to international markets rather than being INVs (Rialp et al. 2005). Between these two approaches is accelerated internationalisation, which shifts the focus from the firm’s age onto time intensity and the pace of internationalisation (Zucchella et al. 2007). However, Oviatt and McDougall (2005) and Weerawardena et al. (2007) noted that the INV phenomenon is often referred to as accelerated internationalisation. Therefore, the research on accelerated internationalisation is dominated by INV firms, even
though ILSs may also follow the accelerated internationalisation path. Following on from that idea, in this study, accelerated internationalisation focuses on the intensive period of the internationalisation process which exists due to the joint influence of the entrepreneurial processes of international opportunity development, networking and learning.

A number of researchers (e.g. Johanson & Mattsson 1988, Bell et al. 2003, Oviatt & McDougall 2005) have noted that the type of firm influences the speed of internationalisation. In addition, Bell et al. (2003) proposed that differences in the speed of internationalisation can be explained by the novelty, complexity and sophistication of knowledge that the firm applies. Related to that, Oviatt and McDougall (2005) argue that traditional firms, which internationalise with old concepts into new markets, may be expected to internationalise incrementally in line with internationalisation process models. In contrast, it may be assumed that knowledge-intensive and knowledge-based firms use an accelerated internationalisation strategy because the combination of complex knowledge, new products, services, methods and a new market (or context) is vulnerable due to the dependence on the new knowledge (Bell et al. 2003, Oviatt & McDougall 2005).

Zucchella (2005) and Zucchella et al. (2007) present four types of drivers of accelerated internationalisation: 1) Business-specific drivers (e.g. high-tech industry) 2) location-specific drivers, 3) network-specific drivers, and 4) entrepreneurship-specific drivers of early internationalisation. The first three drivers are related to the context which means that accelerated internationalisation is strongly context dependent. However, in international entrepreneurship literature, the context-specific and entrepreneur-specific drivers are emphasised, but the balance between the two seems to be more even. For example, a growing body of research focuses on entrepreneur-specific drivers such as international orientation, experience, education, language skills and personal network (Autio et al. 2000, Ibeh & Young 2001, Zucchella et al. 2007). The role of entrepreneur-specific drivers has been particularly noted in the network approach to internationalisation (e.g. Coviello & Munro 1997, Chetty & Blankenburg Holm 2000, Chetty, Eriksson & Hohenthal 2002). The context is taken into account mainly in internationalisation and INV research on high-tech firms (e.g. Oviatt & McDougall 1994, Coviello & Munro 1997, Jones 1999, Crick & Jones 2000, Bell et al. 2003, Crick & Spence 2005). The following section presents the two research streams which emphasise context as an important element of a firm’s internationalisation in the international entrepreneurship field.
2.2.1 International new ventures

Oviatt and McDougall (1994) opened up a new discussion of rapidly internationalising firms which does not follow the gradual path of the Uppsala model. As early as 1994, Oviatt and McDougall argued that the phenomenon of INVs has existed for some time, but researchers had focused on researching MNCs and mature SMEs or had not regarded a firm’s age as an important characteristic. Despite that, the Oviatt and McDougall article (1994) was seen as the starting point for a new stream of internationalisation literature (Autio 2005, Keupp & Gassmann 2009) because the viewpoint can be seen as opposite to the traditional internationalisation process models such as the Uppsala model. In essence, Oviatt and McDougall (1994) presented a phenomenological approach of a small firm’s internationalisation and the revolutionary approach attracted considerable interest among researchers (e.g. Madsen & Servais 1997, McAuley 1999, Anderson & Victor 2003, Chetty & Cambell-Hunt 2004). The new approach connected entrepreneurship with internationalisation literature (Rialp et al. 2005) by emphasising the potential of a new small firm to act successfully in global markets. Oviatt and McDougall (1994, 49) defined the research phenomenon as international new ventures which are “business organisations that from inception, seek to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries.”

The INV approach is strongly based on the idea that some small firms will become international soon after foundation (Rialp et al. 2005). Oviatt and McDougall (1994) argued that INVs as such were not a new phenomenon, but taking the firm’s age, not the size, as the central characteristic of the study shed light on the phenomenon for research purposes. In addition, context dependency is a central characteristic of INVs because the business environment has a strong influence on the INV phenomenon. Madsen and Servais (1997) stated that the most important factors for rapid internationalisation are the new market conditions, technological development and the more developed capabilities of the key people. The altered market environment, the context, and the pool of experiential capabilities each affect a firm’s decisions concerning international market exchange and international market operations (Madsen & Servais 1997). In their article, Oviatt and McDougall (1994) associate the phenomenon of INVs to the ability to gather resources to meet the demands of the market regardless of the geographical location of the markets and resources (Knight and Cavusgil 1996, Bell et al. 2003, Kuivalainen, Kyläheiko, Puualainen & Saarenketo 2003).
The value of networks has been emphasised in the fields of entrepreneurship (e.g. Johannisson 1987 1988, Burt 1992, Arenius & De Clercq 2005), international entrepreneurship (e.g. Oviatt & McDougall 1994, Coviello & Munro 1995, Coviello & McAuley 1999, Mort & Weerawardena 2006) and international business (e.g. Johanson & Vahlne 1977, 2009, Johanson & Mattsson 1988). Especially in INV literature, the rapid internationalisation of firms is explained by network relationships or simply by networks (e.g. Oviatt & McDougall 1997, Bell 1995, Coviello & Munro 1997, Chetty & Blankenburg Holm 2000). The widely agreed approach is that the active utilisation of various interpersonal and inter-firm networks often creates INVs and develops international opportunities (e.g. Coviello & Munro 1995, Sharma & Blomstermo 2003, Bell et al. 2003, Komulainen, Mainela & Tähtinen 2004, Harris & Wheeler 2005). Johanson and Mattsson (1988) argue that successful internationalisation is more dependent on networks than markets or the culture of the target market. The INV literature emphasises that networks help them to discover opportunities by testing ideas and garnering resources for the formation of new organisational structures to develop international opportunities (Coviello & Munro 1995, Elfring & Hulsink 2003, Weerawardena et al. 2007). Especially when operating with limited internal resources, the willingness to rely on external resources in business networks creates international business opportunities (Coviello & Munro 1995). In addition to business partners, firms may also rely on actors whose main tasks are to provide market knowledge, assist in developing networks and evaluating technological innovations, or provide other specific services (Welch, Welch Wilkinson & Young 1996, McEvily & Zaheer 1999, Vonortas 2002). External facilitation may also make it possible to create new networks and develop new market knowledge (Welch et al. 1996, Oviatt & McDougall 2005).

The INV approach is often described as an approach that challenges the traditional internationalisation process model (see e.g. Knight & Cavusgil 1996, Bell et al. 2001) but there are commonalities in the two approaches in addition to differences. The main difference between the Uppsala model (Johanson & Vahlne 1977, 2009) and the INV approach (Oviatt & McDougall 1994) lies at the level of analysis. The INV approach explains the phenomenon with reference to entrepreneurial factors and an entrepreneur’s actions rather than by a firm-level analysis. While INV literature focuses on business operations as well as internal characters and challenges in a business context (see e.g. Bell 1995, Moen & Servais 2002), central to the Uppsala model, with its behavioural perspective, is the emphasis on acquiring and exploiting knowledge through business activities.
and a commitment to business actions and decisions (Johanson & Vahlne 2009). Whereas in the Uppsala model gradual internationalisation reduces uncertainty, INVs might not have the option of stepwise internationalisation due to scarce resources or market dynamism and therefore the firms benefit from network-based internationalisation (Sohlberg & Askeland 2006, Coviello 2006). Nevertheless, the emphasis on networks as an important element in the internationalisation process (e.g. Johanson & Mattsson 1988, Coviello & Munro 1995, Coviello & McAuley 1999, Sharma & Blomstermo 2003, Johanson & Vahlne 2009) is common to both approaches. It should be noted that even though the Uppsala model with its incremental internationalisation is usually connected to MNCs, the model itself does not focus on a firm’s size, but on the behavioural aspects of that firm (Johanson & Vahlne 2009).

### 2.2.2 Internationalisation of small high-tech firms

The entrepreneur’s global mind-set, in which the markets are not limited to some geographical or governmental area, is the prominent characteristic behind INVs and it is also important to recognise that INVs may appear in different industries as well (Oviatt & McDougall 1994). However, high-tech and services industries have been heavily emphasised in the literature (e.g. Bell 1995, Coviello & McAuley 1999, Crick & Jones 2000, Bell et al. 2003, Crick & Spence 2005). High-tech, as a term, refers to a cutting-edge and advanced technology and thereby the definition and its object changes over time alongside technological developments (Mohr, Sengupta, & Slater 2010). Mohr (2001) defines high-tech firms as those engaged in designing, developing, and introducing new products or innovative manufacturing processes through purposeful utilisation of scientific and technical knowledge. Despite producing products and services with leading-edge technologies (Bell 1995), high-tech firms are typically relatively small. In practice, the literature on the internationalisation of high-tech firms, SMEs and INVs tends to overlap (e.g. Bell 1995, Bell et al. 2003, Coviello & McAuley 1999, Crick & Jones 2000, Elfring & Hulsink 2003, Ruzzier et al. 2006).

After the article by Oviatt and McDougall in 1994 attracted broader attention, high-tech business, especially in internationalisation literature, has been a central interest of researchers (e.g. Jones 1999, Crick & Jones 2000, Bell et al. 2003, Crick & Spence 2005). As a research area, high-tech firm internationalisation focuses on small entrepreneurial firms and therefore relates to international entrepreneurship literature. The idea of firms being international from inception
was particularly well-suited to the high-tech context because high-tech firms often take faster routes to international markets than firms in more traditional industries (e.g. Bell 1995, Madsen & Servais 1997, Jones 1999, Crick & Jones 2000, Bell et al. 2003, Crick & Spence 2005). However, even though the literature has emphasised the born global capacity as being in the nature of a high-tech firm, many high-tech firms also internationalise only after several successful years in the domestic market (see Bell et al. 2003, Crick & Jones 2000, Komulainen et al. 2006, Madsen & Servais 1997).

High-tech firms operate in niche markets and therefore the firms have to grow in the most attractive markets rather than target the markets that are culturally or geographically closest (Coviello & Munro 1994, Jones & Crick 2004). In practice, as the lifecycles of high-tech products are relatively short and the domestic markets are usually limited, the growth of a high-tech firm is related to internationalisation (Coviello & Munro 1994, Bell 1995, Madsen & Servais 1997, Crick & Jones 2004). Jones and Crick (2004) argue that a firm might not even have the option of development in its domestic market followed by gradual internationalisation as the short-lived windows of opportunity set the pace of internationalisation. Therefore, when compared to MNCs, high-tech firms are relatively vulnerable in their internationalisation, as they have fewer resources that can be directed to the internationalisation effort (Oviatt & McDougall 1994, Ellis 2000). In practice, many small firms are dependent on a single product that they commercialise in their lead markets, wherever those markets may be (Weerawardena et al. 2007).

The research is strongly context dependent because the market environment of a high-tech firm is dynamic and challenging because the firms face market uncertainty, technological uncertainty and competitive volatility in the international business environment (Mohr et al. 2009). Despite the challenges, a large part of the success of high-tech firms in international markets is defined by external factors, such as new market conditions and the technological developments in various areas (Madsen & Servais 1997). Therefore, relatively small and new firms may also change the dynamism of global markets because the market is so strongly driven by technological innovations and their commercial success (e.g. Madsen & Servais 1997, Mohr et al. 2010). These characteristics lower market barriers and provide business opportunities for technologically and/or commercially innovative entrepreneurs.

Crick and Spence (2005) argue that the findings on high-tech firm internationalisation indicate that international expansion is based on an
entrepreneurial culture, opportunistic strategies and short-term goals, which are almost the opposite of the requirements for incremental internationalisation. These strategic actions are, however, driven by the entrepreneur or the entrepreneurial team and are strongly related to international opportunity development. Internal factors, such as the capabilities of people, features of the entrepreneurial team and international entrepreneurial orientation combined with technological innovations, have been said to exert a significant influence on the internationalisation process of high-tech firms (e.g. Oviatt & McDougall 1994, Bell et al. 2003, Knight & Cavusgil 1996, Madsen & Servais 1997, Oviatt & McDougall 1997 2005, Zahra, Korri & Yu 2005). In addition, the literature on the internationalisation of high-tech firms also emphasises inter-firm and personal networks (Coviello & Munro 1997, Crick & Spence 2005). As in the INV literature, networks are cited as assisting small firms discover opportunities, form new organisational structures to develop international opportunities and develop the firm itself (Coviello & Munro 1995, Elfring & Hulsink 2003, Bell et al. 2003, Weerawardena et al. 2007). The volume of suggested explanations for high-tech firms’ international success confirms the complexity of the phenomenon and the dynamism of the business context.

2.3 Determinants of the internationalisation of an entrepreneur-driven firm

The approaches presented above, the Uppsala model and accelerated internationalisation with the INV approach and small high-tech firms’ internationalisation can be used when researching internationalisation of the small, entrepreneur-driven firm. Due to the overlapping discussion, INV and high-tech firm internationalisation are both discussed here under the INV concept. The pace and speed of internationalisation differ between the Uppsala model and INV approach but there are four common characteristics in these internationalisation approaches. These are: 1) the processual nature of internationalisation (Johanson & Vahlne 1977, 2009, Madsen & Servais 1997, Coviello 2006, Mathews & Zander 2007) 2) the importance of knowledge and learning in the internationalisation process (Johanson & Vahlne 1977, 2009, Coviello & Munro 1997, Forsgren 2002, Blomstermo & Sharma 2003), 3) an assumption that internationalisation takes place within business networks (Coviello & Munro 1995, Coviello & McAuley 1999, Ellis 2000, Sharma & Blomstermo 2003, Coviello 2006, Johanson & Vahlne 2009), and finally all these characteristics 4)
aim for international business opportunity development and thereby for business
development in international markets (Oviatt & McDougall 2005, Johanson &
Vahlne 2009). These common determinants are discussed further below to
provide a basis for the theoretical discussion in chapter 3.

Processuality

Both approaches describe internationalisation as a process which happens over
time. The Uppsala model views internationalisation as a gradual commitment to
international modes of operation and a stepwise movement towards markets with
greater psychic distance (Johanson & Vahlne 1977). In practice,
internationalisation is a process of adjusting business operations to the new
international environment, meaning that the basic assumption is that the firm
already has business operations in domestic markets (Johanson & Vahlne 1977,
2003, 2009). Therefore, internationalisation can be said to be a learning process.
When compared to the case of INVs, the processuality of internationalisation is
related to international opportunity development through R&D because of the
typically technology-specific niche markets (Bell 1995). For INVs,
internationalisation is merely a way of doing business from the very beginning
rather than changing the business strategy. Moreover, INVs typically approach the
most attractive markets rather than the closest markets (Coviello & Munro 1994,
Jones & Crick 2004). Therefore, internationalisation for INVs can be seen as a
process of (international) business development.

Knowledge

Knowledge is strongly emphasised in the Uppsala model and is even present as
the state variable in the original and revised model. Lack of proper knowledge is
seen as an obstacle to the development of international operations (Johanson &
Vahlne 1977) and, due to the emphasis on knowledge development when moving
into international operations, the model has been described as a learning model
(Forsgren 2002). INVs also suffer from lack of knowledge, but despite
developing experiential knowledge as in the Uppsala model, INVs typically rely
on network actors to access the required knowledge and other resources (Welch et al. 1996, McEvily & Zaheer 1999, Vonortas 2002). In addition, INVs may be
knowledge-intensive firms which are dependent on new knowledge, which would
make them vulnerable in the market (Bell et al. 2003, Oviatt & McDougall 2005).
Therefore, in an INV the knowledge can be an inbuilt element of the business or a building block of the business opportunity rather than a resource. However, the difference between traditional process models of internationalisation and the INV is the focus, which has shifted from market knowledge development to opportunity development and exploitation (Oviatt & McDougal 2005, Zhou 2007). It is worth noting that the revised Uppsala model comes closer to the INV view by emphasising that opportunity recognition constitutes a subset of knowledge, and that opportunities are therefore the most important element of the body of knowledge, which drives the process of internationalisation (Johanson & Vahlne 2009).

**Networks**

Many researchers argue that the network approach to internationalisation provides an appropriate framework to conduct research on firms as embedded actors in business networks (e.g. McAuley 1999, Sharma & Blomstermo 2003, Ruzzier et al. 2006, Johanson & Vahlne 2009). Essentially, internationalisation of all firms is today described primarily as a network embedded process (Johanson & Vahlne 2009). With regard to the Uppsala model, the revised Uppsala model supports the network approach and emphasises that an insider position in relevant networks is the key to a firm’s successful internationalisation (Johanson & Vahlne 2009). According to Johanson and Vahlne (2009) internationalisation depends on a firm’s relationships, which have an impact on the internationalisation process primarily in two ways. First, networks enhance the likelihood of finding new business opportunities, and second, relationship dependency makes it possible to internationalise by following business partners abroad when they execute the developed business opportunities. In the latter case, relationship commitment is more emphasised than opportunity development (Johanson & Vahlne 2009). In addition, network embeddedness is often emphasised in the case of INVs, and many researchers have stressed the role of networks in small firm internationalisation (e.g. Coviello & Munro 1995, Coviello & McAuley 1999, Sharma & Blomstermo 2003, Loane & Bell 2006, Mainela & Puhakka 2011). Due to the resource poverty of INVs, networks can support business activities by facilitating the acquisition of knowledge and complementary resources, thereby assisting in developing international business opportunities (Coviello & Munro 1995, Elfring & Hulsink 2003, Weerawardena et al. 2007). Overall, network research has had a strong influence on incremental internationalisation theory as
well as international entrepreneurship theory (e.g. Björkman & Forsgren 2000, Sohlberg & Askeland 2006, Coviello 2006, Johanson & Vahlne 2009).

**Business opportunity**

In the revised Uppsala model, Johanson and Vahlne (2009) emphasise the role of opportunities as a state variable in the model. The authors state that international opportunity development is learning about another firm’s needs, capabilities, markets, and network, and then identifying a business opportunity. Following on from that idea, the revised Uppsala model is also a learning model, but the outcome of the learning is an international business opportunity rather than international market knowledge. INVs also emphasise international business opportunity development. In 2005, Oviatt and McDougall noted that international entrepreneurship has two constituent parts: business opportunities and individuals who strive to take advantage of those opportunities. Entrepreneurs or entrepreneurial teams are the actors who undertake actions to exploit the opportunities (e.g. Bell et al. 2003, Zahra et al. 2005, Oviatt & McDougall 2005). In addition, the active utilisation of various interpersonal and inter-firm networks often generates international opportunities (e.g. Coviello & Munro 1995, Sharma & Blomstermo 2003, Bell et al. 2003, Komulainen et al. 2004, Harris & Wheeler 2005). Therefore, the main presumption of the revised Uppsala model and INV approach is that international opportunity development is a process (Johanson & Vahlne 2009) driven by an entrepreneur, and the process consists of a complex setting of events, actions and activities which unfold over time and in context (c.f. Pettigrew 1997).

To conclude this chapter, it can be stated that the internationalisation of a small, entrepreneur-driven firm, can be researched through four determinants: 1) the processual nature of the phenomenon 2) knowledge development, 3) network development, and 4) international business opportunity development of a firm and of an entrepreneur. All these determinants are present in the Uppsala internationalisation process model as well as in INV literature, which is understandable because the aim of both approaches is to explain internationalisation. However, it has been noted that the type of firm also influences the speed of internationalisation (Johanson & Mattsson 1988, Bell et al. 2003, Oviatt & McDougall 2005). Bell et al. (2003) proposed that the differences in internationalisation speed can be explained by the novelty, complexity and sophistication of knowledge that the firm employs. Therefore, firms following
different approaches are fundamentally different due to the context in which the firms are embedded and the experiential and necessary knowledge. Oviatt & McDougall (2005) argue that traditional firms, who internationalise with old concepts to new markets, may be expected to internationalise incrementally in line with the internationalisation process models. Moreover, the Uppsala model aims to explain the internationalisation of firms that are ILSs with an existing domestic business, whereas the INV approach aims to explain the immediately internationalising firms that have the whole world as a market area and to whom country borders are almost irrelevant (Oviatt & McDougall 2005).

Despite the differences in the backgrounds of the firms, accelerated internationalisation is an approach suitable to both types of firms. The basic principle of accelerated internationalisation is that in a specific period of time the entrepreneur aims to focus intensively on the international operations which are revealed by strong resource allocation. Therefore, ILSs and INVs can be researched under the same phenomenon, even if the processes itself may differ in content and actions. Following this idea, the study aims to examine the accelerated internationalisation process through the theoretical background based on the internationalisation approaches of the Uppsala model and INV approach. The theoretical framework for the research is developed in chapter 3.
3 Network-based business opportunity development during the accelerated internationalisation process

This chapter approaches accelerated internationalisation theoretically as an entrepreneurial process of international opportunity development which is a product of network relationships as well as a by-product of business actions. The chapter is based on international entrepreneurship literature and contributes to the literature by taking an action perspective on the phenomenon. In addition, a process approach is embedded in this study, as it researches two simultaneous and intertwined processes: 1) accelerated internationalisation as a firm’s process, and 2) international opportunity development as an entrepreneur’s process. The chapter is constructed as follows: first, the chapter introduces international opportunity development as an entrepreneurial process related to accelerated internationalisation. The chapter then examines the entrepreneur’s actions connected to networking and learning as the determinants of internationalisation. Finally, the theoretical framework of the entrepreneurial accelerated internationalisation process is presented and discussed.

3.1 International opportunity development in an entrepreneur-driven firm

The phenomenon of accelerated internationalisation is associated with the intensity of internationalisation, for example, Weerawardena et al. (2007) characterised accelerated internationalisation by the speed, extent and scope of internationalisation. Accelerated internationalisation is a process in which internationalisation is implemented through a process of exploring potential international business opportunity and exploiting it through international opportunity development within an intensive period of time (Oviatt & McDougall 2005). In addition, international opportunity development is typically referred to as the beginning of the internationalisation process (e.g. Chandra et al. 2009) despite the fact that firms active internationally may have had to develop new international business opportunities. Accelerated internationalisation describes the beginning of internationalisation, and international opportunity development is central to the internationalisation process.
Oviatt and McDougall (2005) created a model of the forces which have an influence on the speed of internationalisation, and in the model they described the constructs of accelerated internationalisation. The process is mediated by an entrepreneur who both explores and exploits international business opportunities in the business context, and the process is moderated by networks and knowledge. According to the model, the context in which the entrepreneur is embedded enables and motivates the exploration and exploitation of international business opportunities (see also e.g. Bell 1995, Madsen and Servais 1997, Jantunen et al. 2005, Zucchella 2005, Zucchella et al. 2007). Furthermore, Oviatt and McDougall (2005) suggest that networks as well as knowledge have a moderating influence on the accelerated internationalisation process. Networks and knowledge are seen as powerful tools for developing potential opportunities into internationally exploitable opportunities which ultimately provide a basis for a firm’s international business operations (e.g. Coviello & Munro 1995, Zahra et al. 2005, Oviatt & McDougall 2005: Johanson & Vahlne 2009). Following the same logic, accelerated internationalisation is an action-based process in which the entrepreneur is discovering, enacting, evaluating, and exploiting opportunities to create future goods in international markets (Oviatt & McDougall 2005). Therefore, international opportunity development, in which networks and knowledge are intertwined moderators, is an entrepreneur-driven process whereas accelerated internationalisation is the outcome of it. Consequently, international opportunity development is the process that provides the content for accelerated internationalisation, and exploring the international opportunity development process makes it possible to understand and explain accelerated internationalisation. Opportunity development is a central element of entrepreneurship research, and opportunity has been researched under various concepts such as business opportunities, international business opportunities and entrepreneurial opportunities. Shane and Venkataraman (2000) emphasised that entrepreneurship is constructed of two elements: opportunities which make business actions possible, and individuals who take advantage of and develop opportunities. Therefore, the entrepreneur as a focal actor is important for implementing the process of international opportunity development. In essence, an entrepreneur’s subjective perceptions are the source for international opportunity exploration (Oviatt & McDougall 2005) and the entrepreneur is acting in line with their subjective perceptions of the potential international opportunity. According to Venkataraman (1997), an opportunity consists of a set of ideas, beliefs and actions which enable exploration of the international
opportunity development. Therefore, the international opportunity needs to be
developed by the entrepreneur, based on his/her beliefs, ideas and actions, to
bring the international opportunity from idea to reality. However, even if,
theoretically, the focus is on describing the process of international opportunity
development, the main goal of an entrepreneur is to develop business through
business actions. Therefore, the entrepreneur is focusing on international business
activities rather than exclusively on exploring the opportunity (Johanson &
Vahlne 2009). In that sense, finding the most appropriate course of action is
central for international opportunity development.

Alvarez and Barney (2007) discuss whether the opportunity is objective (an
existing phenomenon which can be discovered) or subjective (an opportunity that
can be created by the actions of entrepreneurs). Opportunity discovery assumes
that opportunities arise because of changes in the business environment (Shane
2003). Therefore, an entrepreneur is able to discover the opportunity through
scanning and alertness, based on their cognitive capabilities, assuming that the
opportunity is waiting to be discovered (Shane & Ventaraman 2000, Shane 2003,
Ardichvili et al. 2003, Alvarez & Barney 2007). The subjective approach to
opportunity creation follows the logic of international opportunity development in
which the entrepreneur’s actions play a central role in opportunity creation.
Therefore, searching as a tool for opportunity creation has little or no meaning
because opportunities do not wait to be picked up, they are created by the
entrepreneur (Alvarez & Barney 2007). In the subjective approach, opportunities
are created by actions, reactions and enactments of an entrepreneur, and the
actions are related to knowledge development as entrepreneurs act on
opportunities, basing decisions and choices on their beliefs (Sarasvathy 2001,
Alvarez & Barney 2007). The knowledge development process is interlinked with
the process of commitment to an opportunity and the process may happen within
a bilateral or multilateral setting in which two or more firms are developing the
opportunity through interaction (Johanson & Vahlne 2009). Therefore, knowledge
development happens in networks as entrepreneurs are learning about business
partners’ needs, capabilities, markets, and network, thereby developing
international opportunities.

International opportunity development is a process which happens through
actions that the entrepreneur or the entrepreneurial team takes (Oviatt &
McDougall 2005, Johanson & Vahlne 2009). Knowledge and networks are seen
as moderating factors as the entrepreneur’s knowledge and previous experience
and networks have an influence on the speed of internationalisation (Oviatt &
McDougall 2005). Entrepreneurs process information in an interpretative way by constructing reality using information from the environment (Johanson & Johanson 2006). Based on those beliefs, entrepreneurs explore and exploit international opportunities. However, international opportunity development actions are not isolated from the environment or network (Johanson & Vahlne 2009). The relevance of interaction and experiential learning in the internationalisation process has been outlined in a number of publications, in the research fields of both international business and international entrepreneurship (Chetty, Eriksson & Hohenthal 2002, Petersen, Pedersen & Sharma 2003, Johanson & Vahlne 1977, 2009). Networks have a strong influence on international opportunity development because they support the process, for example, by providing credibility and strategic alliances in the markets (Oviatt & McDougall 2005). In addition, to be able to develop and exploit international business opportunities, firms often rely on external resources in their business networks to complement their own shallow resources (e.g. Coviello & Munro 1995, Harris & Wheeler 2005, Komulainen et al. 2004, Sharma & Blomstermo 2003). A summary of international opportunity is described in Figure 5.

The international opportunity development process has two phases: opportunity exploration and opportunity exploitation. An entrepreneur’s ideas and beliefs are refined via actions in the exploration of international opportunities. The decision to attempt to exploit the opportunity explored will be based on the entrepreneur’s actions already directed towards the opportunity exploitation, and reactions to the explored opportunity. In this way, international opportunity exploration occurs due to the perceptions and related actions of an entrepreneur. International opportunity exploitation typically follows international opportunity exploration and is related to entrepreneur’s reactions related to the explored opportunity. Finally, opportunity exploitation leads to international business development and accelerated internationalisation. However, networks and knowledge moderate the whole process of international opportunity exploration and exploitation. Those concepts are not passive in nature and an entrepreneur is able to moderate the process by developing networks and developing knowledge. In line with the action-based approach to the international opportunity development process, in which the entrepreneur is the focal actor, and to research the accelerated internationalisation process as a whole, the concepts are approached as action-laden, namely networking and learning. The entrepreneur’s actions gain their meaning from their relation to each other and should be researched as embedded in the social context (Fletcher 2004 2006). Chapters 3.2
and 3.3 describe networking and learning as moderating processes of international opportunity development.

Fig. 5. International opportunity development process for accelerated internationalisation.

### 3.2 Networking for opportunity development in internationalisation

Internationalisation literature generally emphasises the importance of networks, and internationalisation as a phenomenon is seen as a network embedded process (e.g. Sharma & Blomstermo 2003, Ruzzier et al. 2006, Johanson & Vahlne 2009). It has even been said that domestic and international networks are more important for a firm’s success than business context related features (Johanson & Mattsson 1988). Researchers have emphasised the role of networks, particularly in the case of small firms internationalising in an accelerated manner (e.g. Coviello & Munro 1995, Oviatt & McDougall 2005, Loane & Bell 2006, Mainela & Puhakka 2011). It has been argued that accelerated internationalisation is a result of networks and the development of new and existing relationships, in other words, networking (Johanson & Vahlne 2003, Mainela & Puhakka 2011). However, networks are neither a passive nor unidirectional element in a business context because entrepreneurs are able to develop and maintain the relevant networks (Coviello &
Munro 1995, Mort & Weerawardena 2006). Effective networks are seen as an integral part of the internationalisation process (Liesch, Welch, Welch, McGaughey, Petersen & Lamb 2002) and networking is therefore an important tool for international business development.

