Learning strategies for international growth
– on knowledge acquisition and opportunity realization
LEARNING STRATEGIES FOR
INTERNATIONAL GROWTH
– on knowledge acquisition and opportunity realization

NIKLAS ÅKERMAN

LINNAEUS UNIVERSITY PRESS
Learning strategies for international growth – on knowledge acquisition and opportunity realization
Doctoral dissertation, Department of Organisation and Entrepreneurship, Linnaeus University, Kalmar, Sweden, 2016

All articles reprinted in doctoral dissertation with permission from publishers

Published by: Linnaeus University Press, 351 95 Växjö, Sweden
Printed by: Elanders Sverige AB, 2016
Abstract


Literature on firm internationalization has pointed out knowledge and learning as central components in the internationalization process. While much research has emphasized the development of experience in the firm as the main source of new knowledge, this notion has also been challenged. Furthermore, in internationalization literature, most attention has been paid to market entry and far less to growth in the market thereafter. This research addresses how internationalizing firms capture growth opportunities by acquiring new knowledge in foreign markets. The purpose is to describe and explain how internationalizing firms learn about foreign markets by combining various knowledge sources in order to realize growth opportunities in these markets.

To address this purpose, data from two steps of data collection is analyzed. The first step contains qualitative focus-group data from seven Swedish firms and aims to describe learning from a combination of knowledge sources, which leads to the development of a typology of learning strategies. The tentative results from the first step are established in the second step, which contains survey data from 144 internationalizing Swedish firms. In addition to validating the typology, data from the second step explains heterogeneous knowledge outcomes based on differences in learning strategies, suggesting that a diversified strategy has the greatest potential for learning. These results indicate that external knowledge matters more than what has been previously recognized. Furthermore, the results show curvilinear effects of knowledge of the local network and international spread on the realization of international growth opportunities.

By integrating components from international entrepreneurship, this research may contribute to internationalization-process literature by (1) describing the typology of how internationalizing firms learn in foreign markets, (2) establishing the described types and explaining the knowledge consequences for internationalizing firms, and (3) explaining how this knowledge impacts the ability to realize international opportunities. This chain of components provides the links between learning and growth of the internationalizing firm beyond the initial market entry.

Keywords: International Opportunities, Internationalization, Internationalization Knowledge, Learning, Market Knowledge
Acknowledgments

The dissertation that you are holding in your hands is the result of years of hard work, but hard work is not enough. I wish to acknowledge the financial support from The Knowledge Foundation, Jan Wallanders and Tom Hedelius Forskningsstiftelse and Kalmar Handlande Borgares donationsfond. These foundations have together funded all research that you are reading the results from.

I would also like to thank all the company representatives for their engagement and for taking their time to answer the questions that enabled my research. Without their input there would not be a thesis to read.

In addition, this dissertation had not been possible without the help of many important persons during my time as a doctoral candidate at the School of Business and Economics, Linnaeus University. First and foremost I would like to send my deepest gratitude to my main supervisor, Professor Hans Jansson, for his relentless and strong support over the years. He has created invaluable opportunities for me to do my research. For all this I will be forever grateful. I would also like to thank my friend, colleague, and second supervisor, Dr. Mikael Hilmersson. Without his help this dissertation would certainly be less worth reading. Thank you for the support in many research discussions all over the globe. My supervisors have challenged, supported and overall raised the bar of my endeavors – thank you! Furthermore, I would like to thank Dr. Sigvald Harryson whom was the person leading me into the path of doctoral studies. Without his belief in my abilities, none of this would ever have happened. I would also like to thank my examiner, Professor Anders Pehrsson, for helping me to push my research further. Without his influence my research would not have reached the same level. He has also provided important input in numerous research seminars throughout this process. I would also like to send my gratitude to the friends and close colleagues that have contributed to my research in various ways, as research collaborators or in research seminars. In particular, I would like to mention Dr. Peder Veng Søberg, Dr. Susanne Sandberg, and Dr. Richard Owusu. I also would like to thank my fellow doctoral students Mathias, Miralem and Andreas for our discussions on both big and small issues. Beyond the persons mentioned above that have been directly involved in my doctoral process my gratitude goes to all colleagues that have been providing their help by reading, commenting and challenging my text and ideas. This goes out to the colleagues at the Center for International Business research in Emerging Markets at Linnaeus University and beyond. I can only hope that, over time, I will be able to pay those favors back.
Lastly I would like to express my gratitude to my family and friends for their support during these years. I hope the text that you are holding in your hands will help explaining what I have been up to all this time.

I hope you find the reading interesting. Thank you all!

Kalmar, April 28th 2016

Niklas Åkerman
Table of contents

1 Introduction ........................................................................................................ 1
  1.1 Perspectives on the internationalization of firms ........................................ 3
  1.2 Changing patterns of firm internationalization ........................................ 5
  1.3 Research questions ...................................................................................... 7
    1.3.1 Research question 1 ........................................................................ 7
    1.3.2 Research question 2 ........................................................................ 8
    1.3.3 Research question 3 ........................................................................ 9
  1.4 Purpose and contributions .......................................................................... 11
2 Developing a theoretical foundation ............................................................... 12
  2.1 The internationalization processes of firms ............................................... 13
    2.1.1 The internationalization of SMEs .................................................... 14
  2.2 Organizational learning in the internationalization process ....................... 15
    2.2.1 What is knowledge in organizations? ............................................ 15
    2.2.2 Knowledge in the internationalization process .............................. 17
    2.2.3 Learning in the internationalizing firm ......................................... 19
  2.3 International opportunities as a conceptualization of international growth .................................................................................................................. 23
    2.3.1 The origins of opportunities in the internationalization process ........ 23
    2.3.2 The realization of international opportunities as a manifestation of growth .................................................................................................................. 25
  2.4 Theoretical summary ................................................................................ 26
3 Methods and data .......................................................................................... 28
  3.1 Step one – collecting qualitative data through a case study ...................... 28
    3.1.1 Background and overall project objectives .................................... 29
    3.1.2 Research design ........................................................................... 30
    3.1.3 Choice of case companies ........................................................... 31
    3.1.4 Data collection ............................................................................. 34
  3.2 Step two – collecting quantitative survey data ......................................... 37
    3.2.1 Background and overall project objectives .................................... 38
    3.2.2 Research design ........................................................................... 38
    3.2.3 Sample ......................................................................................... 38
    3.2.4 Research-instrument development .............................................. 39
    3.2.5 Data collection ............................................................................. 40
    3.2.6 Descriptive statistics of the sample ............................................. 41
4 Article summaries .......................................................................................... 43
  4.1 Article 1 ............................................................................................... 45
  4.2 Article 2 ............................................................................................... 46
  4.3 Article 3 ............................................................................................... 48
5 Main findings and conclusions ...................................................................... 50
  5.1 Internationalizing firms show heterogeneous learning patterns ............ 50
  5.2 The learning strategy influences the levels of market knowledge .......... 53
Articles compiled after the thesis cover

Article 1

Article 2

Article 3
1 Introduction

This dissertation focuses on how internationalizing firms learn in foreign markets, as a driver of international growth. In this dissertation I argue that we need to go beyond learning in general in order to more thoroughly understand how organizational learning influences the process of internationalization. A great deal of research to date name market knowledge and learning as central determinants of internationalization behavior (e.g. Johanson & Vahlne, 1977; Johanson & Vahlne, 2009; Knight & Cavusgil, 2004; Oviatt & McDougall, 1994). However, while most extant literature has emphasized the development of internal experience, there are other ways of learning that need to be considered. Embracing a more comprehensive approach to learning gives a better ground for explaining the internationalization processes.

Before elaborating on this reasoning further, let us consider an example that serves to illustrate the challenges of a contemporary situation faced by firms expanding internationally. I give you the story of Customized Electronics.

The case of Customized Electronics
Customized Electronics is a company established in the southern part of Sweden, with 100 employees providing customized industrial production as a supplier in the electronics industry. The company serves a niche market with no more than five domestic customers, simply because there are no more relevant customers in Sweden. The company has a strong international presence, however, reaching 20 countries with the initial international step taken 15 years ago, and the exports amount to 79% of their total sales. While the overall financial performance of the company is stable with satisfactory profitability, the growth rate is declining. Because of the declining growth, further investments in buildings and machines, as well as additional employments, have been postponed. Domestic growth is unlikely to happen since the five domestic customers are not themselves growing. This means that in order for the company to grow, it has to be accomplished through international markets.
The company can be considered a quite experienced exporter. The first international steps were taken into nearby markets, starting with Norway. Step-by-step they entered German, Finland and several West-European markets. In total, 20 countries were entered during the following 10 years. In the later part of the international expansion the company also entered into the emerging market of India.