A firm may internationalise in an accelerated manner by linking itself to relevant established and extensive networks (Coviello & Munro 1995). Formal and informal network relationships may trigger international opportunity development and, even though accelerated internationalisation may seem an irrational set of business operations, the activities are linked to the international opportunities which emerge from the network (Coviello & Munro 1995). Networks and relationships may be used to overcome market barriers and enter the market and therefore may be of great benefit to international opportunity development (Johanson & Vahlne 2003). In fact, Johanson and Vahlne (2003) argue that all market barriers are related to relationship development, or networking. Networking provides knowledge which reduces the level of risk and uncertainty in international operations as well as facilitating the acquisition of new knowledge (Madsen & Servais 1997, Selnes & Sallis 2003, Weerawardena et al. 2007). A specific important outcome of networking is knowledge development, because knowledge is emphasised as the moderating factor for international opportunity development (Oviatt & McDougall 2005) and lack of knowledge is seen as a hindrance to a firm’s internationalisation (Johanson & Vahlne 1977, 2009). Networking also provides complementary resources, develops new activities and provides reliability and a position in the network (Oviatt & McDougall 1994, Coviello & Munro 1997, Johanson & Vahlne 2009).

Networking is an evolutionary process in which the networking actions change during the international opportunity development process (Nummela 2000). When an entrepreneur-driven firm considers international operations, it seeks assistance from network actors who can add to the firm’s own resources (Oviatt & McDougall 1994, Nummela 2000). Weak network ties are particularly dominant when firms start international operations as networks broadly support the development of internal resources, however, those do not create long-lasting relationships (Nummela 2000, Elfwing & Hulsink 2002). Entrepreneurs may also be willing to sacrifice some amount of control over the firm’s operations at the beginning of international operations in order to address their firm’s weaknesses and lack of resources to gain access to international markets (Coviello & Munro 1995). Later on, when the firm is acting in international markets and getting an insider position in the relevant networks, entrepreneurs also aim to regain some
control over the firm’s operations that were sacrificed and so become more independent in international operations (Coviello & Munro 1995). In this phase, entrepreneurs are typically faced by the issues associated with international market dynamism, and they tend to develop deeper relationships and stronger network ties to help them to secure resources and especially to gain legitimacy in the markets (Nummela 2000, Elfving & Hulsink 2002). However, weak ties are still important for a firm’s survival and performance in the mature phase (Starr & Macmillan 1990).

Entrepreneurship is a network-based process of creating new business and is related to opportunity development by its use of internal and external resources (Mainela & Puhakka 2011). Even if firms seemingly have identical opportunities, the process of opportunity development is unique due to the differences in networks and access to information (Shane 2000, Soh 2003). In their study, Arenius and De Clercq (2005) argue that differences among networks in which entrepreneurs are embedded explain the likelihood of opportunity development. In that respect, the network of an entrepreneur-driven firm is a set of different types of actors with different roles (Mainela & Puhakka 2011). Along with access to relevant information, the business partners may act as mediators for new international networks (Komulainen et al. 2006, Mainela & Puhakka 2011). In international entrepreneurship, entrepreneurs are likely to bring their personal networks into the business (e.g. Agndal & Axelsson 2002, Agndal & Chetty 2007, Chetty & Agndal 2007) but they may also seek out international business development institutions and professional mediating actors to facilitate their internationalisation (Prashantham & McNaughton 2006, Ellis 2011). For this reason, these two specific types of network relationships are discussed below.

3.2.1 **Social relationships in the internationalisation of an entrepreneur-driven firm**

The importance of social networks to a firm’s internationalisation is emphasised in international entrepreneurship literature (Andersson 2000, Kiss & Danis 2008). Social relationships are seen in a mediating role in entrepreneurial international opportunity development (Zhou et al. 2007, Zhou 2007) and acting as the facilitator for accelerated internationalisation (Holmlund & Kock 1998). Particularly in entrepreneur-driven firms, the business is driven by individuals and business operations are therefore embedded in social networks between the individuals (Granovetter 1973). Thus, the entrepreneurs are seen to be surrounded
by informal and formal social structures (Johannisson 1987). Formal social structures are both reactions to environmental demands and outcomes of organisational choice, whereas informal social structures are a set of voluntary relationships (Johannisson 1987).

Social structures can also be described as network ties, and therefore informal, loosely structured links with infrequent contact between actors are described as weak ties (Granovetter 1983, Björkman & Kock 1995). Informal relationships and those based on friendship featuring frequent contact are described as strong ties and are typically more easily called upon when assistance is required (Granovetter 1983). The research on accelerated internationalisation emphasises the importance of weak ties (Oviatt & McDougall 2005, Loane & Bell 2007) because it is possible to have and maintain an extensive network of multiple weak ties which are potential sources of the new information necessary for international opportunity development (Granovetter 1973). For example, Loane and Bell (2007) noticed in their study that many of the weak network ties related to international opportunity development had been formed during a previous employment or when living in the area targeted by a firm as a new market. Weak ties may provide the bridges to novel information and new opportunities as well as accelerated access to international markets (Granovetter 1973, Oviatt & McDougall 2005, Loane & Bell 2007). A shared history is crucial to developing relationships because network relationships grow incrementally with interaction, and commitment to the relationship develops through common and shared experiences (Granovetter 1973, Mainela & Puhakka 2011). Therefore, weak ties also need interaction to be developed, although less frequent interactions are adequate to maintain a weak tie (Granovetter 1983).

Small, entrepreneur-driven firms often suffer from the twin liabilities of newness and smallness, therefore they lack the resources, knowledge and capabilities which are needed for internationalisation (Kiss & Danis 2008). However, accelerated international expansion may exist due to pre-existing social networks established by the entrepreneurs and management team (Johanson & Vahlne 1990, Zucchella et al. 2007). Social relationships are important because they provide knowledge, create new resources and develop new activities (Harris & Wheeler 2005), which are elements required for international opportunity development. Additionally, social relationships may act as relationship brokers by supporting the formation of new relationships through social exchange, information exchange and business exchange (Björkman & Kock 1995). Social relationships may also act as mediators when assisting in mobilising resources.
and coping with the constraints of institutional and bureaucratic structures that entrepreneurs may face in new markets (Kiss & Danis 2008). An entrepreneur’s network of social relationships can bring enormous benefits in their international opportunity development efforts due to its potential to counter the liabilities of newness and smallness, and so bolster the firm’s growth and survival, especially in turbulent business environments (Aldrich 1999, Kiss & Danis 2008). However, if an individual or a firm becomes too embedded in ongoing social relationships, they can also constrain entrepreneurial activity (Coviello & Munro 1995, Kiss & Danis 2008) by limiting the firm’s actions, therefore the firm’s independence in relation to its business partners influences the perceived level of control and so constrains the firm (Coviello & Munro 1995).

3.2.2 External facilitation in the internationalisation of entrepreneur-driven firms

Social relationships and business networks play an important role in accelerated internationalisation but entrepreneurs may also seek out international business development institutions and professional mediating actors to facilitate their internationalisation (Prashantham & McNaughton 2006, Ellis 2011, Mainela & Puhakka 2011). External consultants, research projects, governmental export programmes and support services can be of great benefit to an entrepreneur’s accelerated internationalisation processes, especially in small countries (Welch et al. 1996). In fact, Nummela (2000) argues that public and semi-public organisations are the most important supporters of entrepreneurs at the beginning of their internationalisation. For example, regional technology centres, innovation agencies, external consultants, technology brokers, university liaison departments and cross-national associations may act as external facilitators (Bessant & Rush 1995). In this study, external facilitation is defined as the activities of actors engaged in consultancy and other advisory services with the intent to facilitate the business processes of firms through wide and flexible interaction (see Juho & Mainela 2009).

The actors providing external facilitation are often primarily intermediaries between the supplying firms and their customers or possible partners. They may be known as third parties, bridges, brokers, information intermediaries or superstructure organisations (Howells 2006). Special export intermediaries have long played a role in the internationalisation of entrepreneur-driven firms, bridging the cultural, linguistic and geographical gaps between parties from
different countries (e.g. Havila, Johanson & Thilenius 2004, Peng & Ilinitch 1998). The ability of intermediaries to reduce information costs in the adaptation to new markets has been seen as a significant benefit (e.g. Popp 2000). In addition to relationship mediation and gap closing, entrepreneurs may need support in many internal managerial areas, such as technology, human resources, financing strategy, business strategy and implementation of technology transfer (e.g. Bessant & Rush 1995, Massa & Testa 2008).

Bessant and Rush (1995) present four roles for intermediating actors in the development of entrepreneurial abilities for international opportunity development. The first role is that of the direct transfer of specialised expert knowledge which has also been noted by McEvily and Zaheer (1999) and Welch et al. (1996). Bessant and Rush (1995) further divide the specialised expert knowledge into market knowledge, situation-specific knowledge, technological knowledge and advice. Similarly, Fletcher and Harris (2011) emphasises the need for market knowledge, general internationalisation knowledge and product/technological knowledge in the internationalisation process of firms. Through knowledge transfer, external facilitation helps firms to build capabilities for accelerated internationalisation and to avoid failure. Secondly, intermediating actors can have a role of experience sharing, either implicitly or explicitly (Bessant & Rush 1995). Intermediaries carry experiences from one location or context into another. Thus, external facilitation allows the entrepreneur to rely on the knowledge of others instead of developing internal experiential knowledge (cf. Sharma & Blomstermo 2003, Kuivalainen et al. 2004, Arenius & De Clercq 2005).

The third intermediary role noted by Bessant and Rush (1995) is labelled marriage broker. McEvily and Zaheer (1999) see relationship brokering as a development of bridging ties and linkages to economic, professional and social circles which are not otherwise available to the firms. Moreover, the role of relationship mediation and network opening is emphasised in accelerated internationalisation (e.g. Coviello & Munro 1995, Oviatt & McDougall 1994, Welch et al. 1996). Intermediaries may also act in a diagnostic role by helping entrepreneurs to define and articulate their particular innovation needs and by assisting in innovation evaluation and development (Bessant & Rush 1995, Muller & Zenker 2001).

Prashantham and McNaughton (2006) acknowledge in particular the processual nature of facilitation activities. Architecting takes place during the first stage of facilitation when the availability of organisations with complementary
capabilities and resources is defined, a set of prospective partners is identified and their trustworthiness initially evaluated. *Brokering* involves introducing the company to potential collaborators and facilitating the devising of contracts through the provision of operational and legal advice (cf. marriage brokering). *Coaching* aims to ensure that the complementary capabilities of partners result in successful collaboration at team and individual levels through teamwork skills and honest communication. During the process, the facilitating actor aims to enhance the firm’s visibility, efficiency and intimacy in the network by overcoming the lack of information, processes and trust in the network.

Nummela (2000) divides the advantages that firms can gain, from export cooperation activities to resources and intangible benefits. Resources include finance, skills, knowledge and other complementary resources. Intangible benefits that companies gain are sharing experiences, learning, publicity, credibility and increased future expectations. Intermediary roles defined by Bessant and Rush (1995) can be seen to emphasise intangible benefits and entrepreneurs’ capabilities, whereas Prashantham and McNaughton (2006) emphasise the development of resources required to attain a position in a network. In Table 1, Juho and Mainela (2009) have summarised the roles of external facilitation presented by Bessant and Rush (1995) and Prashantham and McNaughton (2006).

Table 1. Roles of external facilitation in the internationalisation of firms (Juho & Mainela 2009, 192, published by the permission of Emerald Group Publishing Limited).

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td>Transfer of expert knowledge on e.g. markets, internationalisation, product/technology aimed to contribute to capability building and failure avoiding by the target firms</td>
</tr>
<tr>
<td>Experience</td>
<td>Carrying out experiences and ideas from one context into another aimed to contribute to capability building and failure avoiding by the target firms</td>
</tr>
<tr>
<td>Diagnosing</td>
<td>Identifying, articulating and evaluating the specificities of an innovation to contribute to activation of innovation potentials and institution building to support specific technologies</td>
</tr>
<tr>
<td>Architecting</td>
<td>Identifying organisations with complementary capabilities and searching potential partners to create visibility, efficiency and intimacy at macro level</td>
</tr>
<tr>
<td>Brokering</td>
<td>Acting as a channel for introduction to and provision of contacts aimed to contribute to targeting of networking actions of the small firms and, thus, lowering the costs of search and increasing visibility, efficiency and intimacy at inter-organisational level</td>
</tr>
<tr>
<td>Coaching</td>
<td>Ensuring that collaboration with partners is harmonious and in balance with the strategy</td>
</tr>
</tbody>
</table>
Figure 6 summarises the networking recommended for the international opportunity development process. Networking is an entrepreneur’s active development of relationships to develop international opportunities. Relationships have a business or social dimension which, typically, is the main reason for the existence of the relationship. However, in addition to the main reason, the network of relationships provides support for an entrepreneur’s international business development either via intangible benefits or via concrete resources in different forms. In general, networking for international opportunity development in an accelerated internationalisation process in an entrepreneur-driven firm happens through two types of networks: social relationships and external facilitation. The social network is marked by strong and weak ties of relationships which provide mainly intangible benefits such as reliability, network position and knowledge to support an entrepreneur’s international opportunity development process. Social relationships are voluntary interactions and exist primarily because the parties desire the interaction and the resulting beneficial exchange for business development. External facilitation consists of more formal relationships with different intermediaries, organisations and institutions. The relationships are purposefully created and temporary, and their main reason for existing is to support the entrepreneur’s or firm’s business development or managerial capabilities. Therefore, external facilitation provides only managerial capabilities and concrete resources for developing the firm’s competitiveness in international markets rather than reliability-type intangible trust-laden benefits. However, both types of networks provide intangible benefits, support resource development, enhance management capabilities and develop the entrepreneur’s position inside the relevant network. The networks in which the entrepreneur is embedded mediate, facilitate, activate and enable the entrepreneur’s activities in pursuit of international business development. Therefore, active networking within relevant networks influences an entrepreneur’s international opportunity development process.
3.3 Learning through networks for opportunity development in internationalisation

Learning, knowledge and experiential knowledge have been cited as the key elements for internationalisation, international entrepreneurship and international business opportunity creation (e.g. Madsen & Servais 1997, Shane 2000, Corbett 2005 2007, Weerawardena et al. 2007). A number of researchers (e.g. Shane 2000, Oviatt & McDougall 2005, Lumpkin & Lichtenstein 2005, Corbett 2005 2007, Weerawardena et al. 2007) have also reported the close relationship between opportunity development and learning in the entrepreneur-driven firm’s internationalisation. Moreover, the international opportunity development process has been described as learning, because of the interplay between business-related knowledge development and increasing foreign-market commitment (Johanson & Vahlne 2006, 2009). In fact, the view of international opportunity as a process of
exploration and exploitation of opportunity (e.g. Hohenthal et al. 2003, Oviatt & McDougall 2005, Johanson & Vahlne 2009) has adapted the view from the process of exploring and exploiting knowledge for learning and developing business activities (March 1991, Rae & Carswell 2001).

Development actions related to a firm’s performance, such as international opportunity development, involve a trade-off between exploration and exploitation of knowledge (March 1991). March (1991) states that neither exploration nor exploitation is better than the other, but the balance and trade-off between these two is important for a firm’s performance and success. When thinking of international opportunity as an evolutionary process, exploitation of existing forms, routines and practices, in which knowledge is embedded, is important for a firm’s survival (March 1991). However, in turbulent environments, such as a high-tech market, exploration of new alternatives and new practices is essential (March 1991). The major difference between processes of exploitation of known alternatives and exploration of unknown ones is that in exploration the time between learning and realisation is greater (March 1991). Therefore, with an exploitable knowledge is able to exploit international opportunities faster than with the knowledge which requires exploration.

Corbett (2007) reports that developing entrepreneurial opportunities requires not only the possession of prior knowledge but also the ability to explore and exploit that knowledge. In that sense, learning and knowledge are not a competitive advantage as such, but the effects of knowledge stem from using it (March 1991, Millar & Choi 2003). Learning for the purposes of international opportunity development happens in mutual interaction and in a business context, which makes it difficult to maintain the balance between exploitation and exploration (March 1991, Nonaka 1994). In entrepreneur-driven firms, individuals make a choice between finding new information and using the existing information to support international business development decisions (March 1991). However, due to bounded rationality (Simon 1991) the decisions are not fully rational, because the entrepreneur is embedded in the social context and business environment (Granovetter 1973, Halinen & Törnroos 1998). Therefore, people perceive, evaluate and interpret the world according to their previous experiences and in interaction with their physical and social environment (Cohen & Levinthal 1990).

In the exploration/exploitation of knowledge cycle, the explored new knowledge becomes existing knowledge and therefore exploitable through the learning process. These findings support the weight accorded experiential
knowledge in the internationalisation process (e.g. Johanson & Vahlne 1977) where it is seen as an important driver of international market expansion. Prior, exploitable knowledge such as international experience has an influence on the speed of internationalisation (Oviatt & McDougall 2005) because exploitable knowledge takes less time to use than explored knowledge. In accelerated internationalisation, the speed of internationalisation is important and therefore the learning should be rapid as well (Saarenketo, Puimalainen, Kuivalainen & Kyläheiko 2004). However, developing experiential knowledge by doing is a time-consuming process and therefore firms have to develop alternative ways to rapidly develop their knowledge. Saarenketo et al. (2004) present four routes to rapid knowledge development: 1) Learning through networking: entrepreneurs may access relevant knowledge through network relationships and thus they have no need to acquire the knowledge directly through experience. However, this route does bring challenges in acquiring reliable and trustworthy knowledge within a win-win relationship 2) Learning through grafting: an entrepreneur may supplement knowledge by getting access to another firm’s resources, capabilities and knowledge through collaboration or by recruiting competent employees. The difficulty is to evaluate and adapt the potential value of the competencies and knowledge base, 3) Learning through imitating: imitating the best internationalisation practices of other firms and incorporating them into international activity, because known internationalisation activities have some predictable success and process outcomes, 4) Learning through searching: entrepreneurs may proactively search for information about potential new international markets and operations. However, searching acts as a basis for a learning-by-doing approach and does not fully complement experiential learning.

As mentioned above, although experiential learning is not the only type of learning, the entrepreneur’s own activity in developing knowledge is important. Learning through networking, especially in a new environment, has been said to be important in international opportunity development (e.g. Coviello & Munro 1995, Oviatt & McDougall 2005, Loane & Bell 2006, Mainela & Puhakka 2011). Similarly, exchange is seen as the key element of a business relationship, social, information and business exchange are the activities which link the relationships together as networks, and interaction is the only way to learn from networks (Björkman & Kock 1995, Johanson & Vahlne 2009). In addition to learning, through this kind of behaviour the entrepreneur not only develops information, but also enhances the insider position in the relevant networks (Forsgren 2002 Johanson & Vahlne 2009). However, to understand the process of learning the
types of knowledge must also be identified. Fletcher (2007) argues that three
types of knowledge have been identified as important in the internationalisation
process of firms: 1) market knowledge 2) general internationalisation knowledge,
and 3) product/technological knowledge. Through learning about markets,
networks, internationalisation and technology, especially through the use of
information, entrepreneurs are able to proceed in their internationalisation process
as the new knowledge develops opportunities for new international markets
(Fletcher 2007, Mainela & Puhakka 2011, Fletcher & Harris 2011).

Figure 7 summarises learning for international opportunity development. The
basic building blocks of an entrepreneur’s learning are knowledge exploration and
knowledge exploitation. The first relates to grasping new knowledge and the
second to putting existing knowledge into action in aid of international
opportunity development. The knowledge that entrepreneurs aim to develop is
market knowledge, internationalisation knowledge or product and technology
related knowledge. Knowledge exploration is the more time-consuming process
because of new knowledge development. Therefore, when international
opportunity development is undertaken for accelerated internationalisation,
learning may happen through experiencing, which takes time, but can also happen
in a rapid manner via networking, imitating, grafting and searching. The rapid
way of learning refers to the situation in which the knowledge is not developed
explicitly by doing, but by learning from the actions of others. Learning through
networking is emphasised in this study as a specific type of learning and
international opportunity development action. Knowledge exploitation is based on
using experiential knowledge, but also on using explored knowledge for
international opportunity development. Due to the existing knowledge base,
exploration is a relatively rapid route to international opportunity development
and therefore an existing knowledge base gives a great advantage in international
opportunity development. Hence, explored knowledge becomes experiential
knowledge in exploitation and, as an outcome of the process, knowledge
exploitation may lead to international opportunity development.
3.4 Accelerated internationalisation as a process of entrepreneurs’ actions in networks

The central theoretical constructs of the study are the international opportunity development process and the entrepreneurs’ actions on networking and learning, which are seen as the moderating actions for international opportunity development. The entrepreneur and the entrepreneurial team are seen as the focal actors who actively develop international business through a varying set of actions. Together, the entrepreneur’s international opportunity development process generates the accelerated internationalisation. The thesis moves on to present the theoretical framework of the study based on chapters 2 and 3 and illustrates this in Figure 8.

Accelerated internationalisation is defined as a firm-level process which is the result of an entrepreneur’s actions towards international opportunity development. International opportunity development is a process of exploring and exploiting business opportunities, and these two processes are connected to each other. Exploration cannot produce an existing international opportunity without exploitation. Exploration is a process of developing the ideas and beliefs, via bounded rational actions, towards exploring the unknown, therefore the process is subjective because the entrepreneur’s prior knowledge and experiences form the exploration process. Exploration may lead into the business opportunity
exploitation process which is a set of entrepreneur’s actions and reactions towards potential international business opportunity. However, the exploitation process is always related to the decisions and choices that the entrepreneur makes based on subjective perceptions. In the case of accelerated internationalisation, the international opportunities should also be developed in a rapid manner and therefore networking and learning, as moderating elements of international opportunity development, play a central role in implementing the exploration and exploitation of international opportunities in a rapid manner.

**Fig. 8. Entrepreneur’s international opportunity development process for a firm’s accelerated internationalisation.**

Networking is, at its heart, relationship development. Relationships are developed voluntarily, for different purposes but, in the case of international opportunity development, formal relationships have more structured outcome expectations than informal relationships. Nevertheless, in an entrepreneur-driven firm, informal social relationships are central as they provide and legitimise intangible benefits and concrete resources for the firm’s international opportunity development. In addition, another specific form of network relationships is external facilitation organisations with whom the entrepreneur typically has a formal relationship for a fixed period. Due to the nature of external facilitation,
the outcome of networking with external facilitator organisations is related to developing the entrepreneur’s managerial capabilities and specific resources for enhancing the firm’s competitiveness in the international market. Basically, networks provide intangible benefits, support resource development, enhance management capabilities and develop the entrepreneur’s position inside the relevant network. Active networking within relevant networks mediates, facilitates, activates and enables the entrepreneur’s international opportunity development process.

Entrepreneur learning is a crucial element in the development of a firm’s international business actions. In fact, business development actions, such as internationalisation, relationship development and business opportunity development have been described as learning (Johanson & Vahlne 2009). In that sense, knowledge development has an important influence over the international opportunity development process. Similar to the international opportunity development process, the central elements are exploration and exploitation of knowledge (rather than opportunity). Exploration of new knowledge and exploitation of existing knowledge is related to market knowledge, internationalisation knowledge and product- and technology-related knowledge which can be used for developing a firm’s international business activities. To develop new knowledge in a rapid manner, an entrepreneur may learn from the actions of others, through networking, imitating, grafting and searching. However, experiential knowledge still maintains a strong position in international opportunity development because it is more reliable and certain than new, indirectly developed knowledge.

Networking and learning are intertwined actions that both influence each other, and the outcome of the entrepreneur’s networking and learning actions support each other. Therefore, one of the central outcomes of networking is knowledge development and, similarly, learning occurs in networks but learning may also develop new relationships. Therefore, these two actions should be researched together to capture the joint influence of the entrepreneur’s actions. Learning also has a close relationship with international opportunity development because knowledge development changes the entrepreneur’s perception of reality, which is the background for ideas and beliefs that influence the international opportunity development. Change in perceived reality due to knowledge development also influences the decisions and choices made for international opportunity exploitation. Therefore, learning strongly influences the whole process of international opportunity development. Networking also influences
perceived reality because the entrepreneur is embedded in the surrounding network and the development of the network influences the entrepreneur’s subjective reality. In this way, international opportunity development is a unique process due to the entrepreneur’s learning and networking actions and their outcomes.

When an entrepreneur’s actions are related to experiential knowledge, or the entrepreneur’s actions are directed at achieving the outcome more rapidly, international opportunity development may lead into the firm’s accelerated internationalisation. However, there should be a balance between developing new knowledge, relationships or opportunities, and exploiting the existing ones. The new knowledge, relationships and opportunities are packed with higher uncertainty and lower depth and therefore need to be supported with the existing knowledge and relationships in order to control the risks of business operations. However, using only the existing knowledge, relationships and opportunities constricts development, which is the main power keeping the firm in business. In this way, accelerated internationalisation requires on-going networking, learning and international opportunity development which creates new forms of each that become existing forms. The process is presented in Figure 9.

![Fig. 9. The process of development in international opportunity development, networking and learning for accelerated internationalisation.](image-url)
4 Research design

The preceding chapters have outlined the theoretical background and the present chapter will outline the research philosophy that determined the methodology chosen in the thesis and explain the choice in the light of the purposes of the research. The chapter also explains the case selection and the efforts made to ensure the data fit the purpose of the study. This includes an introduction to the case companies as well as the description of data collection and data analysis techniques used in the study. Finally, the chapter concludes with a discussion of the quality of the study.

4.1 Research philosophy

In this study, the research philosophy adopts a worldview of critical realism with regard to the basic assumptions of reality and knowledge. Following Bhaskar’s (1998) view on critical realism, reality is independent of our perceptions and knowledge of it, but is only probabilistically understandable through observations because our understanding of reality is subjective and theory-laden (Easton 2002, Järvensivu & Törnroos 2010, Welch et al. 2011). When researching the process of a firm’s acceleration and the entrepreneur’s processes of international opportunity development, the study explains the processes through international business development events within a longitudinal period of empirical observations in order to provide an in-depth understanding of the phenomenon. From an epistemological point of view, in critical realism, the local truth may be approached by subjective observations and through creating consensus. Therefore, explanatory power can arise by examining the causalities and their underlying powers, which requires using multiple perspectives on reality (Järvensivu & Törnroos 2010). However, the causalities are seen as only a tool for understanding the generative mechanisms behind the accelerated internationalisation process. The generative mechanisms explain the interconnectedness of the processes of networking, learning and international opportunity development in accelerated internationalisation process.

In critical realism, social phenomena are constituted by the meanings that individuals give to them (Welch et al. 2011), therefore an understanding can be approached by collecting the data with thematic interviews through which the individuals are each able to tell their story of the phenomenon. In this way, the individuals are able to describe the events and objects in terms of their own
experience. When collecting the data longitudinally over time from multiple sources, the data provide a contrasting and dynamic view of the processual phenomenon. A subjective approach focuses on a deep understanding of the whole phenomenon and, therefore, the researcher becomes a part of the research process (Hirsijärvi & Hurme 2000). Thus, the researcher’s interpretations and understanding of the phenomenon, based on an abductive process of reasoning, play a central role in critical realism.

In this study, understanding and explaining the processes related to accelerated internationalisation is the focus of the research. According to Pettigrew (1997), social processes, such as a firm’s internationalisation, are embedded in the context and therefore can only be studied as such. Therefore, to fulfil the aim of explaining the process requires that the context be taken into account. In this way, the specific events behind the context-embedded generative mechanisms of the processes provide not only in-depth understanding, but also opportunities for both generalisation and theory generation. Therefore, the contextualised explanation, which is based on the ontological assumptions of critical realism, is a suitable method for the research. The contextualised explanation method stresses the importance of context as an essential component in explaining the research phenomenon. According to Pettigrew (1997), context is more than environment, it is a nested arrangement of structures and processes which are involved in the production of action.

Moreover, the aim is to seek to explain the social environment by acknowledging its complexity rather than by subordinating the phenomenon for the purposes of simplification (Welch et al. 2011). Examining the generative mechanisms between the processes is central to the method, but the same causal powers that are behind the generative mechanisms may cause different outcomes. Therefore, taking the context into account provides better understanding of the generative mechanisms of the processes and also how and why the events behind the processes are produced. Welch et al. (2011) support the power of contextualised explanation as a research method for subjective theorising from case studies. They emphasise that contextualised explanation offers the possibility of strong contextualisation without sacrificing the aim of causal or interconnected explanation of the phenomenon.

There are two alternative groups of research processes in the process research approach: the first group tests the existing process theories by way of longitudinal research, and the second group will be deep in the process itself trying to extract theory from the ground up (Langley 1999). The latter approach describes the
contextualised explanation method and this study follows that path of process research. However, the research process itself requires an understanding of what the process is. Based on the previous process research literature, Van de Ven (1992) has offered three definitions of process and explains how the process has been used in earlier management studies: 1) Process is used as a logic to explain causality between independent and dependent variables 2) process is used as a category of concepts or variables related to actions of individuals or organisations, 3) process is used to explain change by describing it within a sequence of events. In this study, process is seen as similar to the third definition, as explaining the change within a process through explaining causalities, by describing the process within a sequence of events, to ensure the explanatory power of the study. Moreover, when researching such a complex phenomenon and creating understanding of the process of accelerated internationalisation, the interest lies in the actions of entrepreneurs and in changes which happen during international opportunity development.

This study approaches the research phenomenon longitudinally and, therefore, by combining both inductive and deductive research, takes an abductive research approach (Dubois & Gadde 2002). The deductive approach represents a positivist research approach and bases itself on a prior theoretical framework which is tested and then either accepted or disregarded (Kovács & Spens 2005). The inductive approach instead aims to generate theory through empirical observations (Järvensivu & Törnroos 2010). Kovács and Spens (2005) argue that abduction is systematized creativity or intuition for developing new knowledge by scientific research. In an abductive approach, the different phases of research alternate between the inductive and the deductive alongside abduction. Järvensivu and Törnroos (2010) point out that the strength of an abductive approach is that abduction accepts the existing theory, as opposed to induction, which might improve the theoretical strength of the analysis. Since abduction enables data-driven theory generation it produces a less theory-driven research process than pure deduction (Järvensivu & Törnroos 2010). According to Dubois and Gadde (2002), an abductive approach is fruitful when the researcher’s objective is to discover new things and the original framework of the study will be modified with the empirical findings and also the theoretical insights. However, in the abductive approach, a researcher needs to be open to the possibility that the research topic will change, because understanding the phenomenon, both theoretically and empirically, guides the research process.
These epistemological and ontological principles reflect the research design of this study. The study does not aim for generalisability of the phenomenon but for transferability of the findings via a rich understanding of complex context-embedded social actions and processes. The study combines a qualitative case-study method with a longitudinal, event-based process study method using an abductive research approach. The abductive research approach encourages a dialogue between theory and empirical data and therefore ensures that the longitudinal data gain a proper emphasis in the research. Together with the interpretative approach, it allows us to go beyond the general level and to grasp accelerated internationalisation with networking, learning and international opportunity development as a process-in-context (Steyaert 1997).

4.2 Research strategy for exploring the entrepreneur’s process for accelerated internationalisation

The study approaches the process of accelerated internationalisation through qualitative process research. International entrepreneurship may be viewed through temporal and behavioural lenses (Dimitratos & Jones 2005) and, when taking development and the entrepreneur’s actions as the constructs of the study, longitudinal event-based process research is an appropriate approach for the phenomenon. The case-study approach is used to encourage a many-sided view of the research phenomenon in its context (Halinen & Törnroos 2005). Therefore, methodologically the study adopts longitudinal event-based process research with multiple comparative case studies to research a complex and processual phenomenon. The research approach and methods are described below.

4.2.1 Longitudinal process research approach

The study aims to understand and explain the process of accelerated internationalisation, including the underlying sub-processes driven by the entrepreneur’s actions. The process research method is used to understand and explain the partly overlapping and complex processes. Pettigrew (1997, 347) argues that process research provides an opportunity “to explore dynamic qualities of human conduct and organisational life and to embed such dynamics over time in the various layers of context in which streams of activity occur”. He defined process as a sequence of individual and collective events, actions and activities unfolding over time in context. Langley (1999) continues by stating that
process research is concerned with understanding why and how events play out over time and, therefore, the process data consist of stories about events and activities. However, Pettigrew (1997) emphasises that the elements cannot be explained separately although they are always embedded in the context. This approach is in line with and supports the contextualised explanation method. Van de Ven and Engleman (2004) argue that this type of process research is event-driven and is associated with a temporal sequence of events that unfold in a business interaction.

In contextualised explanation, understanding the path from causalities to the outcome is central and this study therefore adopts a longitudinal approach to researching the processes. Van de Ven (1992) argues that with the longitudinal process approach it is possible to gain knowledge of the outcomes and processes and also to explain how and why the outcomes are affected by the process. Even though actions are driving processes, the processes cannot be explained only by the actions of individuals or organisations (Pettigrew 1997). To understand the cumulative nature, it is important to perceive the actors, the context and especially the aspect of time which makes it possible to explain the processes. According to Pettigrew (1997), the aim of process research is not to produce cases retrospectively but to produce case studies. By this he means that the researcher needs to find the patterns and underlying mechanisms and therefore lean towards a deductive rather than inductive research approach (Pettigrew 1997, Langley 1999). Langley (1999) even emphasises that a researcher should allow their inspiration to guide the research process because process research makes it possible to research the phenomenon as a whole without moulding the phenomenon beforehand. Therefore, the multiple perspectives to reality through empirical observations provide an opportunity for the phenomenon to be developed into a case study with the intervention of the researcher.

Pettigrew (1997) states that social reality is not stable by nature but a dynamic process and, therefore, the aim of process research is to catch the complex reality in flight, which in practice creates challenges for a researcher. Ropo, Eriksson and Hunt (1997) say that there are many challenges in process research, such as finding a balance between developing heterogeneity in implementing the process research, and giving the researcher a free role to capture the phenomenon in flight with the best possible research design without forcing it into a certain form. Whereas Ropo et al. (1997) are concerned with the challenges of conducting the process study, Langley (1999) emphasises the complexity of the phenomenon as a challenge.
In this study, gaining a comprehensive understanding of the accelerated internationalisation process requires examining the sub-processes of entrepreneurs’ networking, learning and international opportunity development, which in total means four intertwined processes. As the research setting is challenging due to its complexity, attention is paid to capturing the link between the process and its outcome via event-based analysis. This follows Pettigrew’s (1997) idea that the purpose of process research is to explain the links between context, processes and outcomes. The study also follows Pettigrew’s (1997) and Steyaert’s (1997) suggestions to concretise the process research procedure. Pettigrew (1997) states that context and action are inseparably intertwined with process research. Actions are subjective interpretations of actors who are able to mobilise and influence the aspects of context as they seek strategic outcomes. According to Steyaert (1997), the way we talk about the phenomenon influences the way we shape it in our research. First, therefore, process language should be used, meaning that the entrepreneurial phenomenon should be described in terms of verbs such as networking, learning, and developing (Steyaert 1997). Second, the dynamic process of entrepreneurship should be described in terms of dilemmas, such as the complexity of high-tech context and the lack of knowledge, to be able to conceptualize the process (Steyaert 1997). Third, Steyaert (1997) argues that when researching a process, the focus should be on events in the stream of reality because entrepreneurship can be seen as a sequential stream of events and interactions. In addition, Pettigrew (1997) suggests that understanding the flow of events over time is central to process research because events and actions are temporally interconnected. Therefore, this study adopts an event-based method of analysis. As the final guide for process research, Pettigrew (1997) emphasised the importance of linking the location and outcomes to the processes. This not only generates knowledge of processes and outcomes as such but also explains how and why outcomes are differently shaped by processes.

In summary, process research provides a framework to research a complex and changing phenomenon in context. It makes it possible to avoid simplifying and delimiting the collected data and, instead, provides an opportunity to follow the path rather than merely analysing the destination. Accelerated internationalisation is an example of a complex phenomenon which can change rapidly with the intervention of actors, the business environment or the context. However, process research is only a method for capturing the phenomenon being researched.
4.2.2 The event-based approach to process research

According to Van de Ven and Engleman (2004), there are two types of process research: outcome-driven and event-driven. According to Aldrich (2001), outcome-driven research is built backwards: first, the observed outcomes are found and only after are the events defined to explain the outcome. Van de Ven and Engleman (2004) noted that outcome-driven process research is typically associated with the variance theory of process and therefore has a positivistic tone. In contrast, event-driven process research is built forwards and the observed events lead to the outcomes (Aldrich 2001). The event-driven process is typically associated with a process theory in which a sequence of events occurs based on narratives (Van de Ven & Engleman 2004). In addition, Van de Ven and Engleman (2004) say that event-driven study is designed for understanding the developmental process among change events and the approach is merely subjectivist. In this study, the event-based process approach is chosen due to its suitability for a subjective research approach to understanding developing processes over time.

Many researchers argue that events are an important and appropriate part of process research (e.g. Pettigrew 1997, Van de Ven 1992, Langley 1999, Van de Ven & Engleman 2004, Hedaa & Törnroos 2008). Hedaa and Törnroos (2008) define events as an outcome of manmade acts or changes based on nature. They argue that an event has two sources, human and nature, in which manmade actions are either intended or unintended, whereas nature-based changes have no intentions. However, in business, events are time-related outcomes of manmade actions (Hedaa & Törnroos 2008). The outcomes are a result of the interaction of actors, actions and events (Hedaa & Törnroos 2008). Actors react to stimuli from events, which leads to a response realised by actions. The actors are also creating events which again may trigger new actions and events. In this way, the event, according to Hedaa and Törnroos (2008), is the core which forms the temporality of change. In spite of the importance of events in process research, Pettigrew (1997) asserts that events and chronologies are crucial building blocks for process analysis, but only building blocks. Therefore, in this study the event-based narratives provide a basis for understanding the outcomes of specific events during the process. After that, analysis of the development of the processes is carried out by using event-based analysis as the basis.

Hedaa and Törnroos (2008) state that contextual and longitudinal research approaches are preferable for researching events in time and the degree of
connection with other events. Van de Ven and Engleman (2004) favour the narrative approach in which events are embedded in stories over time. When the story of the phenomenon which is under study becomes the data for the research, it consists of events, activities and decisions (Langley 1999). Understanding the patterns of events is significant for developing a process research (Langley 1999). Van de Ven and Engleman (2004) emphasise that when using an event-driven process research approach, the story should include the five following features: first, there should be a *Sequence in time* with a clear beginning, middle, and end through which the events are seen to happen in sequence. Second, there should be a *focal actor or actors* who have roles in events and are therefore somehow tied into the events. Third, the story should always be something that someone tells and, in that sense, there should be an *identifiable narrative voice* telling the story. Fourth, there should be a *canonical frame of reference*, which means that the stories carry meaning and cultural value and, therefore, the actions are judged by the culturally embedded right and wrong. Fifth, because the stories contain more than just the events under research, *the other indicators of content or context* should be taken into account as they provide information which may be essential for interpreting the events.

When talking about events as a core of the process study (Hedaa & Törnroos 2008), it may be challenging to distinguish the incidents from the meaningful events in the complex process of accelerated internationalisation. The challenge has been noted by Van de Ven and Poole (2002) and they emphasise the differences between incidents and events in process research. They argue that incidents are empirical observations whereas events are based on interpretations and are purposeful for the process under study. In fact, events are the meaningful constructs of the stream of empirically observed incidents (Van de Ven & Poole 2002). After identifying the relevant events, the five features of a story as defined by Van de Ven and Engleman (2004) can be used for moving from the surface of empirical observations to researching the process.

### 4.2.3 Case study

This study approaches the phenomenon with a subjectivist worldview with the aim of understanding and explaining it. The case-study approach does not limit the research method for qualitative or quantitative approaches, as according to Yin (1989) both are applicable in a case-study approach, even if the qualitative approach is typically the more dominant. In the study, expressing the research
problem directs the study into the qualitative path as the question “how” also deals with the link over time, not merely measurable variables (Yin 1989). Yin (1989) also says that a case study may have various aims. It may be exploratory, descriptive or explanatory. This study has an explanatory research aim which labels the research process, but the event-based analysis also adopts descriptive elements to be able to meet the explanatory aim. Yin (1989,) states that when the objective of the study is to research how something happens or has happened, an explanatory case study is an appropriate research method. The above arguments support selecting a qualitative multiple comparative case-study method as the empirical research strategy for the study. In addition to the suitability of the case-study approach for the research setting, it also complements the other methodological choices of the study.

As the process research method aims to present holistic explanations of processes rather than linear ones, the longitudinal comparative case study provides an opportunity to understand the processes being researched (Pettigrew 1997). Dubois and Araujo (2007) also support a case study as a suitable method for researching processes because case researchers see cases as complex configurations of events and structures which are situated in spatial and temporal contexts. Halinen and Törnroos (2005) also emphasise the suitability of a case study for researching a complex phenomenon in its real context, as a case study offers opportunities to study different aspects and find causality in the process which is central to a contextualised explanation approach as well as in the process research method. Another benefit of case-study research is that it makes it possible to seek a deep understanding and rich description of the phenomenon, since case studies may be used to research relatively new phenomena even if the theoretical background seems inadequate. Hence, the case-study method provides a beneficial approach for empirically researching the phenomenon, which combines the theoretical approaches of internationalisation process research and the INV approach, typically seen as opposites.

A case study allows the study of contextual factors and processing elements and, therefore, it is also a strong method for researching change (Halinen & Törnroos 2005). Change is a prominent element of a development process, and being able to examine that development process in context provides a basis for approaching the accelerated internationalisation process empirically. In addition, Eisenhardt (1989) and Perry (1998) write that case-study research contains some benefits in contributing to theory development, which is also a strength of the contextualised explanation method (Welch et al. 2011).
4.3 A multiple case study of accelerated internationalisation

This study is an explanatory case study which aims to analyse or explain how the accelerated internationalisation process happens through entrepreneurial actions. More specifically, the study represents a multiple case study of two cases, which makes it possible to have a comparative case-study setting. The study employs multiple data sources for data triangulation and the case selection and data collection and analysis are discussed below. The longitudinal research process, with a data collection period spanning three years and the comparative multiple case study, provides a rich description of the process of a small firm’s accelerated internationalisation.

The empirical part of the comparative case study consists of two case firms which have entrepreneurs with different degrees of international business experience. The common elements between the case firms are that they are both SMEs acting in high-tech business areas and have strong intentions to become international actors in the near future. Another common element is that both firms participated in a business development programme designed for Finnish high-tech SMEs targeting global markets. The main aim of the programme was to provide tools to support firms’ international expansion, especially into North American markets, through global market analysis and strategy development (Programme’s website). The international business development programme was organised by the University of Oulu in cooperation with the city of Oulu and two local business development institutions. The programme was divided into four phases over a one-year period. With the help of consultants, in between the four phases the companies had to develop different parts of their internationalisation strategy, as the purpose of the programme was to facilitate each firm’s development of unique internationalisation strategies. The process of the programme’s business development began with market positioning and continued through tailoring the business strategy and product validation to launching the product into the target markets. During the process, the companies were trained and evaluated by consultants who had lengthy experience in consulting for high-tech companies in the target markets.

The International business development programme that started in May 2007 attracted 23 participating companies. The empirical data collection period of the study started in May 2007 and the companies were observed in meetings and seminars during the programme. In the third phase of the programme in October 2007, two companies were selected as the cases for the research. In the case
selection, three guidelines were used: the activity of the entrepreneurs in the programme, strong intentions to become international actors, and the level of previous international business experience. The two entrepreneurs leading the case companies had actively participated in the meetings in the different phases of the programme and actively developed their internationalisation strategy as well as their international business opportunities. Their behaviour was interpreted as demonstrating strong intentions to become international players and develop international business opportunities. The level of previous international business experience and the age of the firm were considered before selecting the cases, to ensure there was a comparative setting between ILS and INV firms. Table 2 presents the firm-level characteristics of both firms at the beginning of the data collection period, and will be supplemented by a more detailed description of the cases in chapter 5.

Table 2. Characteristics of the case firms at the beginning of the data collection.

<table>
<thead>
<tr>
<th></th>
<th>ILS</th>
<th>INV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year of establishment</strong></td>
<td>1996</td>
<td>2004</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td>9 full-time employees</td>
<td>15 full-time employees</td>
</tr>
<tr>
<td><strong>Main products</strong></td>
<td>Web-based communication tools</td>
<td>Mobile hand device platform</td>
</tr>
<tr>
<td><strong>Entrepreneurial team</strong></td>
<td>The entrepreneur (the CEO), partner</td>
<td>The entrepreneur (the CEO), partner</td>
</tr>
<tr>
<td></td>
<td>4.5% share</td>
<td>(Chairman of the board)</td>
</tr>
<tr>
<td><strong>International experience</strong></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Aim to internationalise</strong></td>
<td>2007</td>
<td>2004</td>
</tr>
<tr>
<td><strong>First international target market</strong></td>
<td>Nordic countries, USA</td>
<td>Global markets</td>
</tr>
<tr>
<td><strong>First international customer</strong></td>
<td>2008</td>
<td>2007</td>
</tr>
</tbody>
</table>

4.3.1 The data collection process

The assumption in the study is that actions are context-dependent and theory-laden, therefore the research design of the study aims for a deep understanding of the complex phenomenon in its context. The data need to provide rich descriptions of real-life situations and, therefore, the phenomenon is approached longitudinally with multiple data sources and different data-collection methods. These research design characteristics play a central role in the understanding and interpretations in the study (Marsden & Littler 1996).
Data were collected from various sources including interviewing the representatives of the programme as well as the entrepreneurs and the other key actors in the firms’ international operations. The meetings in the different phases of the International business development programme were observed and noted. Press releases, brochures, articles and each firm’s internal documentation were used as secondary data and analysed with content analysis. The multiple data sources and methods of data collection ensure methodological triangulation of the study, which enhances reliability by offering multiple views of the phenomenon. However, creating a coherent picture of the case firms’ processes of accelerated internationalisation longitudinally through multiple data proved a challenge for the study. Furthermore, the abductive research approach caused further issues for the researcher as the close relationship between theory and empirical phenomenon lead the study in unanticipated directions.

The primary data-collection method was observations during the International business development programme in 2007, and the secondary methods were interviews with the selected case firms and the International business development programme representatives during 2007–2010. In addition, the notes that consultants made on each firm in the first phase of the International business development programme were used as primary data (Table 3). The researcher participated in the seminars conducted for the entrepreneurs, and during the seminars in May 2007 and June 2007 in Oulu, Finland, observation notes were written based on the entrepreneurs’ interaction in the seminars. The researcher was particularly interested to discover the entrepreneurs’ background, their firm’s product, their vision of internationalisation and their expectations of the programme, and recorded evidence on each of these areas in memoranda written daily when participating. In the last observation session in October 2007 in San Jose, USA, the researcher participated in the common programmes that were organised for the firms. In addition to that, the researcher held informal conversations with the entrepreneurs and the representatives of the programme, and also documented each firm’s way of communicating. After the observation period, the case firms were selected based on their activity during the programme and their activity towards international opportunity development.
<table>
<thead>
<tr>
<th>Date of data collection</th>
<th>Length of data collection</th>
<th>Data collection method and source</th>
<th>Description of the content</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 21-22 2007, Oulu, Finland</td>
<td>8 hours, 4 hours</td>
<td>Observation notes: Common seminar of reaching global markets</td>
<td>Two-day seminar for all the International business development participants given by the consultants. Topic: getting ready for global markets, framing and market strategies</td>
</tr>
<tr>
<td>May 23 2007, Oulu, Finland</td>
<td>4 hours</td>
<td>Consultants’ notes: Individual workshop ILS</td>
<td>Consultants’ analysis of the firm’s current situation and future directions for international expansion</td>
</tr>
<tr>
<td>May 24 2007, Oulu, Finland</td>
<td>4 hours</td>
<td>Consultants’ notes: Individual workshop INV</td>
<td>Consultants’ analysis of the firm’s current situation and future directions for international expansion</td>
</tr>
<tr>
<td>June 1 2007, Oulu, Finland</td>
<td>4 hours</td>
<td>Observation notes: Common seminar, feedback and future directions</td>
<td>One-day seminar for all the International business development participants given by the consultants. Topic: feedback and recap of the May 2007 activities</td>
</tr>
<tr>
<td>October 8–13 2007, San Jose, USA</td>
<td>6 days</td>
<td>Observation notes: Networking event in Silicon Valley</td>
<td>One-week networking event for International business development participants: meetings with venture capitalists, consultants, external facilitators, business partners</td>
</tr>
<tr>
<td>October 11 2007, San Jose, USA</td>
<td>20min</td>
<td>Interview: The entrepreneur from ILS</td>
<td>Theme: Firm’s experiences of the International business development programme and networking event, firm’s internationalisation</td>
</tr>
<tr>
<td>January 25 2008, Oulu, Finland</td>
<td>50min</td>
<td>Interview: The entrepreneur from INV</td>
<td>Theme: Firm’s history, entrepreneur’s background, experiences of the International business development programme, networking, internationalisation, future directions</td>
</tr>
<tr>
<td>January 28 2008, Oulu, Finland</td>
<td>75min</td>
<td>Interview: Executive Director of International business development programme</td>
<td>Theme: Role of International business development and consultants for the SMEs. Progress of the firms’ internationalisation</td>
</tr>
<tr>
<td>January 29 2008, Oulu, Finland</td>
<td>90min</td>
<td>Interview: Director of International business development programme</td>
<td>Theme: Role of International business development and consultants for the SMEs. Progress of the firms’ internationalisation</td>
</tr>
<tr>
<td>February 5 2008, Oulu, Finland</td>
<td>90min</td>
<td>Interview: The entrepreneur from ILS</td>
<td>Theme: Firm’s history, entrepreneur’s background, experiences of the International business development programme, networking, internationalisation</td>
</tr>
<tr>
<td>Date of data collection</td>
<td>Length of data collection</td>
<td>Data collection method and source</td>
<td>Description of the content</td>
</tr>
<tr>
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</tr>
<tr>
<td>February 5, 2008, Oulu, Finland</td>
<td>70min</td>
<td>Interview: Project Networking Manager, International business development programme</td>
<td>Theme: Role of International business development and consultants for the SMEs. Progress of the firms’ internationalisation</td>
</tr>
<tr>
<td>February 11, 2008, Oulu, Finland</td>
<td>40min</td>
<td>Interview: Project Manager, International business development programme</td>
<td>Theme: Role of International business development and consultants for the SMEs. Progress of the firms’ internationalisation</td>
</tr>
<tr>
<td>May 29, 2008, Oulu, Finland</td>
<td>80min</td>
<td>Interview: The entrepreneur from INV</td>
<td>Theme: Firm’s history, entrepreneur’s background, experiences of the International business development programme, networking, internationalisation, future directions</td>
</tr>
<tr>
<td>January 7, 2009, Oulu, Finland</td>
<td>70min</td>
<td>Interview: The ILS entrepreneur</td>
<td>Themes: Progress in internationalisation, external facilitation, learning</td>
</tr>
<tr>
<td>March 25, 2010, Oulu, Finland</td>
<td>95min</td>
<td>Interview: The INV entrepreneur</td>
<td>Themes: Progress in internationalisation, networking, external facilitation, learning, future directions</td>
</tr>
<tr>
<td>April 26, 2010, Oulu, Finland</td>
<td>85min</td>
<td>Interview: Project Manager, ILS</td>
<td>Themes: Background information, progress in internationalisation, networks, networking, learning, future directions</td>
</tr>
<tr>
<td>March 31, 2010, Oulu, Finland</td>
<td>80min</td>
<td>Interview: The marketing and sales manager at INV</td>
<td>Themes: Background information, progress in internationalisation, networks, networking, learning, future directions</td>
</tr>
<tr>
<td>March 31, 2010, Oulu, Finland</td>
<td>40min</td>
<td>Interview: The INV entrepreneur</td>
<td>Themes: Progress in internationalisation, networks, networking, learning, future directions</td>
</tr>
<tr>
<td>April 6, 2010, Oulu, Finland</td>
<td>120min</td>
<td>Interview: The ILS entrepreneur</td>
<td>Themes: Progress in internationalisation, networks, networking, learning, future directions</td>
</tr>
</tbody>
</table>

Following the observations, interviews were adopted as the main data-collection method with nearly 17 hours of recorded interviews and over 250 pages (Times New Roman 12p, spacing 1) of transcribed interviews. The informants of the firms’ were chosen based on their involvement in their firm’s international operations, therefore the entrepreneurs were the main interviewees. The first round of interviews occurred during the networking week in the International business development programme in 2007. However, the entrepreneur from INV cancelled the interview due to a sudden business meeting and therefore only the
entrepreneur from ILS was interviewed over a 20-minute recorded session. The aim was to have a short, informal interview and the theme of the interview was the entrepreneur’s experience of the International business development programme and especially the networking event. The firm's internationalisation and future visions were also discussed.

The first in-depth round of loosely structured interviews occurred in spring 2008. The entrepreneurs were chosen as informants and the themes covered their working lives, their firm’s history, the future international operations aims of their firms, their expectations and experience of the business development programme, their networks and networking activities, and their experience of company internationalisation processes. The representatives of the International business development programme were also interviewed around that time to ascertain the role of the International business development programme and external facilitation for the firms and also the expected progress of the participating firms towards internationalisation. The interviews were approximately 60–90 minutes long and were all recorded.

The last round of interviews was held in spring 2010. The aim of the interviews was to gain a deeper understanding of the processual phenomenon, therefore the entrepreneurs, as the central actors, were interviewed again. In addition, the project manager from ILS and the marketing and sales manager from INV were interviewed because of their central role in their firm’s international business development. Moreover, they provided a different perspective on the whole process and therefore deepened the understanding of the firms’ international business development process. The last round of interviews facilitated following the firms over a longer period of time and also filled gaps in the researcher’s understanding of the phenomenon. The interviews covered the firms’ progress in internationalisation, the networks, networking and learning activities during international business development and, finally, the firms’ future directions. In this round, the interviews were also approximately 60–90 minutes long and all were recorded. The last round of interviews not only provided fresh views on the research phenomenon but also improved the reliability of the research because interviewees had a chance to comment on and, where necessary, correct, the researcher’s interpretation of the firm’s internationalisation process.

The secondary data was collected from various sources and can be divided into documentation sourced from the firms or from the programme, and, further, into news or articles concerning the firms or their products (see Table 4). The secondary data was collected mainly by using the firms’ and International
business development programme’s web pages to find published external documents and information, and by using search engines to find news and articles on the case firms. Some internal documentation was also provided for study by the representatives of both the firms and the programme. The secondary data was used to broaden the picture of the phenomenon and the firms, the programme and the actors. The secondary data was used to place specific events on the time line as well as to validate the existence of some events against the external documentation.


<table>
<thead>
<tr>
<th>Source of data</th>
<th>ILS</th>
<th>INV</th>
<th>International business development programme</th>
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</thead>
<tbody>
<tr>
<td>Press releases</td>
<td>4</td>
<td>2</td>
<td></td>
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<tr>
<td>News &amp; articles</td>
<td>5</td>
<td>12</td>
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<tr>
<td>Websites</td>
<td>1</td>
<td>2</td>
<td>1 + consultants’ websites</td>
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<td>Business plan</td>
<td>1</td>
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<tr>
<td>Brochures</td>
<td>1</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Product introduction video</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Reference customer stories</td>
<td>7</td>
<td></td>
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<td>Seminar programmes</td>
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4.4 Data analysis

The objective of the research is to determine how entrepreneurs act in pursuit of accelerated internationalisation, and to develop an understanding of the accelerated internationalisation process. The aim of the data analysis is to generate empirical evidence to answer the research problem (Yin 2003). In qualitative study, the data analysis transforms the collected data into findings (Patton 2002; 432) and therefore the analysis is an integral part of the research process. A specific feature is that interpretation has a central role in qualitative analysis (Patton 2002; 432, Ghauri 2004; 117). The idea in qualitative analysis is to provide authentic understanding of interviewees’ experiences and in the sense that authenticity is the main issue rather than reliability (compare to quantitative analysis) (Ghauri 2004; 117). In the qualitative case studies data is typically collected from multiple data sources such as interviews, verbal reports, observations and written internal and external reports (Ghauri 2004; 109). Due to that the challenge of qualitative analysis is in making sense of the massive amount of different types of data (Patton 2002; 432).
The authenticity of the analysis was aspired with several of practices during the analysis process. The authenticity was ensured by early analysis of data soon after it was gathered. In addition, the researcher annotated the notes of the feelings of the underlying powers during the interviews and incorporated the interpretation in the analysis. So for example, the adverse circumstances in an entrepreneur’s personal life were considered as potential influencers of performance in business. Both cases were analysed with the same themes and the same coding tree one after the other. In addition, the authenticity of the interpretations of the business development was ensured by the researcher relating her interpretation of the firm’s business development process back to the interviewees and giving them the chance to correct any interpretative errors. The trustworthiness of the study as a whole is evaluated in the concluding chapter (7.5).

Patton (2002; 433) emphasises that there are no clear rules for conducting qualitative analysis because each qualitative research process and its analysis process are unique. However, according to Ghauri (2004; 118–120) there are six techniques for analysing the qualitative case study data; 1) chronological storytelling, 2) coding the data with concepts and themes, 3) categorising the data with the common characteristics, 4) explaining the interrelationships between the important factors, 5) coherent descriptions of the decisions and actions and finally, 6) comparison between the empirical and theoretically predicted patterns. Similarly as Patton (2002; 433) Ghauri (2004; 121) emphasises that the analysis itself is a relevant mixture of the techniques to fulfil the research objective with the unique data (Ghauri 2004; 121). The analysis techniques have to suit the chosen methodological approach which in this study is a longitudinal process research with an event-based analysis of a comparative multiple-case study. Related to the event-based analysis (Van de Ven & Engleman 2004, Hedaa & Törnroos 2008) Buttriss and Wilkinson (2006; 162) present three specific stages for analysing the sequences of events: “(1) Identifying and classifying the kinds of events taking place, (2) identifying the sequences of events that occur over time and place and how they are or are not connected, and (3) identifying the causal mechanisms that drive the flow of events” (Buttriss & Wilkinson 2006: 162).

The first interpretations of the meaningful insights were done after each interview and after writing each observation memo. However, the first round of analysis was conducted after the first round of interviews in 2008. The analysis focused on two themes, the firm’s internationalisation and the role of external facilitation because in the beginning of the abductive research process those were
the main themes under scrutiny. Again, the first interpretations of the empirical data were made by reading each transcript and memo in the light of key themes of the analysis to reveal the meaningful insights (Miles & Huberman 1994; 430). After that, the observation memos and the interviews were analysed through a process of three analysis techniques: by coding the data with the themes, explaining the interrelationships with the important factors, describing the roles of external facilitation in internationalisation process with a cross-case comparison (see Ghauri 2004 118–120). To conclude the analysis the findings of the empirical analysis were compared with the theoretical background (see Ghauri 2004: 118–120) and finally the study was published as a book chapter in 2009 (see Juho & Mainela 2009).

The first analysis helped to reformulate the research topic. Originally the research topic was to study SME internationalisation and the role of networks, especially the role of external facilitation organisations in the internationalisation process. The analysis revealed that the phenomenon was actually international business opportunity development rather than internationalisation as such. Also the unit of analysis switched from the organisational level to the entrepreneur level. The empirical understanding of the phenomenon led to a focus on entrepreneur’s learning and networking during the process of developing an international business opportunity. Overall the elements of the research remained the same but the viewpoint and the central concepts changed and therefore the research setting and background literature to be contributed changed from the very original research plan. This was taken into account in the forming data collections and in the development of theoretical framework. In the abductive research process, both the empirical data and the theoretical understanding may form the research process (Dubois & Gadde 2002). In fact, Ghauri (2004; 117) as well as Miles and Huberman (1994) suggest that the data should be analysed before conducting another case study or round of data collection to allow the researcher to improve the data collection techniques and relevance.