During the internationalization process the people in Customized Electronics have gained a significant amount of knowledge about what it means to internationalize. Some experiences from previously entered markets have been useful when entering an additional market. In particular they have learned how to search for and evaluate knowledge concerning business actors and opportunities in new markets. However, when entering India it became clear that the knowledge they had developed in Europe was not equally useful. It seemed like India was quite different. While most experiences from searching for and evaluating new knowledge about the local market, specifically actors and opportunities, were still relevant, the previous knowledge about the local society and the local business practices were not perceived as equally useful. Consequently, there was a need to develop new knowledge – to learn.

The entry into the Indian market occurred through an unsolicited order from a new customer in India followed by ten more customers in the same region in the following year. By that time the managers at Customized Electronics understood that there was an interesting growth potential to be captured in the rest of the Indian market. Simultaneously as they started to contact potential customers during the following years they followed news reports about India very closely. In particular, they subscribed to newsletters issued by organizations such as Business Sweden, continued to read Indian business newspapers and magazines as well as searching for industry reports whenever available. Throughout this process they were also buying services from Business Sweden and a privately owned consultancy firm with experience in doing business in India. While doing so they got in touch with two former employees from a competing firm. These employees turned out to have substantial experience from the industry in India and were therefore hired in order to make the expansion in India smoother and more efficient.

When using consultancy services and when employing these two new experienced employees Customized Electronics did not only manage to increase their export to the initial customers but also to find many new business opportunities in new industries and with new customers. Since then they have increased their exporting efforts to India using all previous channels of new knowledge. As a result, the annual growth in their sales to the Indian market has been in the double-digit range and the market expansion is perceived as very successful by the top management team at Customized Electronics.
It should be duly noted, however, that the case of Customized Electronics is made up. The story is inspired by the experience of different firms observed during the process of writing this dissertation. Still, the description of Customized Electronics serves as an illustrative example of situations that may occur in internationalizing firms, which may help in understanding the particular situation in internationalization that I want to address with my research.

1.1 Perspectives on the internationalization of firms

In order to understand the case of Customized Electronics in the context of this research it helps to have a point of theoretical departure. This will enable a shared theoretical platform for important under-researched aspects of the internationalizing firm, some of them illustrated by Customized Electronics.

However, before we develop this, it needs to be acknowledged that there have been different perspectives developed over time with the aim of understanding the internationalization of firms. Two main streams of literature are identified. Firstly, economics-related streams of literature (e.g. Buckley & Casson, 1981; Dunning, 2000; Hymer, 1976; Rugman, 1986) mainly explain the existence of the multinational corporation (MNC). They provide solid explanations for the existence of MNCs, but say little about the process of how they internationalize. Secondly, behavioral theory (Cyert & March, 1963) and Penrosian based theory mainly explain the internationalization behavior. Such explanations have taken different avenues of development. It has been argued that internationalization follows the different stages of a product life cycle (Vernon, 1966) while another theoretical stream draws attention to involvement in markets and argues for sequential stages of gradually increasing involvement to a foreign country market (Johanson & Vahlne, 1977) or in a local market network (Johanson & Vahlne, 2009) over time. This sequential and gradual approach has been challenged as empirical evidence has called for a more multifaceted palette of internationalization-behavior explanations. As a result, theories emerged on international new ventures (Oviatt & McDougall, 1994) and born global firms (Knight & Cavusgil, 2004). The common denominator of these theories is that they build on the notion that internationalization process patterns differ from those underlying most stage theories. Instead of following an incremental process, some firms go international early, even at inception, and enter a widespread range of countries in a short period of time. However, most internationalization-process theories primarily pay attention to the entry into international markets.

The notion of international entrepreneurship (McDougall & Oviatt, 2000) was introduced as a remedy for the shortcomings of previous explanations. Behavioral explanations of internationalization focused mainly on the
commitment and establishment form in foreign markets, and less on understanding subsequent firm growth after the establishment. Oviatt and McDougall (2005, p. 540) define international entrepreneurship as “the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services.” Hence, international opportunities are at the core of international-entrepreneurship theory.

Internationalization is a gradual increase in international involvement (Johanson & Vahlne, 1977), or “the geographical expansion of economic activities over a national country’s border” (Ruzzier et al., 2006, p. 477). This is similar to the notion of geographic diversification in strategy theory, which includes cross-border expansion into new markets (Hitt et al., 1997), driven by growth ambitions and risk division (Grant, 2008). Combining these logics, the internationalizing firm engages in cross-border expansion of its economic activities, where internationalization is a strategic process involving many dimensions of international activities (Melin, 1992). While many reasons can spur internationalization, this dissertation concerns the process of market-seeking internationalization (Dunning, 2000) to accomplish growth in sales.

Internationalization and learning are closely intertwined. Learning refers to obtaining new knowledge that is regarded as potentially useful (Huber, 1991) irrespective of whether it is intentional or unintentional. More specifically, learning has taken place if the potential range of behaviors changed as a result of processing the acquired knowledge. The acquisition contributes to the accumulated knowledge in the organization and, thus, to the organizational resources (Penrose, 1959). The knowledge that supports the development of organizational resources changes with how the external environment is perceived and how the firm responds to that. Thus, learning influences the potential range of firm responses (Huber, 1991; Penrose, 1959) such as knowledge related to opportunities as the basis for decision making (Johanson & Vahlne, 1977). In extant research, the development of experience from operations has been regarded as the main source of new knowledge for the internationalizing firm (Eriksson et al., 1997; Johanson & Vahlne, 1977). Since experiential knowledge can only be learned through carrying out activities, it is often situation specific. It is difficult to transfer to others, i.e. the knowledge, its bearer and the situation in which it has been developed cannot be disconnected (Penrose, 1959).

Now, back to the case of Customized Electronics, keeping the notion of experiential learning as the main source of new-knowledge acquisition in mind. It can be argued that learning in internationalization is essential for informed decision making. However, the story of Customized Electronics indicates that developing new knowledge from experience of business activities in a market is not the only way to learn. There are other ways to acquire new knowledge that can be combined with knowledge gained from the firm’s own experience, for example following the behavior of other firms and hiring staff. Furthermore, knowledge developed in one country is not always
applicable in a different country context, which means that firms, at least to some extent, need to learn from new markets in which they operate in order to facilitate growth. It might be so that the way in which Customized Electronics learned gave a more favorable growth scenario than firms that learn from fewer sources, i.e. the breadth of knowledge sources might matter. This research addresses these particular international growth problems related to learning in new markets. Therefore, this research focuses on expansion in emerging markets such as India as the empirical context, since it can be assumed that the situation of Customized Electronics' in India is generally valid, i.e. that a large portion of existing knowledge developed mostly in mature markets is not useful in the different emerging markets. Thus, using emerging markets as the empirical context gives a fertile ground for studying the effects of how firms learn.

The case of Customized Electronics thus illustrates a situation likely to be found among internationalizing firms, which has not been duly acknowledged in extant theory on the internationalization process. Before this will be elaborated on further, however, we need to know more about the process of internationalization.

1.2 Changing patterns of firm internationalization

The case of Customized Electronics is inspired by studies of many firms, which are combined into this description to represent an average case. By picking out interesting aspects from a variety of cases, typical situations are illustrated. These situations are especially relevant for many specialized industrial firms originating in small domestic markets that have to go abroad if they are to grow. This situation is especially likely to be found in many developed, comparatively small, and export-oriented countries such as the Nordic countries and New Zealand, but also in local niche markets of big mature markets such as Germany and Australia. Hence, the case of Customized Electronics suggests conditions that can be found in many mature markets. Furthermore, the story is about a firm that becomes multinational by only establishing a few subsidiaries abroad. Many contemporary firms share these characteristics. Examples of previous research pertaining to this particular type of exporting small and medium-sized enterprise (SME), the multinational exporter, can be found in studies by e.g. Dimitratos et al. (2003), Hilmersson (2011) and Sandberg (2012). As the story of Customized Electronics suggests, even emerging markets can be entered with a low degree of commitment, i.e. remaining as export sales over time. The case also illustrates a firm that goes global in its early years of existence.