In 2010, the second round of analysis followed the suggestion of Miles and Huberman (1994) and recommenced with reading of the transcribed interviews to make the first interpretations and to derive meaningful findings from the data. Also the previous data was read through in the light of the recent theoretical understanding and framework. With the pre-understanding of the data, the tentative interpretations were made in relation to the networks in internationalisation, learning and the international actions of each case. These tentative interpretations strengthened the view that there are processes of
networking, learning and international opportunity development going on in the firms. In addition, the entrepreneurs’ were actively developing their firms’ international business and had different types of approaches to the phenomenon. The pre-findings reinforced the impression that the cross-case analysis was a meaningful research setting and the theoretical approach relevant.

After the tentative interpretations, the research phenomenon was transferred to a figure, based on the theoretical and empirical understanding of the research (Appendix 1). The figure concretised the research phenomenon and made it possible to design the coding tree for coding the existing data with the QSR N’Vivo software (Appendix 2). The collected primary data, including the transcribed interviews, written memos of observations and consultants’ notes, were imported into the QSR N’Vivo qualitative analysis programme. In the N’Vivo analysis, the data was coded with specific themes as Ghauri (2004; 118–120) suggested. The themes were: relationships, outcome of the actions, opportunity related issues, type of knowledge and entrepreneur’s actions. The data was analysed case by case, coding the data from the ILS first and secondly coding the data collected from the INV.

The coding process isolated specific details of actions, types of relationships, knowledge, learning and opportunities. The coding process highlighted the themes of the study, networking, learning, international opportunity development and internationalisation. In this way the coding process provided more detailed information about each theme. However, after the open coding with five main categories, the data was a set of selected concepts and sentences grouped into categories. The analysis highlighted the themes but hid the processuality of the phenomena and the longitudinal nature of the data. Therefore, the chronological story of each firm was written, from establishment to 2010 (see Ghauri 2004: 118). Patton (2002: 440) argues that the analysis has to begin somewhere and trying to give individual case descriptions and cross-case analysis at the same time leads to confusion. Therefore the descriptions of the case firms’ international business development were made case by case to aid clarity (see figures 11 & 25).

The business development descriptions together with the coded data acted as the basis for mapping the concrete business development actions into the international business development event. Buttriss and Wilkinson (2006; 162) described this phase of analysis as identifying and classifying the kinds of events. The events were identified by the amount of effort and the relevance to the firm’s business. At first all the significant events were identified and secondly only the events which were relevant for the firm’s international business development and
internationalisation were subjected to detailed analysis. That was important especially in the case of the ILS, because the firm had an existing and expanding domestic business which was present and visible in the empirical data. Therefore the events which influenced only the domestic business development were taken out of the focus of the analysis. Subsequently, the events were named and located on a timeline so that the development and change could be seen. Giving names to the events required analysing the core issue of each event and provided a basis for categorising the event into the periods (see figures 12 & 26). Buttriss and Wilkinson (2006: 162) described the categorisation as identifying the sequences of events that occur over time and describing how they are or are not connected. In both cases, the specific themes were repeating themselves and the labelling of those events and themes formed the basis of the categories.

In the event-based analysis, the cases were analysed individually starting as Patton (2002: 440) suggested. The events were unique to each entrepreneur and the paths were different despite the structure of the international business development programme. Each event was described with a network picture of the key actors and the actors who influenced the event, either directly or indirectly. The pictures also described the types of relationship in terms of formality or informality. In addition to the use of the picture, the event was described verbally by focusing on and analysing the actors and their relationships, the actions related to the event and the outcome of the event. In the analysis, the interviews were the main source of information and therefore the description is subjective. Buttriss & Wilkinson (2006: 162) describe the last phase of analysing the sequences of events that the last phase focuses on “identifying the causal mechanisms that drive the flow of events.” However, in this study the focus is on generative mechanisms rather than on identifying causality. Therefore in the last phase, both cases were concluded with a periodic summary, based on the central actions of accelerated internationalisation and on the theoretical framework. The periodic summaries emphasise the change over time in the intertwined processes of networking, learning and international opportunity development and concluding how these processes generate accelerated internationalisation.

In chapter 6 the analysis culminated with the comparison of the cases and their international business development processes. The aim of the comparative cross-case analysis was to generalise the findings of the study at an analytical level by comparing the empirical results with the theoretical background of the study (Yin 1989: 38, Ghauri 2004: 118–120). Therefore the cases were compared in terms of networking, learning and international opportunity development
during the process by explaining the interrelationships between the important factors. In this way the understanding of the accelerated internationalisation process was developed on the basis of the empirical study. As the aim was to make cross-case comparisons, the similarities and differences of the cases during the accelerated internationalisation was discussed to provide more generalizable information on the accelerated internationalisation process in different types of firms. The cross-case analysis concluded with a discussion of the findings of the study.

This chapter has described the conducting of the empirical part of the study. In Chapter 5, the empirical content is described and analysed processually through events and in Chapter 6 the analysis concludes with a cross-case comparison and discussion of the findings in the light of the theory.
5 An empirical analysis of two entrepreneurs’ international business opportunity development process for accelerated internationalisation

In this chapter the empirical analysis of the study is presented. The actions of entrepreneurs and their outcomes in the two cases, one an ILS and the other an international new venture, are presented in turn. The subsequent analysis focuses on the business actions in an accelerated internationalisation setting and therefore the international opportunity development, networking and learning are analysed under the concept of international business development. This refers to the notion of Johanson and Vahlne (2009) that an entrepreneur focuses on developing business through business activities rather than exclusively developing international opportunities. The study examines the unique events that took place over a three year period during which the two case firms were striving to internationalise. The events are described from the perspective of the entrepreneurs and the entrepreneurial team. The event-based description of each case is followed by a commentary on the actions of the entrepreneurs targeted at international opportunity development and accelerated internationalisation. After the analyses the cases are compared to provide a broader view on small firm accelerated internationalisation and to isolate the drivers behind the process. The analysis process is described in chapter 4.4.

5.1 Introducing the international late starter

The history of ILS goes back to the early 1990s. After graduating as a technician, the entrepreneur CEO of ILS, worked in industrial design and later in an electronics company. In 1996, he noted the rise of web-based design and he started to develop business in that field and became an entrepreneur. During the early years of the firm the main focus was on website design and later, web-based communication. In 1999 the firm started to develop a solution to allow customers to maintain and manage the content of websites themselves. At that time the firm also changed its name. Staff was recruited as the firm began to develop mobile communication and advertising screens for taxis and buses. That was the basis of the firm’s flagship product, ILS-Infosystem, which led the firm to develop
international business opportunities after 10 years operating in its domestic market.

The year 2006 can be seen as a starting point for international opportunity development. The international opportunities were considered seriously among other issues when applying for an external business facilitation programme of Tekes (the Finnish Funding Agency for Technology and Innovation) which focused on product development. At that time there were six employees and the entrepreneur working in the firm but none had any international business experience. However, the Tekes project was the tipping point for starting to develop the idea of internationalisation. In 2007, the entrepreneur decided to join another external business facilitation programme, International business development, which was focused on the development of international business opportunities. The main driver for that was to gain knowledge, experience and contacts for international expansion. The international opportunities were also developed in a third external business facilitation programme run by the local T&E centre (Employment and Economic Development Centre), which assisted in obtaining international business contacts. In summary, ILS participated in three external facilitation programmes between 2007–2009, two of which were fully focused on international business development.

Besides using the formal mediators to support internationalisation, the entrepreneur developed relationships through his personal contacts to gain both knowledge and business opportunities. This was especially the case in 2008 and 2009. The entrepreneur’s main focus was on identifying and contacting potential customers and partners in international markets. The international business development projects pushed the firm into market expansion in both its domestic and international markets with a new brand with a global appearance. The firm also adopted a new industry-specific business strategy to guide the firm in the selection of its strategic partners. Figure 10 illustrates the development of ILS’s business plan and product development from the early years until 2010 as a continuum over time.
Fig. 10. Business development of international late starter 1996–2010.
5.2 International late starter’s international business development

The international business development process followed by entrepreneurs and entrepreneurial teams can be seen as a set of events (Fig. 11) that influence the course of action of a firm’s accelerated internationalisation. In ILS, the firm’s entrepreneur and project manager were responsible for customer relationship development and international operations during the period studied, therefore they are the central actors in the international business development process. Typically, the events are based on decisions and choices to act in a specific way to influence the development of the firm’s international business operations. In the course of those events, various actors worked on developing international business opportunities, networking and learning, and each event with its related actions has some type of outcome which influences the firm’s international business development.

Fig. 11. International business development events 2007–2010.

The events create a cycle that feeds emerging events, actions and outcomes, therefore the events together create the process of international business development. This study identifies nine different international business
development events in ILS’s accelerated internationalisation process during 2007–2010. The events are presented in the time line in Figure 11 above.

The events constitute specific periods in the development of international business (Fig. 12). ILS had no international business experience to call upon so external facilitation services had a significant influence on the firm’s international business development. After the year of intensively exploring international business opportunities during the external facilitation period in 2007 with the help of various consultants and programmes, ILS turned to exploiting the explored knowledge in its strategic planning for international business development. The strategic planning period was strongly influenced by the external facilitation programmes as well as the experiences and knowledge developed during the programmes. The firm did eventually succeed in conducting international business operations and therefore exploited its international opportunity. In the case of ILS, its international business development is related to collaborative business actions with business partners, a joint venture in the USA and indirect internationalisation into European markets with a Finnish partner. The roots of these international business operations are also in external facilitation programmes and specifically in the programmes with an international focus. Even though learning is emphasised as the main action, it is intertwined with international opportunity development and networking. However, in ILS’s process, learning is highlighted and marks the other actions.

Sections 5.2.1–5.2.6 provide a more detailed event-by-event description within three periods. The descriptions present the actors involved and examine their relationships with ILS staff and external facilitators. The sections address the actions of networking, learning and international opportunity development in each event that prompt international business development. After each event-by-event description (5.2.1, 5.2.3 & 5.2.5) the accelerated internationalisation during the period is described in terms of networking, learning and international opportunity development (5.2.2, 5.2.4 & 5.2.6).
5.2.1 Events in the external facilitation period

Product development project (Tekes)

The first event is strongly related to a Tekes product development project. In 2006, the firm applied for admission to an externally-facilitated and partly government-funded product development project. The two year project started in 2007 and was the impulse for developing an international business. In 2007 there were seven employees in the firm and almost the whole staff became involved in the project, except the entrepreneur. He followed the project actively albeit without having a formal role in it. The aim of the project was to further develop the ILS-Infosystem product idea technically and commercially. Following the product launch in 2006, business partners and facilitators had seen the product’s international business potential and convinced the firm to act upon it. The activation in terms of internationalisation and the development of the project team’s intangible benefits for international business development during the Tekes project was the tipping point for targeting international markets. Although the project was conceived in the Finnish context and the implementers of it were all Finnish, the project was opened the interest towards internationalisation.
ILS’s team focused mainly on product development and the project manager had a central role to play when working closely with the representatives of the Tekes programme to unite the business view with the technical development. The entrepreneur was not directly involved in the project, but was able to follow its progress through internal reporting and existing informal relationships. The entrepreneur had developed a trusting informal relationship with the key actors, the representative of the project, the consultant and the customer. These relationships acted as a source of informal information and feedback during the firm’s business development.

The network of relationships consisted of a set of informal, friendly social relationships with the firm’s business partners as well as the formal relationships with the representatives of the external facilitator (Fig 13). The CEO of the advertising agency was a friend of the entrepreneur and encouraged the entrepreneur to think big and have a global mind-set when planning the advertisements for the ILS-Infosystem. Due to this led the ILS-Infosystem advertisements were made in English. This indicates the extent to which the CEO of the advertising agency indirectly influenced the event and ILS’s international business development. The relationship between the project manager and the external actors was formal at the beginning of the project, but became stronger and closer during the project due to the close interaction it required.

Fig. 13. Actors in the product development project-event.
The interaction during the event was frequent because the Tekes representative helped with the planning of the product development project and followed the process for its duration. During the project the intermediate reports, written by the project manager, were the check-up points used by ILS project team and the project representative to plot current status and future direction. The representative of the project also contributed new ideas for commercialising the product. He also recommended an external consultant to ILS and the consultant became an important source of knowledge and advice during the accelerated internationalisation process.

The consultant was a Finn, living in Helsinki and previously unknown to the project team and the entrepreneur. Therefore the relationship was initially a formal business relationship that became stronger and closer during the project due to the frequent interaction with the project team and the entrepreneur. The reason for bringing the consultant into the project was the need to research ILS-Infosystem’s market potential. The consultant performed a very satisfactory market analysis for the firm in 2008 that was well tailored to the firm’s needs. The entrepreneur appreciated the conscientious analysis and the way the findings were communicated. The consultant had a personal interest in the field of digital signage and therefore interaction between the firm and consultant continued after the assignment was completed and the relationship evolved into a friendly relationship.

The last important actor was the firm which was the first ILS-Infosystem customer in Finland. Product development was undertaken working closely with the customer – a Finnish unit of an international franchising firm. The customer gave feedback on the user experiences and developed ideas for the applications and features together with the project team. The interaction was frequent before and during the close collaboration in the project and therefore the relationship also developed into a stronger and closer one in spite of the formal nature of the relationship.

In terms of networking, the external facilitation project provided resources for product development and managerial tools to conduct the project. From the international business development point of view the project generated knowledge about the potential international business opportunities. The Finnish consultant who conducted the market research had a central role as an external facilitator arising from diligent way he shared the findings with ILS’s project manager and the entrepreneur. The customer partner contributed knowledge about the product and was also an important mediator of the international business
development. In this way, networking happened through external facilitation relationships and formal social relationships. The external facilitation motivated the entrepreneur and the project manager to further develop the idea of internationalisation.

Learning was an important outcome of the project. Knowledge was explored through networking with the customer partner and gaining product specific knowledge. Moreover, knowledge was explored through networking with the external facilitator representatives to gain product and technology-specific knowledge and with the consultant to develop market knowledge. It is notable that the project manager was at the heart of the action and became the bearer and sharer of the information, and additionally during the project was also searching and documenting relevant business, product and internationalisation information which was useful for subsequent business development.

In terms of international opportunity development the event represented opportunity exploration. Because there was no international business experience in the firm even the beliefs and ideas concerning internationalisation needed external support. As mentioned above, the very idea that ILS-Infosystem could bring an international opportunity might have come from the CEO of the advertising agency. An important triggering influence for international business development was the indirect link to international markets through existing customers. At the beginning of accelerated internationalisation, that was seen as one of the potential international opportunities. Therefore, the international opportunity was a belief in indirect internationalisation generated via existing internationally operating customers. It can be argued that the background of the partner customer as an international player and a part of an international franchising chain stirred up awareness of international business opportunities.

The outcome of the project was a better understanding of ILS-Infosystem’s market potential in both domestic and international markets. Interest in internationalisation rose and as a consequence the entrepreneur decided to participate in an international business development programme called International business development and also a similar type of programme provided by the T&E centre.

An international business development project

In 2007 the entrepreneur of the firm decided to participate in the International business development international business development programme which
consisted of four international business development phases which were run over one year. This particular event describes the first two phases of the programme. The aim of the programme was to develop the participating firms’ capabilities for achieving their full potential in the global markets and to give insights into the possibilities of entering international markets and to provide international marketing expertise. In the programme there were three external consultants from the USA who provided their expertise and contacts to the participants.

For the entrepreneur from ILS, the drivers for participating in the programme were the firm’s lack of an international network, lack of international business knowledge and lack of international experience in the firm. In addition to a development of knowledge, the entrepreneur wished to gain international contacts and customers. However, despite the formal nature of external facilitation programme the personal relationship between the programme director and the entrepreneur of ILS influenced the decision to participate in the programme. The personal chemistry in the relationship played an important role in addition to the rational reasons to develop the internationalisation skills and potential international network.

The entrepreneur and the project manager of ILS were the firm’s only participants in the international business development programme because they were responsible for the firm’s international business development. However, the firm’s lawyer (also a board member and a friend of the entrepreneur) supported them during the programme by providing legal advice in terms of business operation mode selection and making international business contracts. However, the lawyer was not involved in the programme as such, but providing his expertise to the entrepreneur and project manager related to the activities in the programme (Fig. 14).
Fig. 14. Actors in the international business development project-event.

The representative of the programme — the programme director — had a central role (especially at the beginning of the programme) in coordinating the meetings, informing the participants and mediating the relationships between the firms and consultants. The programme director’s role was important because the other central actors, the consultants, were foreigners and living in the USA. The relationship between the ILS team and the programme director was a formal one. However, from the beginning of the programme the relationship was relatively strong due to the previous history in terms of business with the entrepreneur of ILS and also due to the frequent interaction.

During the first two phases there were three consultants. Consultant number 1, was the most influential acting as tutor and the main party leading the analysis of each firm’s international market potential and entry strategy. The other two consultants were less active in tutoring, but participated actively in the one to one meetings analysing the international market potential. The relationship between the ILS team and the consultants stayed formal from the beginning of the programme possibly because of the consultants’ distant role as tutor and analyst. However, consultants 2 and 3 developed closer relationships with the entrepreneur and project manager because they were taking care of the necessary interaction with the ILS representatives. In that sense the beginning of the programme was formal and clearly structured.

Networking was strongly international in nature because the entrepreneur and the project manager developed relationships with the consultants. There was interaction with Finnish actors as well, such as the programme director and other members of the International business development team. The interaction with the International business development representatives was formal, but infrequent so they did not have power over the entrepreneur’s actions. Networking with the
consultants provided knowledge and analytical tools for the firm’s business strategy as well as the managerial skills to implement the knowledge and skills. Therefore, the external facilitation programme facilitated and activated the firm’s international business development.

During the programme the activity of the entrepreneur and project manager of ILS was mostly exemplified by their participation in lectures and meetings and consequently they explored internationalisation and market knowledge through networking with the consultants. They also needed to analyse their business in the light of the knowledge that the consultants were sharing. Knowledge transfer and experience sharing were in fact the aims of the consultants. In addition, the consultants also performed a diagnostic role in evaluating the firm’s market potential and refining and developing the market entry strategies. For the entrepreneur, the result was a new understanding of the entire business, target markets and potential customers. With the help of the consultants, ILS redefined its market segment as the new and growing market for digital signage.

In terms of international opportunity development, the entrepreneur explored the potential international opportunities with the assistance of the International business development programme. The potential international opportunity was one of indirect internationalisation along with the existing customers and the expansion into the expected lead market in Silicon Valley in the USA. The external facilitation provided an analytical view of ILS’s business opportunities in the US market and also provided valuable market specific experiential knowledge to support international opportunity development. The entrepreneur’s own capabilities were also tangibly developed through coaching in such things as delivering an elevator pitch about the firm. In this way, knowledge development and experiential learning were the main outcomes of the event.

*Internationalisation project (T&E centre)*

The internationalisation project organised by the T&E centre focused especially on developing international business contacts in terms of customer relationships and partnerships. The focus of the project was to find potential business partners and to develop new business relationships especially in Nordic countries, but also in other foreign markets. Interestingly the project provided support in developing international business relationships and finding the potential target markets, but did not act as a mediator with those markets. The project also facilitated with the
development of the skills and readiness necessary for international business relationships.

The entrepreneur and the project manager of ILS were the actors involved in the internationalisation project and they were active in developing the relationships with potential business partners through the existing relationships. The project manager was responsible for the administrative tasks whereas the entrepreneur took responsibility for the development of new relationships. The key external actors in the programme were the representative of the programme, the firm’s existing partner customers, the Finnish consultant who came in during the Tekes product development project (event 1), and the representative of the Tekes product development project (event 1) (Fig. 15). There were also various international potential customers with whom the entrepreneur and the project manager tried to develop business relationships either directly or via an existing customer. However, the potential customers were interpreted as potential international business opportunities rather than active actors during the event.

The Tekes and T&E centre, the bodies organising the projects in events 1 and 3, have a close collaborative relationship. Both organisations are the local units of governmentally-funded external facilitation organisations which also collaborate at a national level. The projects were running at the same time and the product development project also touched on international business development. Therefore the internationalisation project complemented the product development project’s efforts in support of ILS’s international business development. As a
result of the close relationship and the overlapping elements of the projects, the representatives of the product development project together with the Finnish consultant from the product development project acted voluntarily as external advisors. They created, composed and evaluated new international business ideas along with the entrepreneur and project manager. Thus the voluntary advisors mediated the international business relationship development through their relationships with the entrepreneur and project manager. However, they did not participate in the business development as such.

The internationalisation project’s main representative had a formal relationship with the ILS actors but the relationship was close because of the previous contacts and frequent interaction during the project. His role was mainly as the organiser and facilitator in the international relationship development. However, he did not develop the relationships for ILS, but acted as a mediator who enabled and supported potential international business relationship development by providing potential sources of contacts.

During the project the entrepreneur saw an opportunity to join a promising export chain to Canada. The firm made the required investment and were offered a market analysis for the Canadian market. The Canadian consultant produced the market analysis, but ILS were disappointed with the results and the efforts of the Canadian consultant as well as the efforts of the export chain project. Eventually the whole idea of entering the Canadian market was abandoned. The aim of the relationship was to act as a facilitator and mediator in the Canadian markets, but the formal relationship did not continue during the project.

The customer partners, a golf-business customer, a fast food franchising customer and a foreign exchange service customer actively forwarded their contacts to ILS. The fast food franchising customer was also involved in the Tekes product development project, indicating the strong relationship between the customers and ILS. The golf-business customer provided its own business relationship contacts whereas the other two customers provided the contacts that the whole firm or organisation had. The relationships were formal and strong and the customers acted as a reference and provided both intangible benefits and insider access to their networks for ILS. In this way the customers mediated and enabled international business relationship development.

Networking was the main idea of the project and therefore it was strongly present throughout the project. Networking was achieved via external facilitation and social relationships with customers and the entrepreneur was the most active networker. External facilitation in practice meant facilitating and enabling the
opportunities for international relationship development by providing a network insider position with reliability and sources of contacts as the resource. The voluntary advisors had an informal, strong social relationship status in this event rather than being external facilitators as in event 1. They activated and mediated the entrepreneur’s opportunity for international relationship development by providing knowledge and ideas related to managerial capability development rather than resource development as such. The network of relationships was wide during the project and the customers were mediating and enabling the opportunity for international business relationship development. The relationships were strong and formal social relationships which provided contacts, interaction, reliability, and network position, so countering potential entry barriers. In this way the customer relationships were related to intangible benefits and network position.

In terms of learning, the key actor was the project manager who was also responsible for the product development project and was a central actor in the International business development programme. The project manager searched for information on potential markets and competitors to support international business development, and at the same time found information about the technology involved in ILS-Infosystem that made it possible to define the type of knowledge required. Therefore, active, goal-oriented knowledge development was the most important action during events 1 to 3. While the project manager explored market and technological knowledge, the entrepreneur was exploring knowledge by networking to gain knowledge of internationalisation and the market. At the same time he was learning by experience as he was networking to develop international business opportunities. He especially emphasised the value of learning in interaction with customers because customers provide ideas for the product development which again creates ideas for international business development and belief in their potential.

During the internationalisation project, the international opportunities related to new relationship development, getting new business contacts and to developing knowledge by experiencing, networking and searching. Therefore the event consisted of both international opportunity exploration via existing customers and in support of social relationships and external facilitation, and international opportunity exploitation because the entrepreneur contacted the potential international customers and started negotiations with some of them. However, due to the long sales period the new technological innovation required there was only one immediate outcome of a new international business relationship. The entrepreneur indirectly got involved with business opportunity exploitation in
United Arab Emirates. The other outcomes of the internationalisation project were the explored potential international opportunities, explored knowledge and a set of new potential business relationships.

**USA-module in international business development project (International business development)**

The international business development programme with the focus on U.S. markets (event 2) which started with the entry strategy lectures and firm analysis, culminated in a networking event in Silicon Valley, California. The lectures were given during spring 2007 and the networking event took place in the autumn 2007. The networking weeks programme consisted of meetings with potential venture capitalists, external facilitators, business experts and local business people who might have common interests and resources that could complement those of the Finnish firms. Networking was identified as one of the key capabilities for successful internationalisation by the programme consultants. Another aim of the networking event was to facilitate the development of personal level skills especially in communications and interactions in the new international business context. In practice, the networking event provided experiential knowledge of doing business in the high-tech field in Silicon Valley.

The entrepreneur was the key actor from ILS together with a potential salesman to UK markets who was representing ILS during the International business development networking event instead of the project manager. The entrepreneur had a friendly and informal relationship with him, after meeting through a mutual friend. As the relationship was relatively new, it was weak in nature. The potential salesman was a Finn, living in Ireland and with experience of international markets. His fluent language skills and experience of international business became important for ILS during the event. The most important external actors were the consultants whom the entrepreneur had met in the previous International business development event. They organised the event and various meetings with local businesspeople. The programme representatives participated in the event as well, but did not have an important role in terms of developing international business. The representatives of the programme mainly discussed the experiences of the meetings and events during the week. However, they did also support the participants in practical issues. There were also a group of Finnish entrepreneurs providing some peer support (Fig. 16).
Fig. 16. The actors in the USA-module in international business development programme.

The consultant who gave the lectures during the earlier modules (event 2) of the International business development was the host during the event. However, he had no important role in developing the participants’ international business opportunities. Instead, it was consultants 2 and 3 who had prepared most of the programme content. However, the most important benefit for the entrepreneur was the support of the consultants during meetings, because his experience of international negotiations and business interaction was limited. The relationships with all the consultants were formal in style, but with consultants 2 and 3 the interaction had been relatively frequent and therefore the relationship had developed into something stronger from the beginning of the programme.

The networking event was not very fruitful for ILS in terms of potential business opportunities. The contacts that they met were not really potential customers, but more potential facilitators or mediators. The potential salesman was disappointed in having few opportunities to meet potential customers, and networking week failed to match his expectations. Essentially, the ILS team networked with external facilitators who aided the firm in terms of developing managerial capabilities and provided intangible benefits. In practice the result of networking was experiential knowledge, discovering new activities and interaction with international actors. In addition to that, the entrepreneur gained support and advice from the International business development consultants.

In terms of learning, the networking event was good for the entrepreneur who was involved in an intensive international business interaction for the first time. The experiential acquisition of internationalisation knowledge was an important outcome of the networking event. The entrepreneur also gained experience of the
high-tech markets in Silicon Valley and especially networking in international markets. Giving an elevator pitch was an example of the very practical skills that the firms trained in during the networking week. However, the entrepreneur’s learning was related to knowledge exploration rather than exploitation.

The international opportunity aspect was the potential opportunities available through new international business relationships. The networking event did lead to initial negotiations with one potential business partner but it became clear that the parties’ expectations from the partnership differed. The potential partner saw ILS as a possible technology subcontractor, whereas the entrepreneur saw the firm as a service provider. For the entrepreneur the whole networking event was essentially about exploring potential international opportunity. However, experiential learning meant that the entrepreneur expanded his international business knowledge that influences beliefs and ideas about and actions directed towards international opportunity development.

The experiential knowledge mentioned was the main outcome of the event. The entrepreneur also gained a better understanding of the business in Silicon Valley and of his company’s own product, skills and potential. Therefore it can be said that one significant outcome of the networking week was the development of the entrepreneur’s skills in terms of developing first-hand knowledge through experience.

### 5.2.2 Accelerated internationalisation in external facilitation period

For ILS, the accelerated internationalisation in the external facilitation period related mainly to international opportunity exploration due to the lack of previous international experience in the firm. Therefore the importance of learning to establish a relevant knowledge base for developing international opportunities till the exploration was especially strong during the period (Fig. 17).

Networking in the external facilitation period typically happened with the representatives of the external facilitation organisation or with the consultant hired by the external facilitation organisation. Therefore, the networks in the external facilitation period were typically a set of formal, weak business relationships. As the relationships with the external facilitators were deliberately created for fixed periods of time and the roles in the relationship were predetermined, the development of the relationships was rarely seen. An exception was the case of the Finnish consultant from the product development
project with whom the relationship changed into an informal and friendly type of relationship due to personal chemistry and shared interests.

The entrepreneur was responsible for the relationship development activities with new and existing customers, partners and facilitating organisations. Despite the formality of the business relationships, the entrepreneur had the ability to create friendships or at least strong relationships with his business partners. Overall, the chemistry had an important role even in business relationships and the entrepreneur even stated that:

“The starting point for me at least, is that if cooperating with someone is not pleasant, then we don’t! It’s not the only thing, but however, there needs to be the same kind of spirit of doing.” (The entrepreneur of ILS 2007)

A central factor in relationship development was the frequent interaction which strengthened the relationship, but the common interests and personal chemistry developed the relationship to an informal level. Therefore some of the formal type of relationships changed into informal ones and the actors became involved in ILS’s internationalisation events also outside the formal business contracts. On the other hand, even with the formal business relationships poor personal chemistry could cause the termination of the potential business relationship. However, that was not clearly intentional, but the infrequency of interaction blocked the development of the relationship. In fact, the continuous development of business activities within the relationships was the power behind the relationship’s existence, which naturally required close and frequent interaction.

The relationship development in the external facilitation period was done within social relationships and within external facilitation. The difference between these two types of network relationships was in the role of the actor. The external facilitators had a clear role providing support for internationalisation activities, namely facilitation and mediation. Therefore the outcome of the external facilitation was related to transferrable and relatively general knowledge and development of managerial capabilities. Whereas in the social relationships, the roles of the actors were more equal and the role was merely in practical, immediate support and mentoring rather than in long term capability development. There follows an example of immediate support in terms of mediating within a social relationship in which the network insider status was embedded:
"A country director may recommend me to call to some potential customer partners because in the fast food industry the actors know each other." (The entrepreneur of ILS 2008)

In fact, an important outcome of social relationships was the insider status in relevant networks, because the social relationships provided reliability and a network position in the markets. Therefore the interaction with potential business partners and customers was easier to foster. The difference can be seen for example with the amount of interaction with potential international business actors in between events 2 and 4 compared to the event 3 (Fig. 14\&16 and Fig. 15). In the first, the network was mostly constructed of external facilitation actors whereas in the latter the social network actors dominated. A major difference is that within the social relationship were more potential international business opportunities than within the external facilitation. The difference may be explained by the more frequent interaction that is the first step for business exchange and by the reliability in the relevant network that comes through the social relationships.

   Learning was a central element in the external facilitation period mainly because of the lack of international business experience. This led to the entrepreneur and the project manager playing the central role in exploring market knowledge, internationalisation knowledge and technological knowledge in terms of international business development.

   "The challenge of course in internationalisation is that, in a way we do not know what we do and where we do it." (The entrepreneur of ILS 2007)

Both the entrepreneur and the project manager were actively involved with knowledge development but in different ways. The entrepreneur was learning mainly through networking and experiencing as he actively developed the relationships for international markets while maintaining his existing business network to support the international business development. Events 3 and 4 were especially valuable learning points for the entrepreneur in terms of developing experiential knowledge. The learning was accelerated due to the external facilitation and intense emphasis on developing international business opportunities, and therefore the understanding of the firm’s own product and market changed during the programme.

   "A year ago we didn’t even know what is the product and in which markets we are playing. We thought that we were providing web-based
communication tools but now we know that our market is about digital signage.” (The entrepreneur of ILS 2008)

Therefore the entrepreneur communicated differently about the firm and the ILS-Infosystem at the beginning and end of the programme. The rapid knowledge development might be one reason why the entrepreneur and the project manager were not satisfied with the market research reports produced under the International business development and Canadian export chain projects. In addition to the development of self-knowledge, another reason for dissatisfaction might also be the lack of international business experience which might have caused communication gaps between foreign consultants and the firm’s representatives.

The project manager was developing knowledge through independently researching information providing up-to-date information. In so doing, the internet provided articles and information from blogs and discussion forums. In addition, she was also the project manager of the external facilitation projects and therefore actively learning through networking. The combinations of knowledge searching and networking together with processing the information led to an important learning outcome, the better understanding of firm’s own business.

“Actually we didn’t even know the term for the product at first. …The market, international market started also to open for us, when we had the correct terms to find other actors and competitors in the field. We indeed searched those actively, but finally in the programme those started to crystallize.” (The project manager of ILS 2010)

Learning and networking strongly influenced international opportunity exploration. In fact the entrepreneur’s social network in particular was central to international opportunity development.

“The entrepreneur has very wide network…and there he gets the needed information. It is partly such kind of friendly knowledge exchange and from those network actors he gets help, support and advice (for international business development) based on their experiences. (The project manager of ILS 2010)

The quote describes how the entrepreneur had access to an accelerated experiential knowledge base through an existing network. In fact the main aim of international opportunity exploration was to develop the relevant knowledge base
for internationalisation. Therefore the need was accelerated knowledge development as well as the accelerated relationship development. However, the lack of previous international experience emphasises the importance of accelerated knowledge development through networks. In this way, international relationship development was seen as an international opportunity. In addition network-based knowledge also has reliability embedded in it, even though the knowledge is more subjective than the textbook-type and relatively objective knowledge that consultants share. In addition to knowledge development, relationship development influences the development of potential international business relationships which could contain the potential for international opportunity exploitation. Figure 21 illustrates the accelerated internationalisation in the external facilitation event.

Fig. 17. The accelerated internationalisation process in the external facilitation period.
5.2.3 Events in the strategic planning period

The decision to focus on European markets

At the end of 2007, about a year after starting to think about possible internationalisation, the entrepreneur made the first strategic plans concerning international business development. He used the knowledge explored during the external facilitation period as background for the planning. The strategic decision was that ILS would focus on European rather than North American markets. As a result, the entrepreneur decided not to continue the International business development programme into the last phase of launching the product into the U.S. market. There were several reasons to focus on European markets, including the geographical and cultural closeness and the existing indirect network base for European markets. Those reasons were related to the knowledge and network relationships, and their existence provided for potentially more rapid international expansion. In addition, the infrastructure and technical features in European markets were similar to those in Finland, so required less technical effort in the pursuit of international business development. North American markets would have required a more committed presence which would have taken resources and therefore limited discovery of other international business opportunities. Further, neither the external facilitation programme to US markets nor the export chain to Canada had provided potential business opportunities or promising contacts.

The entrepreneur was the actor who engaged in strategic planning but the decisions about implementation of the strategic plans were negotiated with the board members. However, even though the entrepreneur was the strategic planner and also strongly influencing the decision-making, the relationships and experiences from the external facilitation period indirectly influenced the decisions (Fig. 18).

![Fig. 18. Actors involved in the strategic decision event to focus on European markets.](image)
The strategic decision grew out of the external facilitation period because of the explored knowledge base concerning European markets and the potential international contacts in them. In practice, European markets provided greater potential for business opportunities than North American markets. The internationalisation project (event 3) in particular provided many potential contacts for the firm and the firm’s existing customers were also active in European markets. That was an important reason to stay in Europe, because the entrepreneur was planning to use indirect internationalisation. Therefore the existing and potential customers and partners were indirectly significant influencers of ILS’s strategic decision.

Networking was not really present as such in the strategic planning event, despite of the interaction between the entrepreneur and the board. However, the belief demonstrated by the international business contacts enabled the decision-making. The entrepreneur’s perception of the future international opportunities was based on the experiences in international business development as well as on the network of relationships. Therefore the strategic decision-making can be seen as an outcome of external facilitation period. In addition, the decision was based on the explored knowledge that the entrepreneur gained through experience and through networking and searching. In effect, the entrepreneur exploited the knowledge that he had explored earlier. In terms of international opportunity development, the entrepreneur exploited the explored knowledge which provided the ideas and belief in the future opportunities and so led to strategic decision-making. The potential direct and indirect business relationships in European markets and the controlled internationalisation into proximate markets were seen as the international business opportunities.

Industry-specific business strategy

Developing an industry-specific business strategy can also be seen as an outcome of the external facilitation period. The external facilitation enhanced the entrepreneur’s understanding of his product, market, customers and also the requirements of internationalisation. Due to the better understanding of the firm’s markets and especially the customer segment, the entrepreneur decided to create an industry-specific customer strategy. The new business strategy was supposed to help with the global resource allocation in collaboration with partners rather than specific geographical markets. Therefore the same industry-specific strategy was adopted in domestic markets. ILS-Infosystem has a potential application for
many industries, so the entrepreneur developed a strategy based around acquiring a good reference partner in each industry with growth potential. ILS already had such reference partners in a few industries and the system had proved beneficial for the firm in terms of lending legitimacy and saving marketing resources. It was also considered that the new business strategy might provide rapid access to relevant networks.

The entrepreneur was the key actor in developing the new business strategy. The main influencer was the existing customer base which acted as the starting point for the development of an industry-specific business strategy. In addition, the entrepreneur explored knowledge for the purposes of strategy development in interaction with various industry experts during the external facilitation period. However, the influence on the actual business strategy development was indirect (Fig. 19).

Fig. 19. Actors in the industry-specific business strategy development event.

The development of the business strategy was conducted without strong network interaction although social relationships in particular did spur the entrepreneur on in business development, and therefore in strategy development as well. The belief in the mediating power of the existing relationships was the underlying driver for the industry-specific strategy. Previous experience convinced the entrepreneur of the power of relationships especially in terms of providing a network insider position. Similarly to the market strategy decision (event 5), the explored knowledge from previous experience, networking and searching activities in the external facilitation period provided a basis for business strategy development. An outcome of the external facilitation was the international opportunity to crystallize the firm’s internal processes and another was to develop the firm’s expertise in specific industries. That had an influence on resource allocation, which was important in a small firm that already had most of its resources allocated to its domestic markets. The new strategy also emphasised the indirect internationalisation strategy as ILS decided to use partners as industry experts in international markets. The strategy development was based on beliefs
about the future in terms of international business opportunity development and on the existing customer base and positive experiences. That is, the entrepreneur exploited knowledge to explore potential international opportunities from the point of view of strategy development.

Rebranding

In 2009, the firm changed its visual look and name in line with the firm’s flagship product, ILS-Infosystem. However, the process of rebranding and renaming the whole firm had deeper roots. In 2005, after intensive product development, ILS intranet and extranet channel-products were introduced and in 2006 ILS was registered as a brand name in Finland and two years later in Europe. It is worth noting that ILS was registered as a brand name during the same period when the entrepreneur started to think about the international business opportunities. However, it was not the first time the firm engaged in rebranding because in 2001 the firm changed its name simultaneously changing its visual identity. As the entrepreneur had both previous experience and an interest in visual design, he decided to take all the decisions and conduct all the activities related to rebranding alone, without professional help. Therefore networking or relationships had no direct influence on the rebranding decision or activities.

The experiential knowledge of brand development meant the entrepreneur was able to exploit the internationalisation knowledge that he explored in the external facilitation period and other international business interactions. However, the rebranding can be seen as an outcome of the external facilitation period, because it was that period that revealed the need to change the firm’s image to appear eligible for international markets. The name ILS was chosen because the marketing of ILS-Infosystem was so effective that the product name was better known than the firm itself, especially in international markets. Therefore the rebranding can be seen as a concrete learning outcome of the external facilitation projects.

The international opportunity was improved visibility and status in international markets. The new brand defined the firm’s product range by encompassing all the products under the same brand, whereas earlier the firm’s complementary products were not that clearly connected as a brand. Exploiting the experiential knowledge of brand development together with the network and experience-based internationalisation knowledge, the entrepreneur developed a new brand and explored a potential international opportunity.
5.2.4 Accelerated internationalisation in the strategic planning period

Knowledge exploitation was a prominent part of the strategic planning and therefore a great deal of knowledge was explored during the external facilitation period. In the strategic planning period the entrepreneur explored knowledge and therefore the strategic planning period was strongly influenced by the external facilitation period. The strategic decisions concerned the firm’s strategic approach towards international operations (events 5 & 6) and were therefore completed internally by the entrepreneur without any remarkable external interaction. In strategic planning decisions, the entrepreneur was the main actor in the firm. In relation to that, the entrepreneur commented in 2010 that he would like to share the responsibility in the firm to develop more determined decision-making and collaborative strategic planning, indicating a desire for an internal change in which the firm would become less entrepreneur-driven and more management team led.

In the strategic planning period there were no remarkable networking activities. However, in relation to the strategic planning the existing network of relationships had an indirect influence by providing potential network insider status which drove the potential international opportunity. Hence, the strategic planning was based on the belief in the potential benefit of the existing network. Similarly, the international opportunity was also related to the belief in the network exchange which provides the access to the relevant network as well as to the relevant knowledge.

“Our aim is that we have a good reference partner in each of these eight industries....when we have the representatives or partners, however you call them, who know the industry and who have the network in there, once we get them actively to sell and represent us, which is the thing we aim for.” (The entrepreneur of ILS 2009)

In fact, by focusing the operations on the European markets and known industries, the entrepreneur expected to gain relationship-based industry-specific knowledge of the markets. Therefore the strategic decisions (events 5 & 6) were expected to provide greater insider knowledge for the firm. However, the opportunity was still a belief in the potential business opportunity but due to the existing customer base the potential opportunity was more probable in European markets and known industries than in unknown market areas.
The rebranding event was the only strategic planning event which was visible for the external actors, but previous experience meant the entrepreneur could handle the situation without external support. The previously explored knowledge was exploited in the strategic planning and therefore the knowledge exploration itself was not involved as an action in the strategic planning period. Therefore the knowledge exploitation in fact, is realised in the period of international opportunity exploration. The international opportunities that were explored during the strategic planning period were related to development of the firm’s internal operations. The idea was that resource allocation, when acting in domestic and international markets, was easier when the customer segments and business strategies were similar in all market areas. This was especially important because of the firm’s long history in domestic markets which could have impacted negatively on the firm’s internationalisation without a new strategy which allowed for the mobilisation of resources for international operations. Therefore, the strategic planning was international opportunity exploration through preparing the firm to exploit the potential international business opportunities of the future.

The perception of the reality and therefore of future opportunities was constructed by the entrepreneur’s previous experiences and the explored knowledge. The actions related to international opportunity exploration were first, the planning based on the entrepreneur’s beliefs about the future and ideas on the firm’s international business development. Second, the entrepreneur’s action towards international opportunity exploration was the decision-making behind the strategy. The accelerated internationalisation in the strategic planning period is shown in Fig. 20.
5.2.5 Events in the international business operations period

Joint venture in the USA

ILS’s CEO and project manager met an American consultant (2) who had a background in the high-tech business on the International business development programme. Sometime after the networking week in Silicon Valley, the consultant contacted the ILS entrepreneur and suggested establishing a joint venture in the USA. The target market was a specific fast food chain in the USA and there was also discussion of the potential of golf clubs and gyms. Following negotiations the joint venture was established between the consultant and ILS in 2008 (Fig 21). In the negotiations ILS’s lawyer provided professional advice and support for the entrepreneur in making the international joint venture contract. In addition, the project manager and
entrepreneur made decisions on business operations and goals and also conducted the negotiations with the joint venture partner (consultant 2).

[Diagram of the actors in the USA joint venture event.

**Fig. 21. The actors in the USA joint venture event.**

The responsibilities were divided so that ILS had responsibility for delivering the ILS-Infosystems and providing technical support whereas the consultant was responsible for sales and marketing. In this way, the entrepreneur accepted a different approach to doing business abroad. ILS was acting as a technology partner in the joint venture despite the aim at the beginning of internationalisation to be a high-tech service provider. However, ILS could benefit from the ILS-Infosystem obtaining a presence in the markets of the USA and in a manner that conserved resources.

Target customers were identified by the entrepreneur and project manager of ILS and the joint venture partner. However, the promotion of the ILS-Infosystem was done via networks for specific target customers and the joint venture partner was responsible for contacting potential customers. There was a delivery of a test-system for a golf-club in the USA, but that did not materialise into a contract. On the surface, the joint venture did not really succeed but the entrepreneur of ILS saw the joint venture as a learning experience. The entrepreneur had no great amount of resources invested in the joint venture and therefore felt little pressure for immediate success. He felt the development of experiential knowledge was worth the resources committed to the joint venture. The firm had the opportunity to embark on such an unsecured international action due to its existing customer base providing a stable income.

In terms of networking the role of the consultant (2) changed from one of formal external facilitation into a formal social relationship because the type of relationship changed. For the CEO of ILS, the consultant was no longer a consultant in terms of business, but a joint venture partner. The relationship was relatively strong even in the beginning because of the frequent interaction during the International business development programme. That was relatively safe...
situation for the entrepreneur of ILS in which to establish an international joint venture. In addition, the entrepreneur could adopt a relatively passive role in the joint venture because his partner had the responsibility of conducting the business in the USA.

As an active business actor, the joint venture partner was enabling ILS’s international business development. In addition, having the joint venture in the USA provided intangible benefits for the entrepreneur, such as experiential knowledge and reliability as an international businessperson. In fact the entrepreneur saw the joint venture as a reference source, even if the venture did not succeed. The knowledge development was focused on experiential learning but also learning through the networks.

The international business opportunity exploited in this event was the establishment of a joint venture in a foreign market with an indirect or passive internationalisation strategy. In practice the entrepreneur needed to make the decision to exploit the offered opportunity or not and in this way opportunity exploration had no strong part to play in this event. The low risk, presence of a trustworthy partner and the low resource investment all added up to make it an ideal international business opportunity for ILS. However, the experience itself seemed to be more important than the financial success. Establishing the joint venture was relatively easy because of the strong relationship with the joint venture partner, and the experience related to international business contract development was important for the entrepreneur.

The partnership with the golf-business enterprise

In 2007, ILS began to talk to a local start-up in the golf business and the interaction increased during the internationalisation project (event 3). The project involved ILS trying to develop international business opportunities in Sweden through the golf-business’s networks. The collaboration continued with a loose relationship and in 2009 the entrepreneurs of the firms developed a loosely structured partnership in which the golf business adopted the ILS-Infosystem as an add-on product for their offerings. In practice, the golf business firm had rights to represent ILS-Infosystem in the golf industry across Europe. In 2010, the entrepreneurs decided to strengthen the collaboration into a partnership and the golf business partner took responsibility for sales and marketing. The partner relationship was a clear example of indirect internationalisation because ILS had a passive role in terms of international business relationship development in 2009.
In 2010 the entrepreneur of ILS took a more active role in international business development and for example visited Portugal with the golf partner to develop the business opportunities in the country’s developing golf market.

In the event, the actors were two entrepreneurs from the golf business firm, the ILS entrepreneur, the project manager of ILS who was also involved in the business negotiations owing to the management experience gained in the internationalisation programme. However, the entrepreneur of ILS was the key actor from ILS’s side. The final actor, a Finnish consultant based in Portugal, became involved in the network in 2010. In addition, the internationalisation project (event 3) had a role brokering and facilitating for both firms during the project in 2007, but in 2009 and 2010 the project had no influence on the partnership (Fig. 22).

**Fig. 22. The actors in the partnership with the golf-business partner event.**

For the entrepreneur of ILS, the golf business partner was interesting in many ways; the golf firm was actively developing its international business opportunities and had existing international networks. In addition, the products of both firms were complementary and could be sold as a fixed package to golf clubs. The entrepreneurs also got on well, partly due to a shared passion for golf. The firms were located in the same city and therefore already had indirect links and the development of frequent interaction required little effort. Consequently, in 2009 when the partnership was formalised, the relationship was already strong, informal and friendly. The relationship was stimulating, as evidenced by the greater interest and activity of the entrepreneur in 2010. The networking with the golf-business partner also provided access to a relevant network.

The partnership became stronger as the golf partner took responsibility for marketing and sales both in domestic and international markets. The strategy was that the golf partner would sell its own products and the ILS-Infosystem as an
add-on product for its customers. However, the entrepreneur of ILS became more active in following the golf business even though the sales were managed by the partner. By being actively involved the entrepreneur was able to avoid being a hardware supplier. The new strategy meant the entrepreneur was able to provide a service for the customer even if the firm was not actively selling the product. That was in line with the firm’s customer service-oriented philosophy.

The entrepreneur of ILS had also relatively informal meetings with the Finnish consultant in Portugal. The entrepreneur was in Portugal with the golf-business partner on business, but the entrepreneur of ILS had only an informal relationship with the consultant from the beginning and the relationship was infrequent and therefore weak in nature. The negative side of the informal and loosely structured partnership was the difficulty of finding satisfying roles for both partners. Fortunately the partnership was flexible and tolerant which made it possible to adjust to the situation and find satisfactory roles for the business partners.

In terms of knowledge development, the entrepreneur of ILS explored knowledge by experiencing and networking. Industry specific knowledge was explored during the partnership. The golf partner and the entrepreneur of ILS were developing the business ideas and possible applications for international markets together. Consequently, ILS’s entrepreneur of was also exploiting previously explored internationalisation knowledge.

The international opportunity for ILS was the access to international markets as well as access to a specific international business network. At the beginning of the interaction in 2007, the golf business partner had a large network of business contacts in the industry, especially in the Nordic countries and that was seen as an international opportunity by the entrepreneur of ILS. Since the golf partner was active in developing its international business and the network of international relationships, the firm’s network became wider during the collaboration. As an outcome of the partnership ILS acquired a referee firm in the golf industry and also one for the indirect internationalisation strategy. A benefit for ILS was that the partnership helped to develop ILS’s international business without demanding resource commitments which ensured the firm’s domestic customer service remained stable.
5.2.6 Accelerated internationalisation in the international business operations period

The period of international business operations consists of two partner relationships occurring over a relatively long period of time in 2008 and 2010. The common features of both partnerships are ILS’s indirect internationalisation strategy and the passive exploitation by the entrepreneur and other parties of the international opportunity. In practice, the partners were actively developing the international business opportunity and ILS was responding to the partners’ activity, but not actively driving the collaborative international business opportunity. However, in the golf-business partnership, ILS’s entrepreneur started to interact more in pursuit of the collaborative international opportunity after the roles in the partnership were formalised.

There are several reasons for the lack of international business activity after the external facilitation period. First, the entrepreneur was the central networker for international business development and he was also the actor with the wide business network that could influence the international business development. In 2008, personal events led to the entrepreneur reducing his level of business activity. At the same time, the external facilitation period had a very positive impact on firm’s domestic business, due to the new business related knowledge that had been exploited to improve the firm’s business performance. As a result, the positive flow in domestic markets drew a lot of resources from the small firm and the developing international business received less attention. In addition, staff changes brought increased responsibility for the project manager, who could then not devote as much effort to searching and developing knowledge for international business development.

Networking in the international operations period was specifically focused on relationship development with the business partners, but in the case of international partnerships, the entrepreneur was less active both in terms of relationship development and international opportunity exploitation. Compared to the Finnish partnership, partnership development was more active even if the strategy to internationalise indirectly by accepting the role of subcontractor was relatively similar in both cases. The activity was seen in the relationship development and the interaction frequency, but the role of ILS’s entrepreneur was relatively passive, as it had been in the international partnership in the international opportunity exploitation.
“In practice, we don’t have our own sales to the golf industry network at all, but our partner is representing us in there. They are selling their own products and as an extension for that or as an embedded entity they are selling our product to the industry” (Project manager of ILS 2010)

A prominent feature of the Finnish partnership is that ILS’s involvement changed during the relationship. In 2009, the partnership was based on a loosely structured partnership frame with the partner’s permission to represent ILS-Infosystem in European markets, whereas in 2010 the partnership became closer and the entrepreneur of ILS started to take a more active role in the international interaction and also in the exploration of potential international opportunities. There might be two reasons for the change, the clarification of the partnership roles and the increased industry-specific knowledge base which increased the entrepreneur’s options for international business opportunity exploration in the specific industry. Accordingly, the networking with the business partners both brought about international business opportunities and motivated entrepreneurial exploitation of international business opportunities.

Learning during the period happened through experiencing and networking to develop knowledge of the industry and internationalisation. The experiential learning is present in the period, because of moving from the exploration of international opportunities into the exploitation of international opportunities, in practical terms, the start of international business operations. It is notable that the entrepreneur was willing to gain experiential knowledge of the international business operations even without having any guarantee of their success:

"The USA-case, I don’t believe that it will be a success, not with this strategy. Anyway it is there in our background. It is kind of seen and done and we can say that we have a customer case in there. I think the worst case would be if we would have nothing.” (The entrepreneur of ILS)

Therefore the important outcome of the partnership was seen as the value of the partnership as a reference and the opportunity to learn. The presence in the international market and the opportunity to access an international network were seen as more important than the financial and commercial success in the international markets. Therefore the entrepreneur was willing to experiment in international opportunity exploitation, again, without the guarantee of the success:

“We can go and check if it will fly, but we don’t stick on that. We don’t even want to make specific decisions (of exploiting the international opportunity),
because we’ll go to see the market. On the other hand, the fact that our partner in there is making market research and take seriously that market, is good news for us.” (The entrepreneur of ILS 2010)

However, ILS had a stable income from its domestic business and so the international business development would only complement the existing business. Thus, the growth of the business was not the main aim of the entrepreneur, but he did want to do meaningful business with people with a similar attitude to his own:

“Anyway, it's all about the friendly spirit of happening and that you know people and you find people with the same type of attitude and then you start to do the business together. In the end it is the feeling and the good luck that counts.” (The entrepreneur of ILS 2007)

Therefore the experiments were also related to the personal chemistry with the business partner. In that way, the frequent interaction and the similar interests increased the strength of the Finnish partnership, but with the international partnership such a connection did not exist.

The international operations period was the first attempt at exploiting international opportunities. However, the international opportunity was merely related to getting access to the international network and especially into the relevant industry network. In addition, having a reference customer was an important opportunity for ILS, because the new industry-specific strategy (event 6) was based on having reference customers in each target industry. The reference customer was seen as the access to insider status in the network because it brings reliability in the market. In addition, the indirect internationalisation was seen as an opportunity which was also in line with ILS’s business strategy. Indirect internationalisation was a tool for controlling the risk and the resources committed to international business development. The approach did however also make it possible to experiment in international markets without the guarantee of success being a prerequisite. (Fig. 23)
The indirect internationalisation provided a perfect view of the international business actions, but with only low risk and low responsibility associated with it. Therefore the indirect internationalisation strategy was not only resource economical, but also a workable method to gain experiential knowledge. Moreover, through the trusted partner relationships the entrepreneur gained experiential knowledge together with the opportunity for accelerated internationalisation. Therefore the internationalisation was not targeted at the geographically or culturally closest market, nor at the most attractive market nor the lead technological market, but at the markets that the business partner selected.

The international opportunity was strongly related to the belief in the power of relationships as a source for relevant network and knowledge. Related to that, was the entrepreneur’s tendency to explore the potential international opportunities, such as getting ideas and having visions of the future. Especially in interaction. However, the active exploitation of knowledge and relationships to progress towards international opportunity exploitation was relatively passive.
Therefore the next step in accelerated internationalisation should be the active exploitation of the explored opportunities.

The following summarises the ILS’s international business development process. ILS had a strong customer base in the web-based business and a long history in its domestic market. As a result, its international business development was periodic, meaning that the entrepreneur and the project manager focused on developing activities specifically related to internationalisation at various times. However, in each period, such as the external facilitation period, there were several overlapping events happening at the same time. There were two reasons for the periodic international business development, the lack of international business experience, which demanded learning time and the demands of the existing customer base and existing stable business.

In general, in can be said that ILS’s international business actions changed during the accelerated internationalisation periods. That was due to the lack of international experience and knowledge in the beginning. However, the most significant change happened when the entrepreneur developed an internationalisation strategy. That led the firm to be more active and independent in its international business interactions. Another significant change was in 2010, when the entrepreneur took a more active role in the partnership to explore and exploit the international business opportunities. In conclusion, it can be said that the accelerated internationalisation in the case of ILS was strongly related to its network and relationship-based international opportunity development strategy. Therefore, the international opportunities are closely connected on the relevant relationship development, and only after that, explicitly with business development.

5.3 Introducing the new international venture

INV is a company established by an entrepreneur (now its Managing Director) in 2004 after working for almost 20 years in the mobile phone and mobile devices industry. His former employer went bankrupt, triggering his decision to form his own company. The entrepreneur had a strong background in the mobile phone industry having worked in various positions at different levels of product development from coding to programme manager. That previous experience provided him with a good understanding of the R&D process and its difficulties and also the existing network of potential customers, partners and subcontractors.
The business idea related to enhancing the R&D of mobile devices. From experience the entrepreneur knew that the early phase of R&D demands a large resource investment and is the most risky. The insecurity leads to unpredictability which may extend the R&D processes. The entrepreneur saw the challenge as an opportunity and started to build on an idea of standardized but modifiable platforms for product testing. While developing the technological idea of the product he also developed a vision of how he could develop a business opportunity from technology subcontracting to global product businesses. The business development strategy was to grow and develop its product stepwise through customer projects and externally-funded projects to provide good cash flow and minimise risk. Therefore the company started from a consulting base, and ended up doing subcontracting and product development projects and then finally had its own product and managed its own product sales.

Following the plan, in 2004, INV was a one-man company and the entrepreneur offered management consulting while building up the business. The beginning was easy as the first customer relationships were created through his contacts on the same day INV was established. When the idea and funding for the company were organised, he started to build a INV team from the talented and experienced people he had worked with before. That was a period of developing the firm in terms of its internal resources and competences. The existing networks of experienced people were crucial for the new company. The final step, launching its own product, was expected to be the most challenging and risky step and the most likely point when venture capital would be needed. However, according to the entrepreneur the firm would be more independent and in a less risky position with its own product than when subcontracting for one or a few big customers.

It should be noted that the entrepreneur did not make an intentional decision to internationalise because the product was global by its very nature, the customer base was international and the network of technology partners and subcontractors were international players as well. The global mind-set was self-evident for the company and all the business actions had an international slant, even though the core team was made up mainly of Finns who the entrepreneur knew to be talented and capable specialists in the field located in Oulu. His professional network and the key team was important, both in Finland and in international markets, when managing external resources for the projects, recruiting new people, getting customers as well as acting as a reference for the company. The development of
INV’s business from the early years to 2010 has been illustrated as a continuum over time in Figure 24.
5.4 The international new venture's international business development

The entrepreneur had a clear vision of the type of business the firm aimed to do, but the path to the goal and which segment or niche it would occupy were not clear. Therefore goal-oriented international business development was important and keeping the firm active was central for its international business development. The network highlighted in the events is mostly a social professional network, because the entrepreneur or the chairman of the board had existing relationships with the network actors. The history of the relationship made it trustworthy, but it is mostly based on expertise rather than friendship.

As a relatively independent actor with experiential knowledge and existing professional networks, INV’s relationship development is not a central element in its international business development. The business activities are embedded in the network but the firm’s actions taken towards international opportunity development are the drivers for the events. Therefore the events are considered as a set of network embedded business development actions. There are specific actors involved in the events who act to develop international business opportunities and each event has an outcome which influences the firm’s subsequent international business development. The outcome and actions are the basis for the forthcoming events, actions and outcomes, therefore the events together create the process of international business development. In INV’s accelerated international business development, during 2007–2010, eight different events can be identified. The events are chosen based on the impact on international business development during the data collection period. However, the firm has had smaller customer projects as well to guarantee cash flow, but they did not have an important impact on the firm’s international business development. The figure below presents the events on a time line and below that a more detailed event by event description is provided (Fig. 25). The events have a specific point of time in the time line, but in practice the customer cases and projects are long standing. Accordingly, the starting phase has been specified as an event.
INV’s international business development contains specific periods related to the firm’s business development strategy. The periods are consultation, projects (including subcontracting) and development of its own product. However, only the project and INV product periods were continuous during the accelerated internationalisation process and consultation was used only to enable the business development by ensuring good cash flow. It is notable that in each period there is a relatively similar cycle of events, customer project(s), product development and external facilitation (Fig. 26). These can be seen as intertwined events and actions which together accelerate the firm’s international business development. The strategic planning was not central to INV’s international business development because there was a general business plan and strategy that the firm followed from the beginning. Therefore it was not involved in each cycle. The roots of the periods lie in the entrepreneur’s previous experience and existing networks and provide the stability underlying uncertain situations.
Fig. 26. The international business development periods and types of events over time.