How the firm internationalizes therefore differs from the view on the internationalization process as a sequence of gradually increased commitments to foreign markets. The richness in patterns among internationalizing SMEs as
traditional, born global and born-again global, and differences in outcomes of these patterns (Kuivalainen et al., 2012a; Kuivalainen et al., 2007) have received previous attention. This study pays particular attention to firms that are not large multinational corporations with multiple activities across multiple geographical regions. Instead, the attention is focused also on firms that primarily export from sales operations in their home countries. Although the study involves firms with sales activities in different countries, the geographical region in focus is maintained through exports from the home market. Regarding emerging markets, new patterns for internationalization reveal that the countries entered are changing in so far as the number of distant-market entries by small and medium-sized firms is increasing. This is supported by recent Swedish export statistics. Firms from Sweden serve as examples of the changing internationalization behavior discussed above, which makes learning from new markets vital. The current internationalization patterns show that Swedish firms enter emerging markets to a greater extent than before. The statistics also show that small firms increase their activities in emerging markets, which is the case even for micro firms (less than 10 employees) (Exportkreditnämnden, 2014). This suggests that there is an emerging global approach where international business is done not only by large multinationals but also by an increasing number of smaller firms. Additionally, a strong recent increase in the interest for areas such as Africa suggests that the geographic growth pattern between emerging markets is changing. Altogether, this implies an altered internationalization pattern of both larger and smaller firms now moving into previously unfamiliar territory. Examples of the drivers for this change can be seen in terms of enabling technology, such as communication technology, as well as in terms of supporting structural changes, mainly the reduction of trade barriers and the opening up of previously closed country markets (Jansson, 2007a; Ruzzier et al., 2006). This means that many firms face markets that differ substantially in institutional settings compared to those in their home countries (Jansson, 2007b; Jansson et al., 2007) and also compared to the previously entered markets. The applicability of the existing knowledge developed in the home country, or in proximate mature markets, deteriorates with increasing market differences (Hilmersson & Jansson, 2012). The specificity of knowledge matters, making it necessary to learn about the specific situation in the new market. Examples of what this means practically in the internationalizing firm is illustrated by the case of Customized Electronics. Consequently, the firms need to acquire new knowledge as they expand into increasingly distant markets. The situation with increased diversity of markets coupled with uncertain applicability of previous market knowledge calls for a better understanding of how to deal with learning in new markets.
1.3 Research questions

The introduction points out the critical importance of learning in internationalization. The empirical and theoretical patterns for internationalization highlighted above suggest that we need to know more about various learning approaches. We need to consider how firms learn when the relevance and applicability of extant knowledge deteriorate. A typical situation, like the one emphasized in the story about Customized Electronics, suggests this is most likely to occur when firms expand into distant emerging markets, in particular into markets unfamiliar to the firm. The description of Customized Electronics also indicates that organizational learning is more complex in that firms learn in more ways and from several sources, which has not earlier been researched to any great degree. In order to gain comprehensive knowledge about learning in internationalization, this dissertation will examine how various knowledge sources are combined for organizational learning.

1.3.1 Research question 1

The bulk of previous studies on learning in internationalization has focused on distinct ways of learning rather than taking a broader approach by studying how sources are interlinked. There is a strong emphasis on experiential knowledge (Forsgren, 2002), i.e. ‘learning by doing’ when operating in the market (Johanson & Vahlne, 1977). Sources other than experiential knowledge have been regarded as less important (Eriksson et al., 1997). This rather narrow notion of learning has been widely pointed out (e.g. Brennan & Garvey, 2009; Bruneel et al., 2010; Forsgren, 2002; Knight & Liesch, 2002; Michailova & Wilson, 2008; Park & Harris, 2014; Petersen et al., 2003; Saarenketo et al., 2004). There are other sources of new knowledge available to the firm that can reside both internally and externally to the organization (Casillas et al., 2009; Fletcher & Harris, 2012; Huber, 1991). This variety of sources needs to be taken into account for a more comprehensive picture of learning in internationalization.

Thus, the theoretical potential of combining internal and external sources of knowledge has not been utilized to its full capacity. Consequently, the aspect of combining experiential learning with learning from information becomes relevant. This aspect drives the first research question of my research:

*How do firms learn by combining various knowledge sources, internal and external to the organization, in acquiring foreign-market knowledge?*

In order to answer this research question, theories on organizational learning in firm internationalization are needed.
1.3.2 Research question 2

Based on the reasoning above, it can be assumed that firms are heterogeneous in how they combine knowledge sources. Since firms are considered heterogeneous bundles of internal productive resources, differences in firm-level growth are explained by the heterogeneity of these resources (Penrose, 1959). Consequently, if firms with heterogeneous resources use different ways to combine different sources of knowledge in their learning the outcome can be expected to vary. As the first-hand outcome of learning is more knowledge the knowledge levels will be different among internationalizing firms.

In studies of outcomes of learning in internationalization two important shortcomings are identified related to the empirical dimension and to the explanatory power of individual knowledge sources. Firstly, much research on learning in internationalization is conceptual (e.g. Brennan & Garvey, 2009; Casillas et al., 2009) and among empirical studies the strong emphasis on experiential knowledge discussed above is visible. Hence, when empirical data is used it is mostly focused on experiential learning. A few examples may serve to illustrate this situation. To explain early internationalization, Schwens and Kabst (2009) study the role of learning from own experience, learning from the experience of other actors and learning from imitating best practices of other firms in the market in order to explain early internationalization. Bruneel et al. (2010) explain the extent of internationalization by utilizing experiential learning in the organization, congenital learning of the entrepreneur and interorganizational learning, including interaction effects of experiential learning and the other two ways of learning. Casillas and Moreno-Menéndez (2013) elaborate on the nature of experiential knowledge addressing the issue of speed in internationalization by distinguishing between the depth and diversity of experiential knowledge concerning country and operations. Eriksson et al. (1997) studied the impact of the lack of internationalization and market knowledge on the perceived cost of internationalization.

A common denominator among these empirical studies is that they use distinct knowledge sources with a low degree of learning-source combination. It should be acknowledged that experiential knowledge may be the main way of learning in internationalization and that this is a reasonable approach. Acquiring objective information in the internationalization process cannot substitute the development of experience (Saarenketo et al., 2004). In this lies also that having the same knowledge as everyone else, e.g. commonly available information about a market, can hardly contribute to any firm-specific advantages. Instead, external information needs to be translated and integrated with experiential knowledge in order to gain value for the firm (Knight & Liesch, 2002; Nonaka & Takeuchi, 1995; Souchon & Diamantopoulos, 1996). There are empirical studies that show the importance of external information for the degree of internationalization, such as Nguyen
et al. (2006), although they are even scarcer than empirical studies of experiential learning. This does not mean, however, that learning from information should be excluded.

The second shortcoming introduced above is that in addition to the experience-focused approach, the explanatory power of the above-mentioned studies show that more can be done. The variance explained in the study of Schwens and Kabst (2009) is approximately 10% and the variance explained by Bruneel et al. (2010) reaches approximately 25%. Although the outcomes differ between the studies mentioned, and the levels of variance explained are reasonable for the studies that were conducted, they still illustrate that there is much potential remaining for the use of learning in internationalization. Parts of this potential can be captured by taking the combination of knowledge sources into consideration, using knowledge as the outcome since knowledge guides decision making. For decisions concerning activities in internationalization, market knowledge is pivotal, defined as "knowledge about characteristics of the specific national market - its business climate, cultural patterns, structure of the market system, and, most importantly, characteristics of the individual customer firms and their personnel" (Johanson & Vahlne, 1977, p. 28)

In order to research whether the combinations of various sources can contribute to our understanding of learning in internationalization we need to inquire about the respective consequences of different knowledge-source combinations. This notion spurs the second research question that my research addresses:

What are the differences in knowledge-source combination in learning for the levels of market-specific knowledge achieved?

In order to address research question 2, theories on organized learning in internationalization and different types of relevant knowledge are needed. Although knowledge levels are likely direct consequences of learning, for this research there is also a need to understand how knowledge is linked to international growth, in particular market knowledge. Hence, the third research question is approached.

1.3.3 Research question 3

This dissertation concerns the relation between learning, market knowledge and international growth. Hence, there is a need to have a fruitful conceptualization that captures the last part of the relation between market knowledge and international growth. Various aspects of international growth have been considered in extant research. However, most attention has been focused on the initial establishments in foreign markets and less on the opportunities to grow further in foreign markets. The latter aspect is addressed by Oviatt and McDougall (2005), Shane and Venkataraman (2000) and Ellis
(2011), who hold that the only meaningful opportunities are those that are exploited, i.e. “that [lead] to new international exchange” (p. 101). This is much in line with the reasoning of Mainela et al. (2014, p. 120) who argue that an international opportunity is “a situation that both spans and integrates elements from multiple national contexts in which entrepreneurial action and interaction transform the manifestation of economic activity”. The very last part of this definition, and the definition by Ellis (2011), provide two important components: the realization of opportunities and the connection to firm growth. Thus, international opportunities that are realized are manifested in new economic activity, which contributes to firm growth in international markets.