The figure illustrates two events before the data collection period because they were the basis for developing the international business opportunities as they enabled internal resource development and product development. More specifically, during those events the firm was able to build the product development team, hardware and software teams, and also the firm’s first product, known as the INV-Platform, a hardware development platform designed for wireless embedded products. The aim of the platform is to make product development easier and faster to implement. INV-Platform was the first step in developing the company’s own product and made it possible to carry out complete customer projects while developing the firm’s own consumer product.

It is worth noting in regard to networks that the firm consistently uses distributors and subcontractors and has developed contacts with them through existing knowledge and networks. Therefore an important element in the distributor network and especially in the subcontractor network is that the actors, their quality, knowhow and ability to hit deadlines are known to INV. Even though this part of the network is important for product development, it is relatively passive in terms of influencing the events of accelerated internationalisation. In practice the distributors and subcontractors are an external resource that the firm uses, but they do not influence the firm’s business actions or strategic decisions. Sections 5.4.1–5.4.4 present detailed descriptions of each event within the periods. In the descriptions the actors involved in the events are introduced alongside the relationships between the external actors and the
entrepreneur and the project manager. After each event-by-event description of the periods (5.4.1 & 5.4.3) the accelerated internationalisation during the period is described in terms of networking, learning and international opportunity development (5.4.2 & 5.4.4).

5.4.1 Events in the period of project business and product development

International business development project (International business development)

Following completion of the development of the INV-Platform product in 2007, the entrepreneur and the chairman of the board decided to participate in the International business development international business development programme. (The International business development programme is described in chapter 5.2.1 and in the events 2 and 4 because both case firms attended the same programme. The roles of the consultants and the programme representative were also described in chapter 5.2.1). The entrepreneur’s main expectation of the international business development programme was to develop new business relationships and to acquire new customer contacts. The INV-Platform product was the product that the firm wanted to launch into the international markets and because it was the firm’s first product, the entrepreneur was willing to develop the international market potential through the external facilitation programme.

INV contributed two active participants to the programme, the entrepreneur and the chairman of the board. The sales and marketing manager was also involved with the firm’s internationalisation, but not actively involved in the International business development programme. From the project’s side, there were three active consultants and the programme representative, who coordinated the meetings, kept the participants informed and encouraged them to be active in taking advantage of the programme. (Fig. 27).
During the project the relationships between the entrepreneur and the chairman of the board remained formal from the beginning of the programme. INV had an existing relationship with the representative of the programme, but the relationship was still relatively formal. During the two first phases of the International business development programme the consultants coached and did the market-potential analysis for the firm. The entrepreneur and the chairman of the board had long experience in international business and the firm had a very clear internationalisation strategy, therefore the coaching did not provide much completely new information. However, the entrepreneur emphasised the diagnostic role of the consultants since that clarified the business strategy and also give new ideas and tools to further develop their innovations commercially.

Even though the diagnostic role of facilitation was beneficial for the entrepreneur and the chairman of the board, they also faced problems in terms of communication. They felt that there was a communication gap with the consultants and finding a common understanding of INV’s product and business concept was difficult. Another challenge was that the firm’s strategy was changing (as planned) during the program from subcontracting to a complete project offering arising from the platform product. However, it was difficult to explain to the consultants and therefore the representatives of INV felt that their strategy did not fit the existing models that the consultants used. INV-Platform was not only a product, but also a service and there was a vision to develop it into
an end product as well. The misunderstandings and communication gaps frustrated INV’s representatives but also developed their communication skills, as they needed to describe the product and its market opportunities for the consultants.

In terms of knowledge exploration the representatives learned more about their own product and how to communicate its features through networking. That was in fact important because the ability to communicate on the features and benefits of the product is a central part of marketing. The challenging market potential analysis however, helped the firm with international opportunity exploration because the firm’s understanding of its own product increased. In essence, the international opportunity was the potential for new business relationships rather than knowledge development.

The USA-module in the international business development project (International business development)

The last two phases of the International business development programme were hosted in Silicon Valley, California. The phases consisted of a networking event and product launch early in 2008. The networking event was prepared by the consultants to the International business development programme and they had organised meetings with the potential venture capitalists, external facilitators, business experts and local business actors in the high-tech industry. International business development emphasised networking as one of the key capabilities in internationalisation, therefore brokering was the theme of the third phase of the programme. Networking with potential new customers and partners was also the key driver for INV and the reason why the company participated in the programme.

The entrepreneur and the chairman of the board were the key people from INV. In addition, the Finnish programme representatives were present but they did not play a major role for the entrepreneur in terms of business. The programme consultants did not play a directly important role either for the INV actors, but they were the ones organising the whole event. The INV people met potential venture capitalists, some potential customers identified through the firm’s own contacts and also the organisation which very professionally handled the launch. The other participants provided peer support by adding to the experience of the meetings and the business environment, but did not have a role in terms of business (Fig 28.)
During the event, the relationships with the other actors in terms of business were formal business relationships. However, with the other entrepreneurs and the Finnish programme representatives the relationships were more informal, but had nothing to do with INV’s business. The role of the consultants was to enable INV’s presence in the networking event and to facilitate potential new relationships.

The entrepreneur and the chairman of the board had high expectations of the networking event and were therefore disappointed in the outcome of the event in terms of potential new business contacts. The networking opportunities provided were not beneficial for the INV team and therefore they organised some of their own meetings with the potential customers. The international business development was one opportunity for developing international business and in addition to the programme, the INV entrepreneur used other external actors as well to facilitate his business. Existing professional networks were particularly important for the internationalisation as were other external facilitators like the Employment and Economic Development Centre (T&E centre) to develop the promotion material and layout of the company’s websites and other international business development projects.

The aim of the event was to provide experience of international business, but INV did not really need that due to its own international experience. In fact, the expectation of the programme representatives was that the participating firms would be participating in the networking event to explore knowledge, whereas the entrepreneur of INV expected to be able to exploit existing knowledge. However,
the product launch was a learning experience and a moment of knowledge exploration because the entrepreneur had no previous experience of that. The contact with the launching organisation came via the International business development consultants and the launch was conducted in a very professional manner. The entrepreneur was very satisfied with the launch and in that sense, the INV representatives had a chance to learn through networks during the event. For INV, the launch provided visibility and therefore later on some potential business contacts as well.

The international opportunity in this event was the belief of the potential new customers as well as the potential facilitation with the expansion into the US markets and the visibility through the launch. In that sense, INV was exploring international opportunity through the external facilitation programme.

Luxury phone customer project

In 2007 INV started negotiations with an international customer about developing a luxury phone in collaboration with a well-known brand. The contact with the international customer came about through a former colleague of the INV entrepreneur recommended INV to a customer who enquired about developing a luxury phone. The recommendation led to the customer contacting the Managing Director of INV and soon a representative of the international customer came to visit INV and negotiations started. A notable detail is that the representative happened to be a Finn. After long negotiations and a demanding process to evaluate INV’s suitability as a supplier, a contract was concluded in 2008.

The aim of the project was a collaborative product development project for the customer. The customer assembled a development group including designers from the luxury brand’s side. A UK technology house was involved with the INV in product development and the entrepreneur of the INV happened to know the technology house and its representatives beforehand. INV also got financial resources for the product development from an external facilitation programme (Tekes). As the event was a customer project, the whole team of INV was involved with the event, but the entrepreneur was the key actor in managing the project. The relationships between the business partners were formal professional and business-like despite the fact that the English firm was known to INV previously. That did not really affect doing business, but the other actor’s reputation reduced the risk of taking the project. (Fig. 29)
The beginning of the project was promising and the financial resources from the external facilitation programme provided security for INV and also helped take the INV-Platform product to a new level. In that sense the luxury phone project stimulated INV’s product development, which again provided new international opportunities in terms of business. The entrepreneur described the project as a big step towards creating INV’s own product. However, in spite of the promising beginning and the official contracts the project collapsed after only a few months. INV accepted the loss and started immediately to look for new customers. Commercially the project was not successful, but opened a new business opportunity for INV, the luxury brand niche. In addition, the firm got some more evidence that developing its own product would be possible. In that sense the event was beneficial in terms of international opportunity exploration, even though the project itself was not successful.

The luxury brand business was a new experience for the entrepreneur and the other representatives of INV, therefore it was an opportunity for knowledge exploration. The new experience also provided new contacts and, through the product development, it also provided an opportunity to engage in new activities. Therefore, the learning during the event concerned market and technology knowledge as well as the specific industry knowledge. As the sales manager stated, the luxury brand business has completely different rules from other businesses and therefore the knowledge cannot be compared to general market knowledge. The knowledge exploration was done via networking, experiencing, as well as via searching. The luxury brand business was an interesting new business opportunity and prompted the representatives of INV, especially the
marketing manager, to start the search for new information, and to write a thesis about luxury markets as part of his studies at the University of Applied Sciences.

5.4.2 Accelerated internationalisation in the project business and product development period

A distinctive feature of the project business and product development period was that INV had a clear business idea, product development strategy and clear business development strategy alongside a product development strategy. When the entrepreneur of INV established the firm, he had a clear vision of what type of product to enhance the R&D function of various mobile devices the firm would develop. He also had a vision of how the firm would develop gradually but relatively fast without incurring high risks. He stated in 2008:

“When I wrote the business plan, it based on three stage model, so subcontracting, complete customer projects and own product. Technology, sales and now we are making complete customer projects and going to the third stage. It has kind of changed a little bit, but we needed to do the plan. …from the beginning the idea was that we will not become only a traditional subcontractor.” (The entrepreneur of INV 2008)

The quote in fact describes the approach very well: INV’s approach to international business development was well planned which reduced the risk and helped predict the future. That was possible because the firm’s business was strongly related to technological development which was relatively predictable with the benefit of 20 years of experience. However, the international expansion was an opportunity that the firm needed to explore. The firm needed to develop international business contacts to be able to exploit the international business opportunities. Networking, however, as a source of international opportunity, brings unpredictability and the risk INV took on was related to exploring the potential customers. Therefore, developing and exploring new international relationships was actually international opportunity exploration in INV’s case.
During the period, INV’s relationships were mainly formal, professional or business relationships which were developed and maintained relatively purposefully to support business development. An important outcome of the project business and product development period is that the firm developed its internal resources through networking with existing professional relationships. Moreover, many of the team members knew each other beforehand due to their shared work history in a relatively small city. That was one way to control and predict the international business development.

“\textit{In practice, the team was built from old friends with whom I have been working at my previous work place. Our hardware team is pretty much the old hardware team from that firm and our software team came in when a local mobile device ODM manufacturer cut down operations in Oulu. When they fired people we hired them. ...From the software team I didn’t know everyone personally, but I had a manager who build up the software team.}”

\textit{(The entrepreneur of INV 2008)}
That was an important decision which enabled effective product development and so the international business development. The professional networks also enabled international opportunity exploitation by providing reliability and new potential business contacts.

In addition to the existing professional network the firm was also interacting with various external facilitators during the business development phase. The relationships with the external facilitators were formal relationships and interestingly, the role of facilitator was related to diagnosing and analysing the firm’s and product’s market potential. In that sense the firm had no use for knowledge transfer, which typically plays a strong role in external facilitation. The relationship between the external facilitators was formal and in general, the project type of temporary business relationships kept the relationships relatively weak despite the history between the actors. In addition, the projects kept the firm embedded in a large number of networks through various core actors.

The projects were technologically rather than sales oriented, therefore the technology and industry knowledge were the most common types of knowledge during the period. As INV had strong previous experience and relatively predictable projects in terms of product development, there was no specific knowledge exploration related to that, nor to internationalisation. When getting involved with the luxury brand project, the sales manager especially started to search out information about the specific type of industry. That was the most tangible knowledge exploration event during the period. In that process the professional contacts of the entrepreneur were useful and the sales manager was able to gain experiential knowledge through networking. In such a specific industry, the advice and shared knowledge of professional network relationships was crucial to knowledge exploration. Therefore, the learning during the event concerned market and technology knowledge as well as the specific industry knowledge. As the sales manager stated, the luxury brand business has completely different rules than other businesses and therefore the knowledge cannot be compared to general market knowledge. Thus, the knowledge exploration through existing professional relationships was central in triggering the interest in the new niche market, which in practice was an international business opportunity.

INV followed a planned strategy for product development and the controlled international business development was a necessity for the firm because it constituted almost the firm’s only business. Exploitation of international business opportunities was the driver for the actions and without international business development the firm would not have been able to exploit the opportunities.
Internationalisation itself was not important for the firm, moreover it was only a natural way of doing business due to the nature of the product and also due to the strong international business experience of the key actors in the firm. However, the previous experience was specifically related to technological development rather than business relationship development, therefore the development of international relationships was seen as a challenge. It in fact was also the international business opportunity that the firm was exploring. Therefore the international opportunity was the belief of the potential new customers, which in fact was the reason why the luxury brand niche was an interesting business opportunity for the firm. In addition to the smaller manufacturing volumes in the luxury business the number of potential customers and partners was limited and also relatively easily available due to the visibility of the brands.

5.4.3 Events in the period of own product development

The events in the period are strongly intertwined with each other and therefore some events in the period are described simultaneously to avoid repetition.

The product development project (Tekes) and Focusing on the luxury brand niche

After getting the contract with the luxury phone customer, INV applied for funding for the product development from an external facilitation programme (Tekes). When the firm gained the funding the luxury brand project collapsed and INV needed to find another customer so that they could complete the planned product development. The INV team had seen a business opportunity in the luxury mobile phone niche. However, the opportunity caused a change in INV’s strategic plans. Although the firm had a clear business development strategy running from consulting to sales of its own product, there was no plan of how to take the step from subcontracting to marketing its own product. It was self-evident that the step would be challenging, but how and in which markets to take the step was not clear from the outset.

After the project collapsed, the entrepreneur decided to develop INV’s own product and find a customer with a fitting need for it. In practice, during the externally facilitated product development project, the firm developed its first product for end users, INV-Alpha. The luxury mobile phone niche suited INV perfectly. The firm had needed expertise and networks, the small volumes would
not interest big mobile phone manufacturers but small volumes suited INV and in the niche the revenue was expected to be better than in bulk manufacturing. However, the new strategy needed some planning and also external support.

The project was demanding, because the whole INV product development team was involved. In addition, the firm used various subcontractors in product development and the Tekes external facilitation programme was the important driver in this area. Representatives of INV had discussions with consultants, export chains and other external facilitation providers about the development of its own brand as well as developing the luxury phone niche strategy. For a small firm developing its own brand and at the same time developing its own mobile phone product was a great challenge. Despite its previous experience in the mobile phone business INV, faced a new challenge when starting the brand development because previously the firm had focused on technology development. Therefore, INV moved from being a firm that was used to acting independently to being one that utilised external sources of knowledge and advice. Naturally the external facilitation programme for product development was also indirectly involved in strategy planning as well. All the relationships were formal professional or business relationships. (Fig. 31)

The core team of the entrepreneur, the sales manager, the chairman of the board and the head of hardware refined the product development strategy and started to develop the brand (event 5) along with the product. INV decided to develop its
own product and own brand but to focus merely on co-branding with known high profile brands. In terms of networking, INV started to contact potential luxury brand customers from different fields, such as car manufacturers, watch manufacturers and sports teams, all of them high profile brands. That was a way of finding potential customers (i.e. to explore the international opportunity) but also a way of learning the customer needs in the niche. The situation was new for INV as it had to actively network in order to develop knowledge and also actively to search and explore it. Despite the new type of dependency, the relationships remained formal. However, the network was much wider than in less demanding international business development events.

Knowledge exploration was strongly present in the events and the sales manager and the entrepreneur especially were networking and collaborating to explore industry-specific knowledge of luxury markets. The firm did a lot of work to find proper brands which would be modern enough to be interested in co-branding a mobile phone. In this, the firm used the existing professional network of the well-known mobile telephony provider’s previous brand managers as consultants. The firm also used universities as a source of knowledge and ideas. For example the sales and marketing manager wrote a Master’s thesis about luxury brands, a group of business school students conducted market research related to the luxury brand and also the art and design faculty ran a project on luxury phone design for INV.

The external facilitation programme and development of its own product had a significant influence on INV’s international business development. Therefore the event is intertwined with the following events during the own product period. The outcome of the external facilitation programme was the firm’s own product, own brand, new niche market and successful customer case(s). Therefore, the programme was very effective and successful in terms of international business development. In fact, the programme can be seen as a starting point for a new era in INV’s business strategy, the era of marketing its own product. In these events, the international opportunity was partly related to the firm’s own product development which changed the firm’s status in the network and also changed the business in which it was embedded. On the other hand the international opportunity was related to the new business strategy of focusing on the luxury brand niche, which was expected to be perfectly suited to the firm’s capabilities. In addition, the international opportunity was again related to finding an international customer.
INV deciding to develop its own product was related to the collapse of the luxury phone product venture and the strategic decision to focus on the luxury mobile phone niche. INV had funding for product development, but needed a new customer case. After searching and negotiating with various potential high class customers, the firm found a world famous football team interested in a co-branding project. Finding the customer partners was not easy, because INV had a clear vision of what type of organisation the customer should be and of the co-branding strategy INV could pursue. Moreover, INV was a new firm without the strong credibility that results from a long history. Fortunately the customer and INV had similar interests and the co-branding project started in 2008 and was completed in 2009.

International business development also caused changes inside the firm. The new situation stirred up the need to share responsibility more explicitly inside the firm. The sales and marketing manager and chairman assumed responsibility for customer relationships as well as sales and marketing as they both had expertise in that area and moreover the chairman of the board was living in the USA and able to handle the potential network there. The sales and marketing manager was a native English speaker and so had an advantage in developing international contacts. The entrepreneur was responsible for the general management of the firm and external representation. He was also involved in the major projects but mainly specialised in the R&D side. The central actors in the event were the core team of the firm, the University design project and the professional relationships with the consultants from the luxury brand business similarly as in the product development event (Fig 31).

The need to expand the network arose from INV’s decision to develop its own product and brand. In addition to various external facilitators, the firm started actively to search for venture capitalists as well. That was big decision for the firm and also set the specific requirements for the success of the firm’s customer cases with the new product. The firm faced many new challenges and changes in their business and needed to adjust the strategy and resources to the new situation. INV needed to find solutions for many new business related issues that had not been addressed in the previous business strategy period. The firm needed to decide for example how to develop distribution channels and logistics chains for the products. In addition, the firm needed to create a complete mobile phone from scratch with the technological and visual design. However, although developing
the INV mobile phone product was demanding, the entrepreneur was more concerned about the marketing and sales related issues. That, however, was the most unknown area for the firm.

The network relationships became stronger as the firm faced new and ever more insecure situations. Earlier INV had been a relatively independent actor with a strong technology focus, whereas now the firm needed to emphasise brand development instead of technological expertise. Therefore the actors of the firm became more dependent on external advice, knowledge and resources. In addition, there was not such a strong existing professional set of network relationships available. However, even as the relevance of the existing network decreased there were still some valuable contacts available, and the entrepreneur’s former colleagues with high end mobile phone business experience became important sources of knowledge and facilitators. Also the responsibility for relationship development was given over solely to the sales manager.

The relationship with the sports team customer was formal and its role was to facilitate the brand and product development, but also to cultivate a reference customer. The collaboration with the sports team also provided the visibility needed by INV and the collaboration was noticed by many sports and IT magazines.

The knowledge that was explored during the international opportunity exploitation related to the customer and the luxury brand industry. Mainly the knowledge was explored through searching and networking, but also by experience. The international opportunity was the development of the company’s own brand and finding a suitable customer to collaborate with on product development. In addition, the new niche market strategy was a potential business opportunity. The changed situation stimulated the firm, because unlike in previous events, the international opportunity exploitation was related to the actions of developing, exploring and focusing on the international opportunities. In that sense the core team was responsible for developing the international opportunities.

8) External facilitation and export chain projects

After facing such a huge change in business strategy and developing completely new international business opportunities, the firm faced the need for external facilitation to find the proper markets as well as to find new customers. Therefore the firm used various actors and organisations to develop market knowledge and to share knowledge of the potential customers and markets. After deciding to
focus on the luxury brand market, the entrepreneurial team had taken a step into an unknown market area and therefore the firm had need of access to a relevant network. Technologically the firm was capable of acting in the business, but the lack of contacts in the network was the new challenge that the firm faced after having such a strong network in the wider mobile technology industry. In practice, technologically the firm was still in the mobile phone business, but the international opportunity was now more strongly related to the brand. Therefore the relevant network had changed and the external facilitation seemed likely to be able to help in getting the access into the network.

The firm participated to some relatively low scale export chains and external facilitation programmes to acquire contact with consultants who were the source of knowledge. However, the main idea was to get customer contacts either directly through the programmes or indirectly. The sales manager and the entrepreneur were involved in the external facilitation programmes, but were relatively inactive, as their purpose was merely to establish a presence in the external facilitation network to gain knowledge and potential contacts. Their relationships with the external facilitators were loosely structured and weak, due to the low intensity of the entrepreneur’s and sales manager’s involvement in the programmes.

The firm had various contacts and was involved in a few programmes, for example in the markets of Russia, United Arab Emirates and France. However, the entrepreneur was not satisfied with the end result of the programmes as there was no real aim of offering brokering and networking. Therefore, it can be said that for INV the external facilitation programmes have provided mainly knowledge and diagnostic services, but not really customer or business partner relationships. Neither was the knowledge specifically targeted at the luxury brand business. However, the belief in the international opportunity revolved around the potential contacts with the new customers and partners.

5.4.4 Accelerated internationalisation in the period of own product

The difference in the second period compared to the first was the complete change in the nature of the business. The firm’s strategy, business and relevant network changed, which caused high uncertainty and therefore higher dependency on the other actors, and consequently relationship development, knowledge development and international opportunity development became more complicated. (Fig. 33)
Fig. 32. Accelerated internationalisation in the period of INV’s own product development.

The network of INV expanded during the development of its own product and its brand development period because the firm needed a different type of knowledge to explore and exploit the international opportunity. Further, the access into the relevant network changed and therefore the firm needed to try to develop new relationships and new networks. In fact, after the strategic decision to focus on luxury brand markets, the firm needed to develop its visibility, reliability, knowledge and access to the relevant relationships through the networks. Networking was the method to attain those goals in an accelerated manner.

The firm developed many types of relationships during the period, such as social relationships with business partners and customers, a relationship with the academic institution through a collaborative design project as well as smaller research projects related to the luxury brand business. However, existing professional relationships centred around previous experience of mobile phone development in luxury markets were key. Finally the external facilitators were involved, but merely as a resource provider and enabler of the product development. In fact, the professional relationships facilitated INV’s entry to
highly specialised markets. Due to the dependency, existing relationship and the frequent interaction, the relationship between the luxury brand specialists and the entrepreneur and the sales manager became strong.

There was a strong need for knowledge development during the period but due to the previous experience in international business and in the mobile business industry, the need for the knowledge was very specific. The firm notably explored industry-specific knowledge through networks to develop its luxury brand entry strategy. In addition, because of the nature of the luxury brand business, the firm faced the need for customer specific knowledge as well. A peculiarity of the luxury brand niche was that the required knowledge was more detailed and specific in nature, whereas typically in the mobile phone business the necessary knowledge is more general. However, by this stage, INV was no longer just in the mobile phone business, but in the luxury brand business – even if the product was a mobile phone.

The remarkable change in international opportunity was also that the opportunity was more focused. Therefore acting towards the opportunity development was easier because the international opportunity was clearly narrowed. That is why the opportunity was merely describing activity rather than being a passive entity. Therefore, the international opportunity was guiding the international opportunity exploitation. In particular, the decision to focus on the luxury brand business affected the firm’s performance. Despite having international projects since 2006, in terms of the luxury brand business, INV in 2009 was still just starting out, lacking experience, existing networks and a clear vision of how the business would develop.

In a new situation and new markets the firm needed to find new ways to develop the new business, quickly establish it in new international networks and accelerate knowledge development. Developing relationships with the owners of luxury brands required strategic planning to find the most appropriate combination of a high profile brand and a brand owner interested in the concept of co-branding a luxury phone. The entrepreneur, the chairman of the board and the sales manager needed to think about the end user segment, the target brand profile and the luxury brand business logic rather than technological implementation, which was a huge change from the situation in the past. The sales manager, unencumbered by mobile phone R&D technology baggage, took the bulk of the responsibility for contacting the prospective high-profile brand partners. In fact, the new luxury brand relationships were developed from the
beginning through frequent interaction with prospects. Hence the new business strategy had an influence on how the firm approached the business:

“Luxury marketing is very, very different to normal marketing, it breaks a lot of rules and it’s quite different...I think that has changed how we approach the market a lot and the way we approach selling this.” (Sales Manager of INV 2010)

We can observe that the formerly technology-intensive firm changed the business environment it operated in and made its business strategy more marketing-oriented. In this business environment the technology was not as prominent as the design and image.

The international business development process of an international new venture can be summarised as follows. INV had extensive experience in the industry gained from the production of mobile devices and from the international markets. The previous experience in addition to its existing network base and a relatively clear strategy development structure made it an independent actor in the market. As a result the international business development was a cyclical process, in terms of the intertwined, continuous international business development periods over time. The periods had a clear structure of having product to promote or to develop, a customer case and external facilitation project providing financial and knowledge resources. The events were happening at the same time, but each event had its own focus and core issue which developed the firm’s international business. The process can be seen as cyclical with relatively quick cycles because of the existing knowledge and network.

In general, the INV’s international business actions changed during the accelerated internationalisation periods. At first the firm was able to focus on product development and developing the firm’s growth to the point where the firm was able to produce its own hand device product. The firm had the knowledge to implement the strategic plan up to that phase and the change was merely related to internal and external resources employed during the process. The remarkable change in international business development happened after the INV’s decision to develop its own product and brand. Changing the focus of business from mobile device development to luxury brand development, the firm faced challenges because of the lack of knowledge and networks in the new business.

In conclusion, it can be said that the accelerated internationalisation in the case of INV was strongly related to its product development and the existing
knowledge-base. The firm was committed to its strategy and vision rather than the network of relationships. Therefore, the international opportunities are closely connected to market expansion and position in the markets, which are pursued through application of innovative R&D in a niche market.
6 Findings and discussion

The chapter collates the findings of the study before the final chapter of conclusions. In section 2.3 the four determinants of internationalisation were discussed. These determinants, processuality, knowledge, networks and business opportunity, were based on the internationalisation process research (Uppsala model) and INV research. In this study these determinants are scrutinised in relation to accelerated internationalisation. More specifically, processuality was nominated to be the nature of the phenomenon, whereas the other determinants namely networking, learning and international opportunity development were examined as entrepreneur actions. Below, the empirical findings of the processuality in accelerated internationalisation are discussed.

In this chapter the empirical findings of the study are summarised and discussed with a comparative cross-case analysis. The analysis is discussed as a dialogue between the empirical findings and theoretical background of the study. There follows a description of the determinants of the internationalisation of an entrepreneur-driven firm based on a discussion of the processuality and the development of entrepreneurial actions during an accelerated internationalisation process. A discussion of the ways in which entrepreneurial actions in accelerated internationalisation are interrelated concludes the cross-case analysis. Finally the accelerated internationalisation process through the interlinked entrepreneurial actions is discussed to fulfil the objective of the study.

6.1 Processuality in the accelerated internationalisation process

The presence of uncertainty was central to accelerated internationalisation because when developing the firm’s role in the international economy, the entrepreneur has to seek out areas to exploit for international business development that were previously undiscovered. Uncertainty therefore relates to an entrepreneurs’ perception of the reality and to the beliefs about and ideas on the international opportunity development. These lead to actions to explore and exploit international opportunities. Uncertainty may be lowered and risk reduced by acting to make the unknown known, in practice, by developing relevant knowledge and relationships or by exploiting and maintaining those in place (see e.g. Johanson & Vahlne 1977, 2003, 2009, Oviatt & McDougall 1994 2005, Coviello & Munro 1995, Coviello & McAuley 1999, Figueira de Lemos, Johanson & Vahlne 2011). It can be observed that the accelerated
internationalisation process is hindered by uncertainty combined with a lack of knowledge, resources and networks. Therefore by accelerating the actions of developing international business and lowering the uncertainty, the internationalisation process can be accelerated.

The uncertainty and risk elements of internationalisation are closely related (see e.g. Miller 1992, Shrader et al. 2000, Figueira de Lemos et al. 2011) and the internationalisation processes are different, partly because of the differences in the perceived risk. The entrepreneurs aim to progress internationalisation in an accelerated manner by balancing risk management and international opportunity development. Therefore the aim of reducing uncertainty influences the internationalisation process. According to the empirical analysis, the uncertainty related to different things in ILS firms than it did in INVs.

In the case of ILS the uncertainty was around changes to the existing business situation. The strong network position and the existing customer base in the domestic markets strongly opposed international business development commenced without advantages. Consequently, the entrepreneur faced a new business situation in which he was disadvantaged, while at the same time needing to secure the domestic business without having more resources to deploy. Therefore the risk not only related to the success of the international business but also to the domestic business – where the market position also required development. Its existing domestic business meant the firm was not dependent on international business development, but the firm needed to weigh whether to deploy its scarce resources on internationalisation or domestic business development. To reduce uncertainty, the entrepreneur from ILS developed friend-type relationships and those relationships supported the international business development. The ILS was committed to the relationships and therefore the firm was open to ideas and business opportunities originating from the other network actors. Furthermore, the uncertainty was reduced by low resource commitment and an indirect internationalisation strategy.

In the case of INV the uncertainty was related to its dependence on a few projects and customers, because the new firm had no stable customer base despite its existing business networks. The risk was mainly related on the financial issues which were connected to the success of the customer projects as well as the process of developing its own product. The INV was also acting in an international business environment without home market benefits or an existing business to reduce the risk. To reduce the uncertainty, the INV committed itself to orienting its business strategy towards influencing the decisions, choices,
reactions and actions taken to progress the development of the international opportunity. A different aspect of the issue was that it was the uncertainty that was driving the international opportunity development process in an intensive manner. In a crisis situation an INV needs to develop new business opportunities due to its vulnerability, and that makes the internationalisation process dynamic.