As discussed above, learning is a central component of internationalization and pivotal for understanding the many dimensions of internationalization behavior (Bruneel et al., 2010; Casillas et al., 2010; Casillas et al., 2009; Schwens & Kabst, 2009). Knowledge has been used in order to explain such aspects as early internationalization, the degree of international activity, the speed of international expansion as well as the perceived cost of internationalization. International-opportunity realization is no exception. The realization of opportunities relies on knowledge, both for the awareness of the opportunity and for the exploitation of the same (Shane, 2000). Opportunities are considered a subset of the knowledge that is developed when internationalizing (Johanson & Vahlne, 2009; Mainela et al., 2014) and, thus, part of the knowledge that is developed during the internationalization process. As learning and market knowledge have been a fruitful approach to explaining international expansion, market knowledge can also be expected to provide important input for the realization of international opportunities.

Consequently, market knowledge is an important determinant for realizing market opportunities. This logic leads to the third research question in this research:

**What are the effects of acquired market knowledge on the realization of international growth opportunities?**

Addressing this research question requires an integration of market-knowledge components from internationalization-process theory with theory on the realization of international opportunities. Together with the two research questions formulated above the third and last research question leads the reasoning towards the purpose of this dissertation.
1.4 Purpose and contributions

The introduction and the problem discussion so far illustrate a number of central aspects of the internationalizing firm: (1) internationalization is a process of international growth through expansion across borders; (2) learning and market knowledge are central aspects that influence internationalization behavior; (3) new knowledge in internationalization may come from a variety of sources; which (4) enables the firm to better realize growth opportunities in international markets. The market knowledge that enables the firm to realize international opportunities is characterized by heterogeneity. Thus, there is a need to know more about how firms learn when growing internationally: what the consequences are of different learning behaviors. This need was formulated as three research questions above. In relation to these questions, the following purpose is formulated:

To describe and explain how internationalizing firms learn about foreign markets by combining various knowledge sources in order to realize growth opportunities in these markets.

The main theoretical contribution is developing international-process theory by integrating theories on knowledge acquisition (Fletcher & Harris, 2012; Huber, 1991), market knowledge (Eriksson et al., 1997), internationalization knowledge (Fletcher et al., 2013), and international opportunities (Mainela et al., 2014). Thus, the research is done at the intersection between international entrepreneurship and internationalization process theory. International opportunities represent the growth aspect and knowledge acquisition embodies learning in the firm. This focus informs about firm behavior and firm growth beyond the initial market entry, i.e. realizing growth opportunities once the firm has entered an international market. This research contributes to expanding theory about how firms learn in their internationalization process as well as the consequences thereof.

The contribution to international business practice is primarily related to the options that firms have when considering how to acquire knowledge in new markets. Returning to the example of Customized Electronics, this dissertation provides input concerning the question of how to learn in new markets, in particular the consequences coupled with different ways of combining sources of new knowledge. Thus, firms typified by Customized Electronics can gain a better understanding of how their approach to learning is related to the realization of growth opportunities in the market.
2 Developing a theoretical foundation

This chapter mainly accounts for the theoretical underpinnings of my dissertation and how the theoretical foundation has developed over time, reflecting on the theoretical journey taken during the dissertation work. The initial research interest was directed at the process of firm internationalization where the aim was to explain why firms differ in how well they manage to grow in foreign markets. Following this, the first component of my literature review was to understand the phenomena of firm internationalization and more specifically – the internationalizing firm.

Soon I realized that such organizational dynamism has its roots in learning, a notion found to be supported by a vast amount of literature on strategic dynamic capabilities (e.g. Easterby-Smith & Prieto, 2008; Eisenhardt & Martin, 2000; Teece & Pisano, 1994; Teece et al., 1997; Zollo & Winter, 2002). Learning in the organization is the antecedent to strategic renewal, i.e. to the firm’s ability to adapt to the diverse and changing environments, when it comes to internationalization activities. Thus, to understand firm internationalization, I needed to know more about learning within organizations, since the starting point of learning is to acquire knowledge (Huber, 1991). The acquisition of new knowledge by the organizational members became central to my research. Knowledge acquisition, as an initial and essential part of learning, had the potential to explain differences in firm behavior when they internationalized. Hence, a review of knowledge-acquisition related literature was needed alongside an understanding of learning in organizations, i.e. organizational learning. Consequently, the second component of my literature review was related to organized learning in general and, more specifically, to the acquisition of new knowledge as a factor with the potential to explain how firms differ in their internationalization behavior.

As discussed in relation to research question 2 in the introduction, foreign-market behavior among firms is assumed to be heterogeneous and the outcome of these various firm behaviors was also expected to differ. In order to capture these differences, the outcome of learning behavior in foreign markets needed
a conceptualization of internationalization performance that allowed me to capture the variation in growth in foreign markets. Since my research interest concerns international expansion into foreign markets beyond the initial market entry, the conceptualization needs to address this distinct aspect. My solution was to turn to opportunity-centered international entrepreneurship theory and, more specifically, to the realization of international opportunities. Hence, the third and final component of my literature review concerns the realization of international opportunities as the outcome of heterogeneous learning activities.

These three basic theoretical components are discussed next: internationalization-process theory, theories on organizational learning in internationalization and entrepreneurship theory related to the realization of international opportunities. Firstly, internationalization process theory is elaborated on, since the research is largely about internationalization processes. Secondly, organizational learning theory is discussed, since it is vital to describing how internationalizing firms learn and to answering the first and second research questions. Knowledge and learning are discussed, including individuals as well as organizations. In connection to this, knowledge dimensions particularly relevant in the process of internationalization follow, which relates to answering the second research question as well as to laying the foundation for explaining the realization of growth opportunities and answering the third research question. Thirdly, the goal, or the performance measure of the successfulness of the internationalization process, is international-opportunity realization. Central theoretical contributions for international opportunities are discussed, which acknowledges different perspectives on the origins of entrepreneurial opportunities alongside the importance of knowledge, thereby enabling the answer to the third research question.

2.1 The internationalization processes of firms

Internationalization-process theory sets out to explain firm behavior when internationalizing. Several process-oriented approaches to explaining internationalization behavior have been suggested with different outsets. Vernon (1966) applies product life-cycle logic and suggests that a firm’s internationalization follows the maturing process of its product. This is sometimes referred to as the innovation-related model of internationalization (Andersen, 1993). It is suggested that product development takes place in a mature market where the initial sales are also made. Later in the life cycle, when economies of scale are sought, expansion is made to international markets. Further progress through the product-life cycle makes the company search for low cost production, also in international markets, and in the last stage sales in mature markets decline. The incremental models of
nationalization (e.g. Cavusgil, 1980; Johanson & Vahlne, 1977) take a different approach. The stage models consider the internationalization of firms as a process of gradual involvement in an international market. The Uppsala school of internationalization-process theory holds that internationalization is an incremental, step-wise process limited by uncertainty (Johanson & Vahlne, 1977, 2009; Petersen et al., 2008). This approach to internationalization process theory is commonly referred to as the U-model of internationalization (Andersen, 1993). During the development of the Uppsala internationalization process theory, the basis for strategic decision-making has had different sources. Early process-oriented research was centered on market commitment (e.g. Johanson & Vahlne, 1977). The degree of market commitment was dependent on the uncertainty-reducing role of knowledge in situations of psychic distance between the firm’s home market and the focal foreign market. Commitment increases gradually as the perceived uncertainty is reduced. Learning from operating in the market enables the reduction of uncertainty by lowering the barriers caused by psychic distance. The interplay between psychic distance as a barrier and learning as an enabler of commitment results in a step-wise process of internationalization, starting in adjacent markets to the home market. Summarized, the main parts of the Uppsala model pertain to state and change aspects; the state aspects referring to market knowledge and market commitment while the change aspects concern commitment decisions and current activities. However, more recently the process-oriented research has focused on networks and relations rather than market commitment (e.g. Johanson & Vahlne, 2009). Still, the importance of knowledge remains. Expanding the firm into an international arena involves a vast array of decisions that need to be made. This highlights the need to understand the role and nature of knowledge in the organization as “decision-making has always been about processing knowledge” (Spender, 1996, p. 45).