The study of the case firm revealed the presence of processuality in different forms (Fig. 34). First of all, in the case of the ILS firm, processuality was periodic, manifesting in the sequential business development periods over time. In contrast to that the INV’s process was cyclical, meaning there were intertwined, continuous international business development periods over time. In both cases the firms followed the idea of Johanson and Vahlne (1977, 2009) that internationalisation is a process of adjusting the business operations to the new international environment.

Adjustment in the case of ILS required more time than in the case of INV because of the learning process, therefore the process of accelerated internationalisation was a set of sequential periods rather than an ongoing cycle of intertwined business development periods. Furthermore, the case firms revealed that adaptation to a new international environment may change the focus of the entrepreneur’s actions, which in turn may cause the process to become periodic. The actions consisted of networking, learning and international opportunity development, but the object of the action progressing accelerated internationalisation changed alongside the development of the international business environment. Related to that, I would argue that the entrepreneur and the entrepreneurial team either in an ILS or in an INV should recognise the change in the context which causes the change in the appropriateness of the existing knowledge, experience and relationships. The changes influence the perceived uncertainty and also the process of internationalisation. By understanding the requirements of the new international business environment an entrepreneur can be prepared for the intensive knowledge and network development, and is able to adapt to a new international environment. Therefore, understanding the processual nature of international business development provides a basis for researching the accelerated internationalisation of entrepreneur-driven firms.

A result was that the international business development process in the case of the ILS was periodic, because maintaining a domestic business and adopting international business capabilities takes resources. That made the process of accelerated internationalisation a set of sequential intensive periods of international business development. Whereas in the case of the INV the process of
accelerated internationalisation was cyclical, involving a continuous set of relatively short cycles for international business development. Typically a cycle of international business development encompasses a customer project, an external facilitation project and an internal product or strategy development project. The cyclicality is a result of the INVs dependence on international business. An advantage of a firm being solely focused on international business is that it may allocate its full pool of resources to international business development. Thus, the background of the entrepreneur and the firm influences the structure and progress of the internationalisation process. The differences in the processes of the ILS and INV can be seen through comparison of Figure 12 and Figure 26.
Fig. 33. The processes of international opportunity development, networking and learning for accelerated internationalisation.
6.2 The development of the entrepreneurial actions during accelerated internationalisation process

The starting point for the analysis was the participation of the case firms in an international business development programme. Both firms started the accelerated internationalisation process by intensively targeting international business development. The event-based description of the case firms’ progress (chapter 5) revealed not only the specific type of processuality of an ILS and an INV, but also the development of the entrepreneurial actions during the accelerated internationalisation process. In the following sub-chapters the development of networking, learning and international opportunity development are analysed and compared between the cases. The comparison is intended to provide an understanding of accelerated internationalisation as pursued by two different types of firms, namely ILS and INV types. The cases were selected to demonstrate meaningful differences using theoretical descriptions of internationalising firms. The background of the entrepreneurs and the firms’ histories were used as the key selection criteria. At the end of the analysis, the development of the entrepreneurial actions is summarised in table 6.

6.2.1 Networking

Networking was one central element emphasised in the external facilitation programme and was also integral to both firms internationalisation process. However, there were differences between the firms in terms of networking activity as well as the manner and object of networking. The INV had a wide network of professional relationships, business relationships and external facilitators. However, the relationships with those wide networks were loosely structured, whereas the ILS emphasised the strength of the relationship and therefore frequently interacted with both customers and potential partners. For the entrepreneur of INV, work history meant the network was an existing resource:

Well, I had a relatively wide network when I worked in the global telecommunication company....actually enormous because I worked in the company during its strongest growth [period] and I knew pretty much all sites on the global scale. (The entrepreneur of INV 2010)

The entrepreneur of INV did not need to develop a network at the beginning of international operations and therefore the importance networking was not
emphasised. In the case of the ILS the importance of networking and relationships were emphasised throughout the process. In fact, networking was seen as a natural way of doing business but also the lack of an existing international network demanded active network development from the ILS:

*We are a small firm and we've been operating for over a decade and all the time the networks take about 60% of my time. We are operating through networks all the time, for us it’s not reasonable to think about having 150 sales offices around the world.* (The entrepreneur of ILS 2007)

*The most important thing is that we’ve got to put more emphasis on developing the networks. We need to contact those people who know the markets and from each industry we need to find the best people and the best firms.* (The entrepreneur of ILS 2010)

In the following sections the development of the network structures during the process as well as the development of the interaction in networks will be analysed.

### Development of the network structures

The event-based analysis with the network pictures describes the different structures during the events. In the case of ILS there can be seen two clear sets of structures 1) external facilitation projects and 2) the international business operations projects. The planned content of a project and therefore the fixed period of the relationship provided a relatively clear network structure, especially, for example, in the international business development events. But when the outcome of the networking activity was open-ended the structure of the network tended to become more scattered with various actors involved. An example of such a situation can be found in event 3, in which the aim was to develop relationships with foreign parties.

For the INV, the beginning of the process was marked by network structures that were more complex and a web of reciprocal network actors. Also the network was international from the beginning and the geographical location itself had no significant influence. The relevant actors were contacted if the aim of the event so required.

At the beginning of the process, the ILS had expectations of the events that mainly related to the acquisition of knowledge and the development of capabilities. Therefore the expectations of the business operations were lower
they were for the INV, in which the main expectation was to gain new customers and to facilitate the development of the market position in the international arena. Because the expectation was to do business, the network was made up of a complex set of network actors. The number of different actors was higher than it had been with the clearly defined outcome expectation in the first event of the international business development programme. A common factor for both firms was that the consultants and the external facilitation organisations had a relatively strong presence in the networks.

In the latter stages of the internationalisation process the network structures of the ILS became more complex. The network relationships were not only between individuals but the individuals representing an organisation. Also the role of consultants and the external facilitation organisation declined in importance. The aim was to develop the international business through the existing relationships and therefore the structure of the network contained more links between the network actors. The network grew to be closer to a web of relationships.

The aim of the networking in the latter phase of the international business development in the case of INV was connected to knowledge development and getting into a new business area. The aim was not to do business operations as such but to develop knowledge and understanding of the specific area of business, and that simplified the complex network web into a set of relationships. Therefore the actors in the network were mostly specialist knowledge providers, such as universities, consultants and external facilitation organisations.

To conclude this review of the change in network structure, it can be stated that the expectations and aims of the networking action influence the kind of network structure resulting – be it a set of network relationships or a web of reciprocal network relationships. The latter option is more likely when the aim is to have actual business operations with customer relationship development. In that type of situation the roles of the network actors are related on enabling the international business development as well as activating and motivating the entrepreneur. When the aim is to develop knowledge and understanding of a specific theme the network structure is likely to be a more simple set of network relationships. Then the network actors are likely to be knowledge specialists rather than business partners with roles mainly concerned with facilitating and mediating knowledge or resource development and in diagnosing the current situation and evaluating future opportunities.
Development of interaction in networks

The interaction in networks developed during the accelerated internationalisation. There were two central elements in interaction which influenced the development: 1) the formality or informality of the relationships was an element highlighted by Johannisson (1987). Basically, in this study the formality was present in business relationships if the relationship had a contractual basis. Nevertheless, the frequency of the relationships moved them in a more informal direction, as did social connections underlying the relationships. 2) The behaviour and character of an entrepreneur influence the development of the interaction in business relationships. In this study the entrepreneur of the ILS had a tendency to create friend-type relationships, whereas the entrepreneur of the INV had friendly but still business-like relationships with the network actors.

Generally, in the case of the ILS the frequency of interaction was high throughout the process higher with domestic actors than with international actors. At the beginning of the process the interaction with many external facilitators was central and after developing the international business strategy the importance of social relationships in international business development became stronger. The object of interaction during the process focused on specific types of relationships in each period. In that sense, the development of interaction can be seen as a stepwise process. That was because the firm also had the domestic business and business relationships to take care of.

At the same time the INV interacted with various network actors, such as social contacts, professionals and external facilitators, but the interaction was infrequent. In fact, the network actors were seen merely as resources rather than as the partners that the ILS cultivated. However, the type of interaction changed during the process. When the INV entered into a new business without an existing network base, the frequency of interaction and the importance of public organisations such as external facilitators and academies became stronger.

Common to both firms experience was that the formality of the relationship was more pronounced with the specialist organisations whereas with the other business partners and actors the relationships were likely to transform themselves to become more informal. That is partly due to the temporary nature of the relationship with the external facilitator, but also due to the specific tasks of the specialists from the external facilitators. Social relationships are developed voluntarily and have no defined role or tasks, nor is the relationship time-limited. An example of the change within a relationship was when the ILS
developed a joint venture with a consultant who had been a facilitator on the international business development programme. During the consulting period the relationship was relatively formal, but in the course of establishing the joint venture the relationship became more informal. In fact, even if the main aim for the ILS in the international business development programme was to develop its knowledge of international business, the entrepreneur described the joint venture and its informal relationship as a notable learning point.

One benefit of a formal relationship structure is the predictability that is often connected with it. Formal relationships have context dependent etiquette and therefore the possibility of surprises occurring is low. Related to that, the outcome of the formal relationships was related to usable resources such as knowledge, experience and new activities. In turn, the informal relationships provided network dependent qualities such as reliability, interaction, network position but also new ideas and relationships. The formality and informality of relationships were also related to the length and newness of the relationship. Mainela (2007) noted that existing relationships are expected to provide subtle information and are typically more flexible in nature and are used for multiple purposes. The social relationships can be either trusted friend-type relationships or personal business relationships either of which may be used to assist business development (Mainela 2007).

To conclude the analysis, it can be stated that the frequency of interaction is dependent on the needs of the firm. A firm with specific needs tends to have more frequent interaction than a firm that is more independent in business. The formality of the relationship is dependent on the distance between the actors and the facilitation contracts, in which the other party acting as lead advisor, are likely to stay in the formal level. When compared to more equal relationships, the relationship is more likely to transform into an informal level.

### 6.2.2 Learning

Learning and knowledge development were one of the mediating elements in the accelerated internationalisation process. Their different backgrounds meant the entrepreneurs had different knowledge requirements at the beginning of and during the international business development. That was visible in the different forms and sources of learning.

The ILS had an interest in internationalisation in the beginning, but no experience of international business. Therefore the external facilitation
programmes were seen as ways to develop international business related knowledge. The external facilitators provided the information related to internationalisation, which was related to expertise through experiential knowledge and book learning. The external facilitators provided not only the knowledge transfer, but also evaluated the international market potential, coached practical international business skills and supported international network development. Therefore the external facilitators expedited the international business related learning of an ILS especially in the beginning of the firm’s internationalisation.

The INV had experience of international business, and although that was as an employee in a global firm, it meant that the entrepreneur and the team were familiar with the interaction in an international business environment. In addition the business context, technology, R&D and the product development networks were also familiar. Despite of the great benefits in understanding the R&D related processes and networks, the firm’s greatest lack of knowledge was related to marketing and finding customers. The entrepreneur of the INV addressed the lack of knowledge through using extensive professional and social networks, but also external facilitation. During the accelerated internationalisation process the firm participated in a few external facilitation programmes, but only the international business development programme related to developing the firm’s knowledge of international business. The other external facilitators were mainly used as resource providers rather than providing information and advice to support the internationalisation process of the INV.

The next section of the study describes the knowledge-development role of the international business development programme. As mentioned, learning was more important for the ILS than for the INV. However, in general the international business development programme was instrumental in providing knowledge for the entrepreneurs. In fact, transferring knowledge was the one of the key roles of the consultants and for the ILS, the programme as well as the other external facilitators provided general internationalisation knowledge and knowledge specific to the target market. That was highly appreciated by the ILS who had no previous international experience. The firm’s knowledge of the market entry requirements of North America, existing and potential customers, as well as selling and marketing strategy were all enhanced during the programme.
In California they really have marketing know-how. We have developed our customer processes but they clarified the core of our product for marketing. (The entrepreneur of ILS 2008)

Turning to the INV, the requirements of the firm were focused solely on obtaining market specific knowledge and finding relevant new business contacts. Especially in finding the potential contacts the INV also used its existing professional and social relationships. For the ILS the most significant learning point in terms of international business development was when the external facilitators were evaluating the firms’ market potential and refining and developing the market entry strategies. For the ILS that resulted in a new understanding of the entire business, target markets and potential customers:

A year ago we didn’t even know what is the product and in which markets we are playing. We thought that we were providing web based communication tools but now we know that our market is about digital signage. (The entrepreneur of ILS 2008)

Also the INV clarified its business strategy especially with respect to the applicability of its product in different industries and also gained new ideas and tools to develop their product innovations.

We received new ideas on our offering and tools to develop industry specific applications for our product as well as assistance in developing marketing plans for different products. (The entrepreneur of INV 2008)

Nonetheless, for the INV the most important learning point was the product launch in the USA. Accessing product launch expertise in the USA through the international business development programme was also an important outcome for the firm. The launch experts managed the product launch successfully and the INV gained both expert services and macro-level visibility during the professional launch process.

We got a strong launch into the market with contacts and publicity. The work of the consultants included the plan for the launch, press releases and media briefings. (The entrepreneur of INV 2008)

In fact the entrepreneur had no previous experience of conducting a product launch. Being involved in the launch process was a great experience for the INV and the key actors in the firm were able to follow the process in detail. The entrepreneur stressed the how interesting and professionally organised the process
was and how there were many practicalities in launching, such as using press releases that were completely new information for the entrepreneur.

At the beginning of the process the ILS was mainly exploring knowledge through networking, experiencing and searching for knowledge individually. However, the various external facilitation projects that the ILS was involved in were influencing the learning. For example the learning gained through networking with the external facilitation organisations provided valuable knowledge for the entrepreneur. Finally, the individual knowledge searching had roots in the external facilitation projects which revealed the need of information and also gave frame for what type of information and from which business is needed. By this way the ILS gained market related knowledge, internationalisation knowledge and understanding of the technological requirements in different markets in relation to the firm’s product.

When the INV started to develop its international business intensively, the knowledge exploration through networking, searching and experiencing were central, as was the exploitation of the existing knowledge base in international business. When compared to the ILS, the importance of external facilitators was lower for the INV. Instead, the networking for exploring knowledge and business contacts was done largely through professional relationships. The difference in the object of networking was that the professional relationships provided industry specific and network insider knowledge whereas the external facilitators provided a textbook type knowledge and access to the relevant expert services. In addition, the analytical approach of the consultants provided new ideas for product development and industry specific applications. Searching and experiencing were mainly a by-product of networking which raised the need for deeper understanding as well as producing experiential knowledge.

Later, during the international business development process, the importance of external facilitators to knowledge development declined in the case of the ILS. In contrast, the need for knowledge development surprisingly grew in the case of INV and consequently so did the importance of networking and search-based learning.

After the initial stage both firms were dealing with refining their strategy on international business development. The entrepreneur behind the ILS planned the strategic development of an international business for his firm for the first time. Strategic development was related to the explored knowledge during the external facilitation period. In practice, the expanded knowledge base and the belief in the existing and potential networks in culturally proximate markets led the ILS to
focus on the potential international market. Strategic decision-making in the INV involved the entrepreneur, the chairman of the board and the sales manager choosing to focus on the luxury brand business; in the ILS on the other hand, strategic development was the responsibility of the entrepreneur. As a result, the INV was exploiting an international business opportunity while the international late starter was still exploring its international opportunity.

After developing an industry-specific internationalisation strategy with an indirect internationalisation approach, the ILS focused on developing business relationships with potential business partners. As a result the firm acquired industry-specific knowledge mainly through its business partners. That in fact was the aim of the indirect internationalisation – having business partners as experts in the industry and in the specific international market. That approach provided an opportunity for learning through networking and also through experiencing. As a result, the aim of learning was more specific and learning came about via market insiders more than at the beginning of the process.

When the INV started its business development the firm had a relatively extensive network of business actors and great amount of experiential knowledge of the industry as well as the international business. However, when the INV decided to focus on a luxury brand niche and therefore changed the focus of the business from technology development to a luxury brand business, the existing knowledge base and network lost some of its value. In practice the core network actors were different from those found in basic mobile device R&D and the INV needed to develop relationships with existing luxury brands and create co-branding relationships as well as to develop its own product to fulfil the needs of the new market. To be able to do that, it needed to understand the luxury brand markets, customers and the overall business context. The INV networked with academies to gain specified information about luxury markets and also with the external facilitators to develop the understanding of the network of brand business actors. Utilising the external facilitator, they also evaluated the potential for collaboration which was useful information for the INV.

_We’ve been discussing with many consultants and export chains about it (the new strategy). We’ve discussed it through with the Finnish export organisation and the French export chain ... how we should enter to the market and what could be the operation mode for developing the luxury brand business. (The entrepreneur of INV 2010)_
With the French export chain we went through all the possible brands, with the contacts of the export chain we went through different types of brands. But yes, some of those may be too conservative for us and there is no chance for collaboration, not any chance. But with some of those brands we might find some common interests. (The entrepreneur of INV 2010)

Subsequently the INV also contacted various luxury brand organisations to develop insider knowledge of the markets. However, the main aim of networking with the luxury brand organisations was to develop collaborative business relationships to bring the luxury brand experts and market insiders into the process. That aim was actually similar to the strategy employed by ILS. In general, as the business changed so did the need for knowledge and the INV needed to develop knowledge through new network relationships instead of mainly through existing professional relationships. However, the entrepreneur of INV contacted his ex-colleagues who were managing the luxury brand of a global mobile device manufacturer. That professional network became an important source of experiential knowledge.

In terms of knowledge development the ILS – with no previous international experience – needed all the internationalisation knowledge it could get. Therefore the ILS was actively exploring the knowledge through the external facilitation programmes, social domestic relationships and also through independent searching. Because the previous knowledge base of internationalisation was low, the ILS needed some time to explore the knowledge before being able to exploit it, and then some more time to be able to apply the explored knowledge to exploiting the international business opportunities. Therefore the activity of the business partners for the international partnerships was a great benefit for the ILS because in that way the firm was able to gain experiential knowledge within the partnerships.

As with its networks, the INV already had a good experiential knowledge base of international business. That was especially beneficial when developing the business plan and the general business development strategy. Owing to the previous knowledge the actors in INV were able to develop international business opportunities based on their expectations, beliefs and visions of the business opportunities. Again, when the INV ended up in a new situation of a new business approach and a new business strategy – the luxury phone market and the connected brand development – the INV faced its lack of knowledge. However, due to the experience, the firm was able to determine the knowledge required
through new and existing networks as well as through searching. In that sense, it can be argued that a firm with previous experience has an understanding of its own strengths and weaknesses and therefore notices the need to complement the knowledge base. In addition, the experienced firm also seems to know where and how the needed knowledge can be found.

6.2.3 International opportunity development

The analysis above illustrates that firms network and learn to be able to internationalise. Furthermore, having international business opportunities is a starting point for internationalisation and acting in international markets in time. Entrepreneurs may actively develop the international business opportunities to get into international business. The case firms of the study had different backgrounds for internationalisation; therefore the expectations and needs of the firms were different. For example in the beginning the expectation of the ILS was to be able to internationalise through its existing customers in the domestic markets. Also the potential target market was related to the business partners’ actions and decisions in the international markets. The expectation of the INV was instead to internationalise directly to the lead markets, and to develop the firm’s business from subcontracting into the product development on a global scale.

For the ILS, the international opportunity was based mainly on the beliefs of the international markets as well as the opportunities that current partners could provide. The network actors lowered the risk of taking advantage of the international opportunities, especially because of the existing business relationship. In the start of the internationalisation the indirect internationalisation also made it possible to develop the potential direct international operations:

   We probably will internationalise through our customers, but still, is the window to the markets still really open and how we will, kind of, get into the market? …the challenge at the moment is to find out (how) we will get the access and will be able to get into the market with the product. We have for example customer X, which is acting in 45 countries and we could get in to their real estate business in foreign markets. (The entrepreneur of ILS)

However, the opportunity was undeveloped at that point. The quote above also illustrates the entrepreneur’s network-based business strategy and the belief that network relationships ease internationalisation because of the network insider status which opens doors to new international business opportunities. However,
for the ILS the internationalisation was one opportunity to grow, but not a
necessity because of the existing and developing domestic markets. An effect is
also that the healthy domestic business prompts the firm to internationalise with
low risk and low resource commitment so as not to jeopardise its domestic market
position. Therefore it can be said that international opportunity development for
the ILS happens in parallel with its work on its domestic business and existing
customers.

When compared to the INV, internationalisation as such was not the aim of
the firm, but a natural way of doing business. Internationalisation happens when
the firm grows and expands its business operations. In the initial stage of
internationalisation, the international opportunity exploitation of the INV was
related to the development of its internal R&D team which again made it possible
to develop its own product capable of competing in the market. Basically, the
international opportunity was related to the firm’s internal processes and the firm
was not overly worried about the external network.

_We were able to build our own R&D team, we got a good software team and
also things were pretty much ready related to our hardware team. In this way
we were able to convince our customers that with this team we are able to
have other customers and other projects and in that way it was very valuable
because we were able to prove that we can make big issues in the firm._ (The
entrepreneur of INV 2008)

The firm was able to make the decision to develop its R&D team because the time
was right. In fact, launching its own product was one of the international business
development goals of the firm and the international business development
programme provided a channel to do so. The development in terms of
international opportunity followed the business plan, which included strategic
goals like developing specific customer relationships and running specific R&D
projects. The INV was goal-oriented and saw network actors as resources to reach
the goals rather than as business partners. In that sense the starting points for the
ILS and INV were different because one had a belief in the potential access to
international markets while the other had a definite action plan to develop its
internal capabilities to attain a strategic goal in the near future.

Later on, the potential international business opportunity seen by the ILS was
the idea of compatible business strategies in domestic and international markets.
That in fact was an important idea because the existing domestic business
demanded a great deal of the firm’s resources and therefore limited its
international business development. In general, the strategic development period consisted of a few specific strategic development events: the focus on European markets, rebranding and an industry-specific customer strategy, all of which contributed to the firm’s international business development. The expectations of the benefits were strongly related to the belief in gaining insider status in networks and in the power of those networks.

This is how it has to go. Anyway, it’s always the networks that we use for market penetration. Well OK, I don’t believe in external facilitators and their model that you will go somewhere and sell there... it just doesn’t work like that. It works when you can go to a specific industry representative and present your good reference case. (The entrepreneur of ILS 2009)

The ILS was aiming to follow its original internationalisation strategy of indirect internationalisation via existing and culturally proximate customers and partners. The new strategy was planned to be more resource economical because of the similarity of the business strategies in international and domestic markets. Moreover, strategic change was assumed to make the firm a more global actor because its international business had the same content as its domestic business. Basically, only the business context changed. The strategy lessened the extent of change because the context was controlled by the industry-specific strategy.

The ILS developed the international business opportunity through the strategic planning base of the aspirations of the international markets and the limitations that the domestic business posed. At the same time the INV changed the entire business in which the firm was operating, therefore the business opportunity and its development changed as well. In fact, the international business opportunity opened up for the INV relatively unexpectedly due to the sudden termination of a promising customer project.

This (the company’s own product) wasn’t the aim, I would say the idea came when we lost the luxury phone brand customer project....The idea was that if we have one customer who is slightly insecure, we have the possibility to sell those devices with our own name and possibly also through our own supply chain s that we are not dependent on anyone else. (The entrepreneur of INV 2010)

Even though the international business opportunity opened up suddenly, the firm had developed it actively before the actual realisation. The firm had developed the opportunity by acquiring relevant knowledge related to luxury brand markets and
adjusting the firm into the idea of developing a product with the firm’s experience under a luxury brand. When the customer project collapsed, the work done for the customer provided a springboard to develop the company’s own product and to focus on luxury niche markets. That, however, required more international opportunity development.

When starting to develop the luxury brand international opportunity the business setting changed from the original. In the niche market the central players were easy to identify because luxury brands have to be recognisable. Despite that, the international opportunity needed to be developed through networking. As a result of the new international opportunity, the INV became a completely independent actor and sole carrier of any risk. It is notable that when compared to the ILS, the INV made one remarkable strategic choice that influenced the firm’s whole performance and the business approach, whereas the ILS made a set of strategic plans to focus its international business approach. The ILS had to change its strategy because of its long history in its domestic market, while the INV only needed to update the strategy. Therefore the INV was able to do that in full flight whereas the ILS needed some time to adjust to the new strategy before starting international business operations.

The INV needed to take the risk and also to make quick changes to its business strategy when the luxury phone project collapsed. Its international opportunities were based on beliefs about what was to come. More specifically there was a belief that the firm was able to change its business strategy and approach, and of course the firm believed that it could develop its own product and brand simultaneously. Developing its own brand in fact acted as a bridge to greater independence, which was important for the INV. In addition to that, the brand met the requirement in niche markets to be able convey the high class image required.

The difference between the strategy processes of the case firms is that in the case of the ILS, the entrepreneur was the main actor pushing strategy development. In addition, strategy development was an independent event based mainly on the explored knowledge during the external facilitation period. While at the INV, the core sales and management team made the strategic choices and was also actively developing knowledge through networks, searching and experiencing once the strategic choice had been made. The difference is that the INV made a strategic choice and exploited that whereas the ILS developed a plan for the strategy and intended the implementation to occur in the future.
At the end of the international business development process the international opportunity of the ILS was still related to the opportunity to internationalise through its partners. Another opportunity was also to develop the firm’s own international business capabilities while following an indirect internationalisation approach. For the INV the international opportunity at the end of international business development process was the belief in the access to a niche market. The firm also believed in the opportunity to develop the network around luxury brands. Specifically, the existing luxury brand customer case was an opportunity to develop an understanding of the business as well as to gain some standing in the luxury brand business.

In table 6 below the findings of the development of entrepreneurial actions during the accelerated internationalisation process are summarised. The table lists the entrepreneurs’ actions in the three periods used for comparison purposes. The periods cover the international business development events and thus three intensive periods of accelerated internationalisation.

Table 5. The actions taken by the case firm entrepreneurs during the periods of accelerated internationalisation.

<table>
<thead>
<tr>
<th>Period 1</th>
<th>ILS - External facilitation period</th>
<th>International new venture - Project business period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking</td>
<td>Frequent interaction with external facilitators and developing social relationships</td>
<td>Infrequent interaction in social and professional relationships and with external facilitators and purposeful development of new relationships</td>
</tr>
<tr>
<td>Learning</td>
<td>Exploring knowledge through networks, experiencing and searching to gain market, internationalisation and technology-specific knowledge</td>
<td>Exploiting experiential knowledge and exploring knowledge through networks, searching and experiencing to gain market specific knowledge</td>
</tr>
<tr>
<td>International opportunity development</td>
<td>Idea of indirect internationalisation</td>
<td>Decision to develop internal R&amp;D team</td>
</tr>
<tr>
<td></td>
<td>Belief in gaining international network insider status via relationships</td>
<td>Belief of the potential new business contacts</td>
</tr>
<tr>
<td></td>
<td>Aim of internationalising with low risk and low resource commitment</td>
<td>Aim of developing own product and finding a niche market</td>
</tr>
<tr>
<td>ILS</td>
<td>International new venture</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Period 2</strong></td>
<td><strong>Period 3</strong></td>
<td></td>
</tr>
<tr>
<td>Networking</td>
<td>Networking</td>
<td></td>
</tr>
<tr>
<td>Strategy development period</td>
<td>International business operations period</td>
<td></td>
</tr>
<tr>
<td>Internal interaction</td>
<td>Partner relationship development for internationalisation.</td>
<td></td>
</tr>
<tr>
<td><strong>Learning</strong></td>
<td>Frequent interaction with domestic partner,</td>
<td></td>
</tr>
<tr>
<td>Exploitation of new experiential and searched knowledge</td>
<td>infrequent interaction with foreign partner to develop the international business partnership</td>
<td></td>
</tr>
<tr>
<td>Knowledge exploration of luxury brand business and customers, grafting knowledge from existing professional relationships</td>
<td><strong>Learning</strong></td>
<td></td>
</tr>
<tr>
<td><strong>International opportunity development</strong></td>
<td>Expanding the relevant network base.</td>
<td></td>
</tr>
<tr>
<td>Opportunity exploration:</td>
<td>Frequent interaction facilitating professional relationships, frequent interaction with academic organisations providing knowledge and resources, frequent interaction with potential high profile brand partners</td>
<td></td>
</tr>
<tr>
<td>International opportunity exploration:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Idea of the compatible business strategies in domestic and international markets</td>
<td>Decision to develop a luxury phone brand</td>
<td></td>
</tr>
<tr>
<td>Belief in the power of network insider status</td>
<td>Belief in the ability to change the business strategy and develop a brand</td>
<td></td>
</tr>
<tr>
<td>Aim of internationalising via existing and culturally close partners</td>
<td>Aim of becoming a more independent actor and competing with a brand in a niche market</td>
<td></td>
</tr>
<tr>
<td><strong>Period 3</strong></td>
<td><strong>Period 3</strong></td>
<td></td>
</tr>
<tr>
<td>Networking</td>
<td>Networking</td>
<td></td>
</tr>
<tr>
<td>Strategy development period</td>
<td>International business operations period</td>
<td></td>
</tr>
<tr>
<td>Strategic choice period</td>
<td>Expanding the relevant network base.</td>
<td></td>
</tr>
<tr>
<td>Ending a business relationship, internal interaction, purposeful relationship development</td>
<td>Frequent interaction facilitating professional relationships, frequent interaction with academic organisations providing knowledge and resources, frequent interaction with potential high profile brand partners</td>
<td></td>
</tr>
<tr>
<td><strong>Learning</strong></td>
<td>Exploiting experiential and explored knowledge. Purposeful knowledge exploration through grafting, networks and searching</td>
<td></td>
</tr>
<tr>
<td>Exploitation of luxury phone development period</td>
<td><strong>Learning</strong></td>
<td></td>
</tr>
<tr>
<td><strong>International opportunity development</strong></td>
<td>Exploiting experiential and explored knowledge. Purposeful knowledge exploration through grafting, networks and searching</td>
<td></td>
</tr>
<tr>
<td>Inactive opportunity exploitation:</td>
<td>Active opportunity exploitation:</td>
<td></td>
</tr>
<tr>
<td>Decision to internationalise indirectly</td>
<td>Decision to develop co-branding partnerships with high profile brands</td>
<td></td>
</tr>
<tr>
<td>Belief in the power of the relationships as a source for relevant international network and knowledge</td>
<td>Belief in the potential of niche market and access to the niche</td>
<td></td>
</tr>
<tr>
<td>Aim of gaining network position in specific industries in international markets</td>
<td>Aim of expanding globally into the luxury phone market</td>
<td></td>
</tr>
</tbody>
</table>
6.3 The accelerated internationalisation process through interlinked entrepreneurial actions

Having analysed the development of the entrepreneurial actions, in the following the findings are discussed in light of the theoretical background. Moreover, on the basis of the study accelerated internationalisation is discussed as a process of interlinked entrepreneurial actions. The structure of the section is as follows: First the processuality is discussed as an embedded element of accelerated internationalisation and secondly the interlinked entrepreneurial actions in the process are discussed to provide an understanding of accelerated internationalisation. Finally the accelerated internationalisation process is presented in figure 35.