It can be concluded that there are complementary theories developed over time for how to explain firm internationalization, such as theory on born globals (e.g. Knight & Cavusgil, 2004) and international new ventures (e.g. Oviatt & McDougall, 1994). Together with stage theory, these theories mainly explain different patterns observed in the early stages of internationalization. However, international entrepreneurship theory (e.g. Oviatt & McDougall, 2005), centered on international opportunities goes beyond the early phases. This particular aspect of internationalization will be discussed in more detail later.

2.1.1 The internationalization of SMEs

Much of the initial work on the internationalization of firms focused on large corporations (Johanson & Wiedersheim-Paul, 1975). This is the case for transaction cost theory as well the Uppsala model. This has changed somewhat over time. The contemporary scene of internationalizing firms
shows a larger role for small firms’ internationalization. What is even more important is that more recent research shows that the internationalization takes place early in the firm’s life. Theories on international new ventures (Oviatt & McDougall, 1994) and born globals (Knight & Cavusgil, 2004) are illustrative examples of this.

Research on the internationalization of SMEs has shown some specific characteristics. Scarcity of resources, human as well as tangible and intangible, is a typical and distinguishing trait often ascribed SMEs, which means that they are often lacking in slack resources. Much focus has been put on the temporal aspects of internationalization, often in terms of early or late internationalization (e.g. Knight & Cavusgil, 2004; Kuivalainen et al., 2012a; Oviatt & McDougall, 1994; Saarenketo et al., 2004). Several studies have focused on the features of the internationalization patterns that have attracted interest, such as the speed at which internationalization takes place and the balance between international scale and international scope (Kuivalainen et al., 2012b). Some studies overlap these approaches, which include the point of international take off as well as the speed at which international expansion is carried out after the first step was taken (Hilmersson, 2014b). When researching small firm internationalization, particular consideration has frequently been given to the role of the individual entrepreneur and/or the top management team. The experience of the entrepreneur prior to the international venture is suggested to increase the likelihood of early and rapid internationalization (Casillas et al., 2009).

However, one conclusion that can be drawn from the internationalization-process literature is that regardless of firm size and internationalization pattern, learning is central to the process of internationalization. This notion calls for a review of theory relating to organized learning.

2.2 Organizational learning in the internationalization process

Organized learning has distinct implications for the internationalizing firm. There is a need to first discuss knowledge and learning in a more generic sense: to discuss what knowledge and learning mean in an organizational context. This is followed by a discussion of the specific role of knowledge and learning the internationalization process.

2.2.1 What is knowledge in organizations?

Knowledge is often defined as ‘justified true belief’ (Nonaka et al., 2000; Spender, 1996), which is created in the interaction between humans (Nonaka et al., 2000). This means that knowledge is context specific and remains mere information if it is not put into the relevant context. The context of knowledge creation and use concerns time as well as space (Hayek, 1945) which implies
that local conditions are pivotal. Contextual change will challenge what is considered true which means that knowledge from one particular context may be regarded as less valuable, and even untrue, in another context. Applying knowledge from one context to another has shown to be associated with challenges (e.g. Kostova, 1999; Szulanski, 1996). This applies to experiential knowledge in particular, as experiential knowledge can neither be separated from the individual nor the context (Penrose, 1959).

In order to understand knowledge in a firm, Spender (1996) suggests moving beyond a positivist approach to knowledge, and instead adopt a pluralist epistemology. One central distinction between knowledge dimensions is between know-what and know-how. While know-what is “knowledge about” objects founded in a systematic reasoning, know-how is the result of experience. A commonly referred epistemology along these lines is Polanyi’s (1966) notion of explicit and tacit knowledge, which is based on the idea that “we know more than we can tell” (p. 4). The ideas of Polanyi have been applied in knowledge discussions by many researchers thereafter (e.g. Kogut & Zander, 1992; Nonaka & Takeuchi, 1995). The explicit dimension is similar to the ideas of know-what and the tacit dimension shares similarities with the experientially generated know-how, although tacit knowledge also includes subconscious knowledge. More specifically, explicit knowledge refers to knowledge that is formal and systematic such as specifications, data etc. The explicit nature enables sharing between individuals. Tacit knowledge, on the other hand, is more personal and difficult to communicate, and embedded in actions, values etc. Nonaka and Takeuchi (1995) argue that tacit knowledge holds two dimensions: a technical dimension similar to the ideas of know-how and a cognitive dimension encapsulating beliefs and mental models. While the technical dimension captures experiential expertise, the cognitive dimension reveals the perception of the surrounding world as it is a reflection of “our image of reality (what is) and vision of the future (what ought to be)” (p. 8). From this distinction it follows that explicit knowledge primarily concerns objective knowledge, whereas tacit knowledge is highly subjective. When our subjective experience and perception are translated into words, symbols etc. in a systematic way so that it can be understood by others, it has been translated into explicit knowledge.

Following the distinction between tacit and explicit knowledge there are similar partitions made into subsets of knowledge. One distinction relevant for this research is between information and know-how, which refers to declarative and procedural knowledge (Kogut & Zander, 1992). Information concerns “knowledge which can be transmitted without loss of integrity once the syntactical rules required for deciphering it are known” (p. 386). Information, thus, is objective and in order to become knowledge it needs to be put into context (Nonaka et al., 2000). Consequently, in order to become knowledge it needs to be integrated with the experience held by the receiver. Know-how instead refers to how something is done, which is based on
accumulated experience (Kogut & Zander, 1992), i.e. learning by doing. One application of this logic in international processes is made by Fletcher and Harris (2012) who distinguish between objective knowledge, which shares characteristics with explicit knowledge, and experiential knowledge, which is similar to tacit knowledge. It has been argued that neither dimension of knowledge is sufficient on its own. Instead, knowledge is created in the “interactions between tacit and explicit knowledge, rather than from tacit or explicit knowledge alone.” (Nonaka et al., 2000, p. 8). Consequently, interpersonal, and sometimes also inter-organizational, interactions are essential for the creation of knowledge.

However, which knowledge is important varies between situations. What knowledge needs particular attention in the context of internationalization is discussed in the following.

### 2.2.2 Knowledge in the internationalization process

In the context of firm internationalization processes, which is in focus for this research, knowledge has its distinct content. It is suggested that knowledge in internationalization relates primarily to two main components: market knowledge about the country market at hand and processual knowledge about how to internationalize. The latter refers to aggregated knowledge that is developed from all previous internationalization activities (e.g. Fletcher & Harris, 2012). The discussion further focuses on the knowledge in the internationalization process related to these two components.

Market knowledge is frequently divided into two sub-categories: (1) knowledge about actors in the market and the market conditions, referred to as business knowledge (Chetty et al., 2006; Eriksson et al., 1997; Eriksson et al., 2000b), network experiential knowledge (Blomstermo et al., 2004; Hilmersson & Jansson, 2012) or business network knowledge (Hilmersson, 2014a), and (2) knowledge about the institutional context of the market, referred to as institutional knowledge (Chetty et al., 2006; Eriksson et al., 1997; Hilmersson, 2014a) or societal knowledge (Hilmersson & Jansson, 2012). Business network knowledge refers to knowledge about actors in the local arena, i.e. customers, suppliers, and competitors. In the local business network, potential customers are sometimes also included. More specifically, the business network knowledge concerns knowledge about the local business culture, the needs and wants of the local customers, potential customers and competitors, and the conditions for doing business in this particular market. Institutional knowledge, on the other hand, concerns knowledge about the local institutional setting. Institutional knowledge refers to knowledge about conditions in the country such as laws, norms and regulations, the political system, the national culture, and the governmental system. As the institutional setting can be expected to vary between countries (Kostova, 1999; Kostova & Roth, 2002), firms face various institutional settings as they internationalize.
Process related or internationalization knowledge concerns “the accumulated internationalization experience gained by a firm in its international operations” (Eriksson et al., 1997, p. 349). This is also labeled as internationalization experiential knowledge (Blomstermo et al., 2004) referring to the internationalizing firm’s experience from previous internationalization, and capability to select an entry mode, and to perform a local search, i.e. procedures and routines for learning (Eriksson et al., 1997) in diverse foreign markets (Chetty et al., 2006). This develops experiential knowledge that helps decision-making in subsequent internationalization activities. Consequently, internationalization knowledge is considered a representation of the internationalizing firm’s learning-capability necessary for successful subsequent expansion to new markets (Fletcher et al., 2013).

Internationalization knowledge relates to how the firm develops its ability to learn in foreign markets, also known as double-loop learning (e.g. Argyris, 1976), whereas the market knowledge refers to single-loop learning that increases knowledge following the predefined accumulation processes. The double-loop learning guides future learning of market knowledge by directing where and how to learn in the market.

Fletcher et al. (2013) distinguish between different dimensions of internationalization knowledge. They suggest that it concerns (1) market entries, which pertain to “knowledge to develop market entry strategies in new territories and how to implement market entry decisions” (p. 51), (2) localization, which is “knowledge to source competitive knowledge, evaluate necessary and available capabilities to develop competitive strategies, and implement appropriate competitive and/or collaborative strategies in new territories” (p. 51), and (3) international enterprise, which refers to “knowledge to source and evaluate information about international challenges, different ways in which international firms can be structured and managed, and how to implement internal structures and procedures for international business performance” (p. 51).

Many scholars have placed great emphasis on experiential knowledge as the core of internationalization processes (Forsgren, 2002) finding non-experiential knowledge less important (Eriksson et al., 1997). Still, strong voices (e.g. Brennan & Garvey, 2009; Bruneel et al., 2010; Forsgren, 2002; Park & Harris, 2014; Petersen et al., 2003) call for a larger diversity, as experiential knowledge is not enough to understand the internationalization process. Consequently, this research acknowledges that while experiential knowledge is critical for decision making in subsequent internationalization objective knowledge (information) is also an important source for learning and that there is a need for the internationalizing firm to balance both types of knowledge for successful learning. Table 1 summarizes the characteristics and specificity of the knowledge components as well as respective, suggested content.
Institutional knowledge | Business network knowledge | Internationalization knowledge

| Characteristic | Country specific knowledge | Network specific knowledge | Aggregated, processual knowledge |
| Experiential content | Experience accumulated from working within the specific institutional country context | Experience accumulated from working within a specific business network | Accumulated experience from previous market entries, localization and learning in local markets, i.e. a learning capability for how to internationalize to various local markets |
| Objective content | Objective information concerning laws, regulations etc. in the specific country | Objective information about network actors, such as network structure, data about organizations etc. | Information concerning how international firms can be structured and managed |
| Knowledge specificity | Country specific | Market specific (network level) | Firm specific (path-dependent) |

Table 1. Knowledge in the internationalization process

2.2.3 Learning in the internationalizing firm

Just like the knowledge pertaining to the internationalization process of firms discussed above, there are certain aspects of learning in the internationalization process that need to be taken into account. Learning in the international firm is partly organized learning in general and partly organized learning related to the process of internationalization. These two aspects will now be discussed.

In organizations, learning takes place through the processes of acquisition, sharing and interpretation of knowledge made by individuals as actors throughout the organization. In order to capture organizational learning, the cognitive and social aspects need to be taken into account (Crossan & Berdrow, 2003). Organizational learning is a multi-level learning construct, incorporating the individual, group and organization, where ideas are shared and a common meaning is created in structured relationships between individuals sharing understandings and developing these into institutionalized routines (Crossan et al., 1999). Hence, organized learning is a social process between individuals within the boundaries of what constitutes the organization. This is not the same as claiming that organizations learn in the same way as humans. However, through the social process, organizational
learning is related to individual learning. When acting as a group, or as a collective, individual actions are interrelated into a collective mind which “is distinct from an individual mind because it inheres in the pattern of interrelated activities among many people” (Weick & Roberts, 1993, p. 360). Hence, knowledge in an organization does not reside in individual knowledge alone but also in the collective arena that is constituted by the organization. Individual intuition is the source of knowledge (Nonaka & Takeuchi, 1995; Spender, 1996), which comes in the forms of experiential intuition and entrepreneurial intuition (Crossan & Berdrow, 2003; Crossan et al., 1999). Individual intuition is argued to be the origin of institutionalized organizational knowledge, which, in turn, is stored in organizational routines and processes. This emphasizes that it is not the firm itself that learns, instead it is the individuals who are integrated carriers of knowledge that is shared with others within the organization by different modes of knowledge conversion (Nonaka & Takeuchi, 1995; Nonaka et al., 2000). Consequently, organizational knowledge does not exist disconnected from the individuals in the organization; individuals are instead at the very core of knowledge in the organization and it is with the joint action of organizational members that knowledge becomes organizational.

Organized learning is to a great extent a process of social interaction where meaning is simultaneously created individually and socially. In line with the reasoning of Nonaka and Takeuchi (1995), an organization can be regarded as a ‘pattern of communicative interaction between interdependent individuals’ (Stacey, 2003, p. 7). In order for the knowledge to be organizational it ‘must become embedded in the images of organization held in its members’ minds and/or in the epistemological artifacts (the maps, memories, and programs) embedded in the organizational environment’ (Argyris & Schön, 1996, p. 16). From a perspective where organizational memory is stored in routines, processes (e.g. Levitt & March, 1988; Walsh & Ungson, 1991), and in physical objects like tools (Argyris & Schön, 1996) organized learning can be described as ‘changes in organizational routines and strategies’ (Stacey, 2003) or as the ‘encoding inferences from history into routines that guide behavior’ (Levitt & March, 1988, p. 320). Following the above discussion, the changes that constitute organized learning is a result of individual and social processes of interaction where meaning is created in the individual and the social ‘sphere’ simultaneously, in a process resembling individual learning.

This dissertation focuses on learning in the process of firm internationalization as a more specialized activity than the generic discussion of organized learning. It is therefore pivotal to pay particular attention to learning in the internationalization process and to the development of market-specific knowledge and internationalization knowledge.

Learning is a central component of the internationalization process. Current activities in the market enable learning, which increases the market knowledge (Johanson & Vahlne, 1977) and thereby the ability to recognize
opportunities is increased (Johanson & Vahlne, 2009). The key component in learning in internationalization is experiential learning developed by carrying out activities in the local market or in the local business network, i.e. learning by doing. Knowledge is cumulative (Cohen & Levinthal, 1989, 1990) and it develops by means of developing new experiences and by introducing new information that is matched with existing knowledge. More specifically, learning takes place by interpreting information from inside the firm and information from the external market, which are both needed together for successful learning to take place (Johanson & Vahlne, 1977). As put by Spender (1996, p. 48) “learning is the process of experiencing and analyzing, or the process of communicating the knowledge previously generated by others”. The organization’s ability to converge acquired knowledge from internationalization activities with existing knowledge, referred to as the combinative capability of the firm (Kogut & Zander, 1992), enables development of the knowledge of the firm, i.e. learning. Paying particular attention to the integration of previous experiential knowledge and of newly acquired knowledge is central in order to understand the process of learning in the internationalizing firm. Hence, learning concerns the acquisition of new knowledge from various sources that reside internally and externally to the organization (Huber, 1991). Huber holds that there are five main sources of new knowledge: congenial knowledge, experiential learning, vicarious learning, grafting, and, searching and noticing (p. 90). Congenial learning refers to the combination of inherited individual knowledge that exists prior to the birth of the organization and the knowledge developed during the formation of the focal organization. Consequently, while possibly influencing future learning due to the cumulative nature of knowledge, congenial knowledge primarily relates to an organization’s early stages. The remaining four sources of knowledge are equally relevant throughout the existence of the organization. Firstly, experiential knowledge concerns the development of direct experience in the organization, which can be intentional and systematic as well as unintentional and random. Secondly, vicarious learning concerns the acquisition of experiential knowledge from external actors through activities such as mimicking the behavior of other organizations that are perceived as successful, which can include the use of actors such as consultants and professional networks. Thirdly, grafting is the inclusion of new knowledge by hiring new employees or acquiring whole organizations, i.e. integrating external knowledge sources into the organizational structure. Fourthly, searching and noticing refer to the conscious wide scanning of the business environment, focused search for information within a narrow field or the monitoring of business performance.

Fletcher and Harris (2012) apply the logic of Huber’s (1991) four sources for ongoing knowledge acquisition within the realms of internationalization. They include the four sources of knowledge with a matrix of an internal vs. external dimension and an objective-knowledge vs. experiential-knowledge
dimension. This approach splits into four sources for new knowledge acquisition for the internationalizing firm. The internal source for experiential knowledge is referred to as direct experience, which is developed internally by carrying out operations in foreign markets. The experience developed through past actions guides subsequent decision-making. The external source of experiential knowledge is a combination of vicarious learning and grafting labeled indirect experience. This is the inclusion of external sources of experiential knowledge of international operations into the organization. Observing the actions of other organizations, creating strategic alliances as well as requiting experienced personnel can develop indirect experience. The internal source of objective knowledge is referred to as internal information, which is based on efficient use of information available within the organization. Putting different bits of information together creates new knowledge, which requires codification and sharing. This includes making experiential knowledge explicit but also the creation of new knowledge by novel combination of explicit knowledge. Lastly, external search is the external source of objective knowledge. This concerns a deliberate search for, primarily, published information from external actors such as chambers of commerce, trade associations etc., or from sources such as market research. In sum, the approach that Fletcher and Harris (2012) use to structure sources for the acquisition of knowledge for the internationalizing firm is suitable for this research since it is well aligned with how knowledge in internationalization is discussed.