Processuality in accelerated internationalisation

Internationalisation has been highlighted as a process in particular by the traditional internationalisation process literature (e.g. Uppsala model by Johanson & Vahlne 1977, 2009). Also the internationalisation literature related to SMEs, high tech firms, INVs and international entrepreneurship discusses internationalisation and the related activities as processes (e.g. Coviello & Munro 1997, Jones 1999, Jones & Coviello 2005, Zahra 2005, Nummela, Loane & Bell 2006). The difference between the approaches is that in the latter stream of literature, processes generally describe internationalisation or international business related elements and features such as dynamics and temporality, while in the Uppsala model approach, the process itself is the research topic and the area of interest. In this study processuality was an embedded element and the process approach was used to capture the development of the actions as well as the interrelatedness of the entrepreneurial actions. The approach is in line with the process research international entrepreneurship literature, to which the study contributes.

Researching accelerated internationalisation as a process highlights the entrepreneur’s role as a decision maker, influenced by uncertainty, commitment (see e.g. Johanson & Vahlne 1977, 2009) and risk reduction (Figueira de Lemos, Johanson & Vahlne 2011) in the new international business environment. Networking and learning assist when entrepreneurs are balancing international opportunity development and related risk, the perceived uncertainty and existing commitments (e.g. Oviatt & McDougall 2005, Prashantham & McNaughton 2006,
Ellis 2011, Mainela & Puhakka 2011). It is notable that entrepreneurial actions are also processes which develop over time. Therefore the processuality of accelerated internationalisation needs to be discussed before focusing on the interlinked entrepreneurial actions for accelerated internationalisation.

According to the empirical analysis, uncertainty is related to accelerated internationalisation, but the perception of the uncertainty and its influence on the entrepreneurs’ actions are dependent on the firm’s current business situation as well as the relevant network and knowledge bases. For example, existing commitments may hinder the accelerated internationalisation by diverting resources. On the other hand the existing business commitments may balance the amount of uncertainty and reduce the risk inherent in business actions. As an example, for an international late starter with a stable domestic business the development of international business opportunities increases uncertainty as internationalisation increases the risk because of more unknown elements and the difficulty of predicting the future. In that sense, the driver for the international opportunity development has to be stronger than the perceived risk.

The lack of existing commitments (as in the case of a new venture) may be the driving force for internationalisation because its vulnerability forces the firm into a continuous cycle of international business development. Acting in pursuit of international opportunities reduces perceived uncertainty because not-acting may mean the end of growth or even the end of the business. In that sense, the entrepreneur may either increase the attractiveness of international opportunity to strengthen the driver, or to lower the risk. For example learning and networking lower the uncertainty by helping to overcome the liability of outsidership and foreignness in the new international markets (Johanson & Vahlne 2009). In fact, controlling the uncertainty for example through networking and learning is easier than increasing the attractiveness of the opportunity without risk management.

**The interlinked entrepreneurial actions in accelerated internationalisation**

The entrepreneurial actions of networking, learning and international opportunity development are dynamic elements of accelerated internationalisation and have power over the international business development process. When these actions are interlinked with each other the outcome of the interaction is likely to accelerate the firm’s internationalisation. More specifically, networking and learning are closely interlinked entrepreneurial actions which tend to mediate the accelerated internationalisation (see e.g. Oviatt & McDougall 2005). These
actions are related to business development in general, but when the firm aims to penetrate international markets the international opportunity needs to be developed. That international business development may be influenced merely by networking or learning depending whether the process is network or knowledge driven. The accelerated internationalisation process operating through interlinked entrepreneurial actions is presented in figure 34.

Fig. 34. Accelerated internationalisation through the interlinked entrepreneurial actions.

Related to the networking action, two different types of networks, namely social networks and external facilitators, were scrutinised. According to the literature, networking through social relationships and external facilitators provides knowledge, capabilities and resources which enable the development of international opportunity (e.g. Bessant & Rush 1995, Harris & Wheeler 2005). However, according to the study there may be a wider group of network actors who influence an accelerated internationalisation process depending on the entrepreneur’s previous business experience and networking capability. Academies with expert knowledge and typically project-type fixed-term collaborations are close to external facilitators as a type of network. Professional
Networks in contrast are similar to an entrepreneur’s social networks in not being time-limited, nor a guaranteed outcome of the relationship. Also the way and extent of mediating the internationalisation through networks relates to the entrepreneur’s needs and expectations.

Networking is closely linked with knowledge development and in general, the study suggests that all types of networks may be a source of knowledge and experience for both international late starters and INVs, particularly in the new business situation. However, in a situation where the firm has little or no information about the markets the importance of external facilitators increases due to the objective, book-type of knowledge transfer and experience sharing. Whereas when the entrepreneur becomes familiar with the international business opportunity and international business context the importance of external facilitation to the firm’s accelerated internationalisation declines.

In general, external facilitators are particular sources of knowledge for internationalising firms. Furthermore, facilitators progress relationship development as well as developing and analysing the firm’s international potential. In so doing, they effectively coach entrepreneurs on how to develop international business. However, due to the instrumental role of external facilitation the knowledge seems to be merely transferrable general knowledge rather than in-depth or specialist knowledge. That is understandable because the external facilitators are not in the business but following the business. The strength of external facilitation lies in knowledge transfer and the capacity to analyse a business that arises from experience of following many businesses and business contexts. Consequently, those firms and entrepreneurs with less previous experience gain more advantage from external facilitation in terms of knowledge transfer than experienced ones. A firm with more experience does benefit from the expertise of external facilitators in developing relationships with specific organisations who can mediate the process of accelerated internationalisation. The more experienced entrepreneur typically has a relatively clear vision of the aims and goals of the firm and therefore also knows the type of specialists the firm needs to assist it in international business development.

Social relationships provide knowledge too, but the most important outcome of social relationships is the access to an international network, and the potential evaluation of the firm’s course of action. All activities may provide concrete support for accelerated adaptation to a new market. In addition, social networks may be used as a reference and source of new relationships. Interestingly, the social relationships were a particularly good source of new international business
opportunities and new business relationships, and more effective than using external facilitators. That may be explained by the instrumental role of external facilitators which influences the structure and type of the network that the organisation has access to. It may be expected that business actors have better access to the relevant networks and also act as a reference for the internationalising firm.

Furthermore, the networks can also be seen as a resource (see e.g. Johanson & Mattsson 1988, Oviatt & McDougall 1994, Coviello & Munro 1997) or a source of resources. However, the most important outcome of networking in accelerated internationalisation is network position, knowledge and intangible benefits, rather than external resources as such.

According to the previous literature, knowledge development and learning are closely linked with networking (e.g. Johanson & Vahlne 2003, Bell et al. 2003). As described above, the roles of social relationships, external facilitation, professional networks and academies are strongly related to access to the relevant knowledge and learning. Interestingly, this study suggests that small firms’ are not interested in investing in knowledge by hiring staff with a relevant knowledge base and experience, in other words grafting knowledge. The development of knowledge by searching, networking and experiencing seems to be a more tempting option than grafting. Networking in particular was used as a learning method, and that also encouraged independent knowledge searching because of influencing the way of thinking. Networking provides the relevant knowledge base and frame for the required knowledge as well as assisting in evaluating the relevant knowledge and international opportunities. This way it also helps with focusing the independent searching activities within the pool of information.

Fletcher and Harris (2011) defined three types of knowledge needed in the internationalisation process of firms, namely market knowledge, general internationalisation knowledge and product/technological knowledge. The empirical part of this research suggests that industry-specific knowledge might be added to market knowledge. Industry specific knowledge is necessary especially when entering a new market or a new business. General internationalisation knowledge is required by the entrepreneur at the beginning of international business development. When starting to exploit opportunities the industry specific knowledge and market knowledge are more important types of knowledge. Learning is an important element of internationalisation because development of knowledge reduces uncertainty as it improves the flow of information (Björkman & Forsgren 2000) and the unknown becomes known. On the other hand the
knowledge and experience changes the perceived reality and in that sense also the influence of the ideas about and belief in the explored opportunities.

Networking and learning are closely interlinked actions which do not necessarily deal with internationalisation, but when developing international business the international opportunity development is an integral part of the process. In fact, networking and learning mediate the international opportunity development, which may occur either as a network driven or as a knowledge driven international opportunity development. However, both dynamic actions influence the development of international opportunity. For example, if a firm has a strongly network-based internationalisation strategy, international opportunity development is likely to be network driven. Whereas if the entrepreneur has a strong knowledge base or a great deal of experience, the international opportunity development is likely to be knowledge driven.

The study finds that changes in networking and learning in terms of the business environment may change the value of an entrepreneur’s existing network and knowledge base. That may happen due to the exploitation of an international opportunity. The entrepreneur with existing networks and knowledge may enter into a nearly similar situation as the entrepreneur with no previous experience or networks. Of course the ability to cope with the new situation and uncertainty do still exist but if the business context changes dramatically, the learning and networking actions need to be started almost from scratch.

Summing up the role of networking and learning in international opportunity development, it can be stated that previous international experience provides benefits in internationalisation in terms of general internationalisation knowledge and existing business relationships. However, if a firm internationalises into a different business with different customer base, in the new situation the experiential knowledge is mainly applicable as general internationalisation knowledge. An entrepreneur has to develop an insider position in the relevant network and explore the relevant knowledge to develop the international business in new business. In that sense the existing network and knowledge and their value are unstable, and may lose value in the business context. It follows that networking and learning should be seen as dynamic elements of accelerated internationalisation which have power over the international business development process rather than as achieved benefits. If entrepreneurial actions are seen as processes which develop over time and as consisting of interlinked elements, the firm is likely to internationalise in an accelerated manner.
7 Conclusions

This chapter summarises the findings and discusses the contributions of the thesis. First the findings of the study are presented alongside the objectives and research questions from the first chapter. Then the theoretical, managerial and methodological contributions of the thesis are discussed. Finally the limitations of the study are presented, leading to suggestions of further research avenues.

7.1 Conclusions of the study

The objective of the study was to determine how entrepreneurs act to progress accelerated internationalisation. The basic assumption is that the active networking and learning undertaken to progress international opportunity development are intertwined entrepreneurial actions which are likely to create an accelerated internationalisation process. Moreover, the objective was to develop an understanding of the accelerated internationalisation process in the case of INV and ILS organisations. The research aim was approached with a main question and two sub-questions.

The first sub-question was: What are the determinants of the internationalisation of entrepreneurial firms? The question was first approached theoretically to define the determinants on the grounds of previous research. The theoretical examination revealed four determinants of internationalisation in entrepreneurial firms: 1) processuality 2) knowledge, 3) networks and 4) opportunity development. These determinants were adopted as the key elements for exploring the accelerated internationalisation process. During the empirical analysis the relevance of the determinants was explored longitudinally in detail and the different statuses of the determinants were identified.

Internationalisation has been commonly described as a process but this study viewed accelerated internationalisation not only as a process, but as the outcome of interlinked entrepreneurial actions in which the international opportunity development is the object of networking and learning. The set of actions is likely to produce an intensive process of accelerated internationalisation due to the actions of an entrepreneur. As the study compared the accelerated internationalisation processes of an ILS and an INV, the peculiarities in each case in the accelerated internationalisation processes were identified. The ILS follows a periodic process involving a set of sequential events and actions taken in pursuit of internationalisation because the entrepreneur needs to adjust to the
development of new knowledge and relationships before being able to act to progress international business development. On the contrary, the INV follows a cyclical, ongoing process in which the entrepreneur adjusts to the new knowledge and relationships during the process. However, the process is cyclical and continuous for only as long as the entrepreneur is acting in a known business area within a familiar network. An unknown situation will create uncertainty and hinder the speed and continuity of the process. In a new business with new networks and new customers even the experienced entrepreneur may find themselves involved in the periodic process before the development of knowledge and relationships allow enactment of the cyclical process. It was also found that the international business development for internationalisation is a processual phenomenon too and influenced by the perceived uncertainty, in a similar way to the internationalisation process. In addition, it was found that the knowledge and networks reduce the uncertainty as well as mediate international opportunity development, and so partly accelerate internationalisation. Furthermore, relevant existing knowledge and networks influence the nature of the accelerated process by making it cyclical rather than periodic. In that sense the four determinants of the internationalisation of entrepreneurial firms are closely related to each other.

The second sub-question: How are entrepreneurs’ networking, learning and international opportunity development interlinked in accelerated internationalisation? focused on entrepreneurs’ actions during the phenomenon. The basic assumption in the study was that the entrepreneurial actions are interlinked. It was found that especially networking and learning are closely interlinked actions which tend to mediate the accelerated internationalisation. In general, networking and learning are closely interlinked actions of business development, which however do not necessarily deal with internationalisation. Instead, when developing international business and internationalising, international opportunity development is an integral part of the process. Networking and learning assist when entrepreneurs are balancing international opportunity development decisions and related risk, the perceived uncertainty and existing commitments. As a result of the mediation the international opportunity development may occur either as a network driven or as a knowledge driven process.

There are essentially two main types of networks involved in the accelerated internationalisation process. The first is marked by network actors with temporary collaborative contracts and expert knowledge, such as external facilitators and academies. The second is marked by relationships developed voluntarily with
social and professional networks. For an entrepreneur it is important to be aware of the differences between the temporary and voluntary networks. Those network actors with temporary collaborative contracts and in possession of expert knowledge have a mainly instrumental role in knowledge and resource sharing. While the voluntarily developed networks typically provide knowledge but also relevant contacts and are an especially good source of international business opportunities. The entrepreneur’s relevant previous business experience and networking capability influence the type of networks available to the entrepreneur.

Knowledge provides the basis for all international business development activities and is often an outcome of networking. The need for knowledge changes during the internationalisation process and, for example, industry specific knowledge is needed when entering a new market or a new business, while general internationalisation knowledge is required by the entrepreneur at the inception of international business development. When starting to exploit opportunities, it is industry specific knowledge and market knowledge that are the more important types of knowledge. However, the type of learning seems to be relatively stable and dependent of the entrepreneur. Learning basically occurred through searching, networking and experiencing. Taken together, the entrepreneur’s intensive actions on networking and learning have the potential to develop international business opportunities and the exploitation of them can lead to accelerated internationalisation.

The study shows that changes in networking and learning in terms of the business environment may change the value of an entrepreneur’s existing network and knowledge base in the business context. That may happen due to the exploitation of an international opportunity. Therefore, the entrepreneur with existing networks and relevant knowledge in a specific business context may enter into a nearly similar situation as the entrepreneur with no previous experience or networks. In essence, networking and learning should be seen as dynamic elements of accelerated internationalisation which have power over the international business development process.

The research problem was approached through the research question: How does accelerated internationalisation develop as a process of entrepreneurial acting? The study shows that when entrepreneurial actions of networking, learning and international opportunity development are interlinked dynamic processes in firm’s international business development, the firm is likely to internationalise in an accelerated manner (see fig. 35). The differences in entrepreneur’s previous experience and business environment influence the type
of internationalisation process. In practice, the accelerated internationalisation process may be either cyclical or periodic in nature depending on the entrepreneur’s access to the relevant knowledge and networks (see fig. 34).

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To be able to study accelerated internationalisation process, the entrepreneurial processes of networking, learning and international opportunity development as intertwined processes has to be studied. In practise, the entrepreneur’s process of international opportunity development with the mediating actions of networking and learning create the accelerated internationalisation process.

Networking and learning are reciprocally interlinked dynamic processes which together mediate international opportunity development. Networking enables, activates and facilitates international opportunity development whereas learning provides knowledge base to explore and exploit international opportunities. Together these processes reduce the risk of exploiting the international opportunities. International business development is related to a current business context and entrepreneurs’ perceptions of the future which create the beliefs and ideas of an international business opportunity. Therefore each accelerated internationalisation process is unique. Finally, the international opportunity exploitation enables firm’s internationalisation. Networking and learning processes are embedded to the firm’s business environment and are therefore influenced by the external changes. International business development process instead is dependent on the entrepreneur’s perceived uncertainty and commitments, which influences the international opportunity exploration and exploitation. In that sense, accelerated internationalisation process requires interlinked entrepreneurial processes and an intensive international business development.
Theoretical contributions of the study

The aim of the study was to approach the phenomenon through a longitudinal theoretical and empirical examination of the entrepreneur’s actions so as to provide a deep understanding of the development of the underlying processes of accelerated internationalisation both in the case of INV and ILS. The study contributes to the international entrepreneurship literature but combines the theoretical background of internationalisation process literature and international new ventures literature. In addition, the thesis incorporates discussion of international opportunity development (which has roots in entrepreneurship literature and later in international entrepreneurship literature) into its theoretical and empirical examination, because the concept is seen as the central building block of accelerated internationalisation. In that sense, the study contributes with a more holistic picture and understanding of the development of entrepreneurial processes in accelerated internationalisation and accelerated internationalisation process itself.

This study combines the traditional internationalisation process research (e.g. Johanson & Vahlne 1997, 2009) with discussions found in international entrepreneurship literature. Consequently it can be seen that the international process literature and international entrepreneurship literature have much in common which can be used when researching either the internationalisation or the international opportunity development process. The basic determinants of processuality, the importance of networks, learning and the business opportunity provide a basis for researching international opportunity development as a process in which networking and learning are the mediating elements of international business development. In that sense the study in turn provides a basis for a process approach to international opportunity development.

The dissertation contributes to international entrepreneurship firstly by offering a deep, longitudinal insight into entrepreneurial activities that are intertwined into the accelerated internationalisation process. Secondly, the study contributes by describing the accelerated internationalisation process theoretically through the traditional internationalisation process approach and international new ventures approach, and empirically through qualitative multiple case study. By studying entrepreneurial actions longitudinally through international business development events this study offers a unique approach to international entrepreneurship research. In addition, the study offers a unique contribution to
the international entrepreneurship field also by describing and comparing the very early stages of firm’s international business development in an ILS and in an INV.

The dissertation contributes also to the network research by providing detailed description of the development of entrepreneurs’ networks during the international business development process. The event-based analysis involves identification of associated actors and their roles in relation to each international business development event. Therefore, the study has also captured the dynamics of networks over time during the early phase of international business development.

7.3 Methodological contributions of the study

The detailed research process followed in the dissertation is regarded to offer methodological contribution by using longitudinal, comparative qualitative case study methods. There is little longitudinal process research in the field even though there have been calls for time-based, longitudinal research in the field of international entrepreneurship to better understand entrepreneurial internationalisation (e.g. Coviello & Jones 2004, Jones & Coviello 2006). More specifically, longitudinal research permits the examination of the basic theoretical background with the general elements as an evolving process by researching the elements as pieces of the larger processes within a time period (Jones & Coviello 2006). Therefore, in this study the general elements of internationalisation, knowledge and relationships have been approached as entrepreneur actions, learning and networking together with international opportunity development, which all evolve in time. Thus, the actions, when they develop over time, create the developing processes of internationalisation. By examining the actions and the development of the actions, the processes can be described and therefore also understood.

Accordingly, the study highlights three specific elements in researching the international opportunity development process: 1) Longitudinal data collection 2) A process approach towards the phenomenon and 3) An actions perspective on analysing the international opportunity development process. The suggested research design provides an opportunity to examine internationalisation as the outcome of actions in which international opportunity development is the object of action which causes accelerated internationalisation.
7.4 Managerial contributions of the study

The managerial contributions of the study can be divided into two categories, the managerial implications for entrepreneurs and those for external facilitators. Firstly, the managerial contribution of the study for the entrepreneurs lays in its attempts to make entrepreneurs conscious actors in international business development. The entrepreneur should be aware of the business in which it acts and especially aware in which business the new exploitable opportunity resides. The entrepreneurs should be also conscious about the change that international opportunity exploitation may cause.

In addition, the entrepreneurs should be conscious about their existing and potential networks and relationships and particularly about the role and value of those in terms of international business development. A new business with a new customer base and a new network requires an intensive learning process and during the process the risk related to the international business development increases. On the other hand the network can be a relevant tool for developing business opportunities as well as for developing relevant knowledge. Therefore, the role of different types of network actors in international business development should be recognised. The study found that the network actors with temporary collaborative contracts and in possession of expert knowledge have a mainly instrumental role in knowledge and resource sharing; whereas the voluntarily developed networks typically provide knowledge but also relevant contacts and are therefore an especially good source of international business opportunities.

The entrepreneurs should recognise their own business context and strengths, because that increases awareness of the relevance of the existing and potential network relationships. That is important because to be able to accelerate the internationalisation process, entrepreneurs need to accelerate actions taken to develop networking and learning. That, in fact, means that the internationalisation process is relatively controllable and that entrepreneurs can strengthen their own positions in the business context through their own actions.

Therefore, it is important to see the internationalisation as the outcome of the whole process and merely focus on acting in pursuit of international opportunity development, for that is the object of the action and what eventually creates the accelerated internationalisation. Entrepreneurs should realise that accelerated internationalisation is possible also for the international late starters if the firm and entrepreneur are able and willing to act intensively towards international business development.
For the external facilitators it is important to recognise both the current and the developmental needs of the customer firm during the process. Conscious of the customer’s needs is of particular importance when trying to promote the services as well as when developing organisation’s own products and services. Recognising the customer’s development process enables adjustment of the facilitation services for the customer’s benefit. Supporting entrepreneurs in international business development seems, however, to be a challenging for several reasons. The entrepreneurs differ in their backgrounds and business contexts, and also in the sense of what type of knowledge they need and what type of relationships they expect to gain through external facilitator.

External facilitators should also realise that accelerated internationalisation is possible for the international late starters and not only for international new ventures. In both cases, depending on the customer’s previous experience of the business field and target market, the role of external facilitator’s expert knowledge is important driver for accelerating the customer’s internationalisation process. Furthermore, the external facilitator should clarify its role to the customer firm and particularly focus on providing knowledge, analysing current situations, developing future visions, coaching firms to enter international markets and other mediating services that utilise the organisation’s broad understanding of the business situation. However, the organisation should be especially aware of the type of brokering it involves. An external facilitator should recognise its existing network and therefore provide specialist services rather than being the broker of customer relationships. The other option is that the external facilitator interacts with business actors embedded in the relevant business network and who would be willing to provide mentoring for internationalising firms.

7.5 Evaluation of the study

Validity and reliability are commonly used concepts in evaluation of the trustworthiness of a study. However, the concepts have their roots in the positivist paradigm and in quantitative research (e.g. Golafshani, 2003) and are therefore not suggested for the evaluation criteria for qualitative study. The evaluation criteria of the qualitative study differ from the quantitative one and therefore the interpretativist research perspectives have generated specific terminology for evaluating qualitative, interpretative studies (Patton 2002; 546). Therefore in this study, the trustworthiness (instead of the rigor) is evaluated by examining the
credibility, transferability, dependability and confirmability of the study (see e.g. Patton 2002; 546, Silverman 2005; 228). Basically the trustworthiness is concerned about the documentation of the implementation of the research process. Patton (2002: 542) states that when discussing the quality of a research, judging requires criteria, as the quality and credibility of the study are connected to the audience and to the purpose of the intended inquiry. The purpose of this study was to explore the phenomenon by understanding the generative mechanisms between the interlinked entrepreneurial processes which together are likely to accelerate a firm’s internationalisation process.

The credibility criteria is concerned of the researchers understanding of the topic. Therefore the results of the research are credible if the researcher is familiar with the topic, is satisfied with the data and the links between observations and analysis categories are logical. In that sense, the researcher judges the credibility of the results, but the other researchers should be able to understand researcher’s interpretations on the basis of the material. (Lincoln & Guba 1985). Getting understanding of the accelerated internationalisation process, which has several underlying processes through a longitudinal data set, was challenging. Getting the understanding has required great amount of reading and writing, and particularly careful description of choices that I have made. In the Introduction chapter the research aim and the approach are introduced to describe the researcher’s understanding of the topic.

In addition to the theoretical understanding, the data collection with observations, interviews and data searching provided deep understanding of the phenomenon. The data sources are described in the Methodology chapter to verify the systematic data collection process in which I was personally in interaction with the case firms or related data. The 17 hours of interviews longitudinally and 9 days of observations provided deep empirical understanding of the phenomenon.

Transferability refers to the degree of similarity between conducted research and the existing research in order to be able to establish a connection to the previous results and develop the research field further. (Lincoln & Guba 1985). When doing abductive research, the theoretical and empirical backgrounds are progressing during the development of researcher’s understanding of the research field and the phenomenon. In that sense, due to the continuous discussion between the theories and empirical data, the connection between my own study and the existing research became closer during the research process. The abductive process together with longitudinal data collection also provided an
opportunity to analyse the data as well as to develop the theoretical basis of the study in several rounds to be consistent. In the Discussion chapter the connections of the study with the existing theories are discussed.

**Dependability** takes into account the ever changing context and is concerned with the researcher’s responsibility for describing to the reader how the various stages of the study were conducted. (Lincoln & Guba 1985). Each research process is unique and when conducting longitudinal abductive study, there are challenges when moving between the theoretical and empirical research. However, I have tried to write the study in a logical form and also described the structure of the study itself in the Introduction chapter to provide an understanding of the research process and the structure of the study. In terms of theoretical part of my study, I have carefully used and referred wide amount of the good quality references, which are traceable.

The research aim together my ontological and epistemological views of the accelerated internationalisation process have been the basis for selecting the data collection methods and data analysis methods. In the Methodology chapter the data collection, documentation and analysis processes are described in detail to ensure the readers understanding of the process. All the empirical data is documented and described in the Methodology chapter. In addition, my own research process and learning is documented in several research papers during the process.

**Confirmability** is concerned about the documentation of the data and refers to the degree to which the findings and interpretations can be easily understood and also confirmed by others. (Lincoln & Guba 1985). I have tried to make the data analysis visible by using simple tools such as timeline map of case firms’ business development and international business development events. In addition, the several figures are describing the findings of the study. In the analysis the quotes are used to confirm the arguments in analysis and the quotes are visually clearly described.

### 7.6 Limitations of the study and suggestions for future research

Like any research, this study has its limitations. They can be divided into two groups: those limitations connected to the research topic, including the theoretical framework, and those related to the chosen research method.

According to Järvensivu and Törnroos (2010) validity, reliability, and generalisability are typical characteristics of real scientific research stemming
from a positivistic approach. However, they argue that a qualitative, subjectivist study which aims for a deep understanding of the phenomenon rather than generalisability, can offer transferability of the findings. Transferability means that when theorising from a context-specific case study the findings can be used when studying and analysing related contexts (Järvensivu & Törnroos 2010). Therefore, this study with the subjective, qualitative case study design does not target generalisability of the phenomenon but transferability of the findings via a rich understanding of complex context-embedded social actions and processes.

The study focused on researching the entrepreneurs’ networks, especially within the framework of social relationships and external facilitation. However, that decision excludes some relevant actors, such as venture capitalists and subcontractors, from the research focus. Furthermore, the data were collected from Finnish firms alone and from a specific market area. A cross-national research setting with firms from different countries would provide deeper understanding and a more extensive database containing multiple case firms, which would have the potential to present a generalisable view.

The study has revealed some potential avenues of research on accelerated internationalisation. As networking and learning were found to be the mediators of accelerated internationalisation, those actions should be researched in terms of how the networking and learning could be accelerated. As the study focused on the entrepreneur as the focal actor, placing the whole entrepreneurial team under scrutiny would provide a broader view over the process of accelerated internationalisation and international business opportunity development featuring an extensive social network. In addition, the further studies could also take larger view over the network in which the entrepreneurs are embedded during the accelerated internationalisation process. Also, a longitudinal, cross-national process study with firms involved in an intensive internationalisation process would provide generalisable knowledge of the phenomenon. Finally, it would be interesting to continue the longitudinal study of the firms for a longer time and examine also later international business development events in the firms’ internationalisation to see whether they develop into successful international actors or not.
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Appendix 1 Theory-laden frame for coding the empirical data

Fig. 35. The research phenomenon described with theoretical concepts to make the coding frame for qualitative data analysis.
Appendix 2 N’Vivo coding tree

- Relationships
  - Informal
  - Formal
- Outcome
  - Self-realisation
  - Risk reduction
  - Operation mode decision
  - Market understanding
  - Identity construction
  - Positioning
- Opportunity
  - Implementation
  - Ideas
  - Goals
  - Beliefs
- Knowledge
  - Technology knowledge
  - Market knowledge
  - Internationalisation knowledge
- Actions
  - Partnering
  - Interacting
  - Development (business, product, strategy)
  - Co-operating
  - Opportunity exploration
  - Opportunity exploitation
  - Learning
    - Way of learning
    - Type of learning
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