As mentioned above, learning is cumulative (Cohen & Levinthal, 1989, 1990) and concerns analyzing the intersection between previous experience and knowledge (Kogut & Zander, 1992; Spender, 1996) or, put differently, analysis in the intersection between firm experience and market experience (Johanson & Vahlne, 1977). In the internationalization process this means that learning takes place by interpreting new market-specific knowledge in relation to the existing experiential knowledge within the internationalizing firm, i.e. relating ongoing work with past related experience (Lindstrand, 2003). The specific nature of market knowledge makes it difficult to translate for use in other foreign markets (Choi et al., 2003), which suggests a strong need for learning market-specific knowledge in each foreign market entered. To some extent, previously developed existing knowledge, embodied in practices, routines, systems etc., may also be translated by the firm to be used in other foreign markets. Although this may require adaption, it can reduce the need for new knowledge and replace new learning in a focal market. This can refer to successfully taking concepts and enabling practices from one foreign market and applying them in a subsequently entered market.

A string of additional market entries reflects a practice of international expansion. It was assumed already in the introduction that firms internationalize, at least partially, to enable international growth. Although other reasons need to be acknowledged, such as sustaining the size of the firm
in times of downturns or increasing competition and risk diversification by selling to many markets simultaneously, these can also be argued to have a link to firm growth. Growth is discussed in various terms within the realms of internationalization processes.

2.3 International opportunities as a conceptualization of international growth

International opportunities have received increasing attention in internationalization literature as an important aspect of understanding the internationalization process, in particular as a driver for added commitment (Johanson & Vahlne, 2009), as well as a driver of foreign growth (Ellis, 2011). Hence, the realization of opportunities is a central component for the international growth of the firm (Mainela et al., 2014). To answer research question 3, this relation is used to conceptualize internationalization performance in markets that the firm has already entered. During the initial phases of foreign market entry (country market) challenges of newness and outsidership become pertinent. While those challenges may remain for long time-periods the focus of decision-making is later likely to shift from entry-related issues to growth related issues.

2.3.1 The origins of opportunities in the internationalization process

Theorizing on entrepreneurship centers on exploring and exploiting opportunities. Opportunities are defined as “situations in which new goods, services, raw material, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships” (Eckhardt & Shane, 2003, p. 336). In essence, this can be considered the formation of novelty, since newness as well as the formation are necessary building blocks of opportunities. Furthermore, opportunities refer to the potential of forming novelty, even if the potential is not carried out. If the potential is realized, the new economic activity that results (Mainela et al., 2014) can influence competitive advantage and profitability (Alvarez & Barney, 2007).

More specifically, international entrepreneurship is focused on cross-border activities that create value in organization as “...innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations” (McDougall & Oviatt, 2000, p. 903). Since then, international entrepreneurship has received an increasing amount of attention and the ideas of international entrepreneurship have evolved. The evolution includes corporate entrepreneurship and takes a more narrow focus on new ventures. Whether the focus should be on business alone or also include the social sides of entrepreneurship has been debated as well. Still, the
central position of opportunities has remained and the identification and exploitation of opportunities in foreign markets is key (Ellis, 2011; Zahra et al., 2005). Following this line of reasoning Mainela et al. (2014, p. 120) define an international opportunity as a "...situation that both spans and integrates elements from multiple national contexts in which entrepreneurial action and interaction transform the manifestations of economic activity."

Opportunities are apparently important elements in entrepreneurship but there are different views on the origin of opportunities, commonly referred to as Kirznerian vs. Schumpeterian opportunities (Dutta & Crossan, 2005; Mainela et al., 2014), which pertain to whether opportunities are objective or subjective (Companys & McMullen, 2007; Dutta & Crossan, 2005; Mainela et al., 2014; McMullen et al., 2007). While Kirznerian opportunities generate movement toward equilibrium in the market Schumpeterian opportunities generate movement toward unbalancing an existing equilibrium, thus creating disequilibrium in the market. The basis for the Kirznerian opportunity is existing imbalances in the market, which are discovered and taken advantage of. For example, a demand in the market that has yet to be satisfied. The fact that actors address the market imbalance, i.e. the gap in the market yet to be attended, by providing offers that solve the current need, pushes the market towards equilibrium. The thought that opportunities exist in the world to be discovered suggests that the Kirznerian view holds an objectivist perspective on opportunities (Wood & McKinley, 2010). This also means that it is the attending actor, who understands existing market information, which will find the opportunity and be able to act on it. Conversely, Schumpeterian opportunities have their intellectual foundation in the notion that creative destruction can offset an existing equilibrium. This means that existing balances between supply and demand shift due to novel, creative ideas that can relate to new solutions, to old customer problem, as well as to creating new demands in the market. This logic is based on a subjective (Companys & McMullen, 2007; Dutta & Crossan, 2005; Mainela et al., 2014; McMullen et al., 2007) and constructivist (Wood & McKinley, 2010) perspective on opportunities where creativity and innovation are central skills.

While there are two distinct standing points concerning the origins of entrepreneurial opportunities in line with the reasoning above there are related theoretical discussions which suggest that opportunities are instead the results of an iterative development process involving discovery as well as creation (Alvarez & Barney, 2007; Dimov, 2007). This perspective advocates that although an opportunity may be discovered; the process that enables the firm to exploit the opportunity includes a creative process during which the offer is modeled to fit the particular opportunity. Central to this notion is social interaction, through which the entrepreneurial opportunity is developed (Dutta & Crossan, 2005). This emphasizes the role of the organization for facilitating social arenas in which opportunities can be developed. In line with the reasoning of Spender (1996) and Crossan et al. (1999), among others,
concerning knowledge in an organization, this notion argues for a multilevel approach to opportunity development, where social aspects are pivotal.

Acknowledging both possible explanations for the origin of opportunities in line with e.g. Sarasvathy (2001) and Sarasvathy et al. (2003), Johanson and Vahlne (2009) discuss international opportunities as consisting of both components iteratively. Hence, they argue, international opportunities are developed in an iterative process including identification as well as creation. While some aspects of an opportunity may be discovered, others may be created as a result of the initial identification. Consequently, the final opportunity may differ from the initial opportunity as well as from any momentary state of the opportunity during the development process.

2.3.2 The realization of international opportunities as a manifestation of growth

Building on the focus on ‘the manifestation of opportunities into new economic activity’, suggested by Mainela et al. (2014), situates the exploitation of opportunities as the pivotal key for international entrepreneurship and international opportunities in particular. It can be argued that for an organization the most important opportunities are not the potential ones but instead the opportunities that are in fact transformed into new economic activity. This is in line with the view that opportunities may “create value in organizations”, that McDougall and Oviatt (2000) refer to. While the potential value of opportunities may be interesting for understanding the role of opportunities for value creation and growth of the organization, the realization of opportunities provides the potential to understand what lies behind. Since this research sets out to explain the determinants that make firms differ in terms of how they capture opportunities internationally, the concept of opportunity realization offers an attractive avenue forward. There are two main reasons for this choice. Firstly, the realization of international opportunities does not distinguish between, nor exclude, either the Kirznerian opportunity or the Schumpeterian opportunity. Instead it embraces the possibility that it may be a process through which an opportunity evolves from an initial idea or discovery through various development stages of iterative discovery and creative efforts toward the final capturing of the opportunity. Secondly, the realization of international opportunities offers the possibility to pay attention to the growth-generating dimension of opportunities. This logic connects to the strategic choice to internationalize in order to facilitate growth. International opportunities are seen as the drivers of growth by enabling new economic activities. Although potential opportunities are interesting, they may fail to materialize and, thus, never create any value. It has been argued that realization of an opportunity is needed in order to conclude that entrepreneurship is actually taking place as “the only meaningful opportunity is the one that leads to the formation of new international exchange” (Ellis, 2011, p. 101). Consequently, being a vehicle for establishing growth,
international-opportunity realization is used as the construct that manifests performance in the internationalization process.

Capturing opportunities is a result of learning. Knowledge is important in order to envision (Schweizer et al., 2010) and to recognize opportunities (Chandra et al., 2009). In particular, capturing opportunities relies on the knowledge development that takes place in the interaction between individual actors (Schweizer et al., 2010). It is suggested that “market-derived opportunities will be discovered and/or created at the boundary of the firm where the necessary relationship experience exist” (Johanson & Vahlne, 2009, p. 1420). This emphasizes not only the importance of knowledge for opportunities but also the importance of social interaction. Hence, knowledge itself, as well as the organizational arena for learning and dissemination of knowledge, is important for how well the firm will manage the identification and the creation of international opportunities. As noted above, knowledge is created in social interaction (Nonaka & Takeuchi, 1995) involving the sharing of knowledge for the creation of collective interrelated activities and an integrated collective mind (Weick & Roberts, 1993).

During the search for new knowledge, new opportunities may emerge (Chandra et al., 2009). As international opportunities have been suggested to be path-dependent, they depend on the existing knowledge base of the firm (Chandra et al., 2009; Hohenthal et al., 2003). Following this logic, searching for a big variety of knowledge, i.e. knowledge diversity, enables opportunity heterogeneity, as “diverse and different knowledge structures will augment the organization’s capacity for making novel linkages and associations…” (Cohen & Levinthal, 1990, p. 133). Since knowledge is accumulated in relation to what is already known within the organization, knowledge itself is path-dependent. This reasoning suggests that international opportunities are to a great extent path-dependent, as they relate to previous development. However, the greater the diversity in how knowledge is acquired, the greater the chances are of becoming proactive. This increases the likelihood of finding novel linkages that are less related to the path taken to date. This also suggests that deliberate action towards diversity in how the organization learns, i.e. the learning strategy, can be expected to influence how the firm is able to realize heterogeneous international opportunities.

2.4 Theoretical summary

As discussed above, the components of the theoretical framework were selected for different reasons in relation to the research questions presented in this dissertation. Firstly, the internationalization process of firms provided an understanding of the process that was to be explained. The keys to answering the first and second research questions came from organizational learning theory and knowledge in the internationalization process. It is expected that
differences in learning behavior can explain why firms differ in their internationalization outcome. Given that this assumption is correct, firms will differ in the results they get from internationalization. Consequently, the performance of internationalization activities as growth in a foreign market beyond the initial market entry addressed in the third research question was conceptualized as the realization of international growth opportunities.

The theoretical framework therefore connects to the research questions and suggests that, in the process of firm internationalization, knowledge-acquisition heterogeneity may provide an essential component for explaining differences in the realization of international opportunities. This knowledge-acquisition heterogeneity has its roots in the differences in how firms combine different sources of knowledge. However, what these differences are more specifically and what they mean for growth opportunities is less clear, hence the purpose of this dissertation. In order to explain the effects on growth opportunities, knowledge of the local market and internationalization need to be taken into account. Heterogeneity in how knowledge sources are combined is expected to have an effect on the levels of knowledge of the local market, which in turn influences the internationalization knowledge. This kind of knowledge is argued to be important for the realization of international opportunities. The relations between the theoretical building blocks discussed in the dissertation form a theoretical model, illustrated in Figure 1. How the studies that constitute this dissertation have been conducted and the results of this process are described in the following, starting with the research methods.

Figure 1. Learning for international growth – theoretical model
3 Methods and data

My research process, striving to describe and explain how firms learn when internationalizing by combining various knowledge sources in order to realize growth opportunities, attempts to answer the research questions developed above. In order to answer those questions I have used various kinds of data on how firms learn in the internationalization process. The description of learning behavior is needed, as well as the link between differences in learning behavior and the consequences of these behaviors. In order to collect in-depth data that could help describe how internalizing firms learn, a close interaction that offered rich illustrations was sought after. Since the purpose of the research also contains an explanatory component I needed data that allowed me to do this. Data from a large group of internationalizing firms on how they learn in their internationalization process could provide this possibility. Therefore, a sequential two-step approach was used to collect data. Firstly, collecting descriptive qualitative data through a case study enabled a close and detailed analysis of differences in how knowledge sources are combined. Secondly, quantitative survey data was collected in order to validate whether the tentative results found in the qualitative data could be extended to a broader population of firms. This enabled a test of the external validity of the results of the case study by evaluating the statistical generalizability of the findings.

During the course of my work on this dissertation I collected empirical data through the two steps described above. These two processes of data collection are described in the following.

3.1 Step one – collecting qualitative data through a case study

The in-depth data that I needed to understand how firms learn in their internationalization process was collected in a case study of internationalizing Swedish firms. The case study allowed for collection of qualitative data in close interaction with the firms. Thereby rich descriptions of how firms
integrate various sources of knowledge were enabled and acted as an important stepping-stone for the research.

During early stages of my research process I was able to get access to this kind of data by collaborating with colleagues in a larger research project¹, which made it possible to draw benefits from being involved in a more comprehensive project. In total five researchers were involved, with different research interests. The following discussion relates to aspects of how my specific research benefitted from the context within the full project and aspects of how my research contributed to the research project as a whole.

Before describing my detailed research design, case-company selection and data-collection process a brief overview of the overall project follows to provide the contextual background of the research project.

### 3.1.1 Background and overall project objectives

Since the opening up of the previously closed markets of the Baltic States, Poland, Russia and China, new internationalization opportunities have arisen for Swedish firms. However, in order to be successful in markets that in many respects differ from the domestic market, as well as mature markets in general, it can be expected that developing new knowledge will be necessary. This need provides a favorable opportunity to study how knowledge is developed and implemented in the organization. This includes the identification and evaluation of knowledge external to the organization.

The full project was aimed at developing the learning capability of small and medium-sized firms expanding internationally. To reach this aim, Swedish firms pursuing international business with different degrees of experience in internationalization were included. At the time, the participating companies were not present in the emerging markets to the same extent as they were in mature markets.

The research project was primarily focused on the companies’ internationalization with the strategic dilemma of local adaption and global integration (Jansson, 2007b). This concerns the difficulty of combining the adaption to the demands of a local market and the simultaneous integration to other markets. The research was focused to a great extent on the companies’ learning of how to do business in different phases of the internationalization process. One of the main questions was how the firms developed different types of market knowledge in relation to their internationalization knowledge. This included different situations of organizational learning, for example how companies in the early stage of internationalization learned how to export by identifying and evaluating exporting partners and how they learned to replace an agent with a subsidiary in later stages of the process.

The approach chosen to characterize the project was a specific qualitative method of collaborative research (Lundgren & Jansson, 2015) built on mutual

---

¹ The research project was funded by The Knowledge Foundation (KK-stiftelsen)
experience exchange in close collaboration with practitioners for “exploring and unrevealing the complexity and context dependency of international business issues…” (p. 19). This supports theory building and theory development in international-business research. The closeness to practitioners and the specific context of learning in international operations provided an attractive and fruitful research situation for the collection of the rich qualitative data that I needed. Furthermore, the empirical context was emerging markets, which emphasized the differences between knowledge developed in the domestic market and its usefulness in the foreign markets around which the discussions were centered. This was valuable for my study of their way of learning in internationalization.

3.1.2 Research design

The qualitative data was collected using a multiple-case study design. With this method disparity among cases is useful to provide a broader base for theory development. The broader base comes from variation in the approaches to internationalization applied by the different cases. Furthermore, the use of multiple cases reduces the risk of single-case uniqueness and improves the possibilities for making external generalization (Yin, 2003). This enables the development of a ‘more robust theory’ (Eisenhardt & Graebner, 2007, p. 27). My research uses the collaborative research method (Lundgren & Jansson, 2015) mentioned above as an opportunity to create a case study setting. The case companies shared knowledge during the mutual experience exchange that enabled the development of traditional cases.

The study was built on an abductive approach, which is particularly useful for developing existing theory as opposed to theory testing or to generating new theory (Dubois & Gadde, 2002). Applying qualitative case study methodology with an abductive approach has shown to be advantageous in previous international-business research (e.g. Hallbäck & Gabrielsson, 2013; Hilmersson & Jansson, 2011; Jansson & Sandberg, 2008; Owusu, 2002). Qualitative data is particularly interesting in the multidisciplinary field of international business (Birkinshaw et al., 2011; Doz, 2011) as rich descriptions provide a good ground for multiple perspectives and theory development (Doz, 2011), while remaining related to existing theory (Birkinshaw et al., 2011). The abductive approach applied in international business is similar to what Welch et al. (2011) label interpretive sensemaking. This method focuses on the theoretical context while placing a weak emphasis on causal explanations in a process including inductive as well as deductive components. My research builds on existing and well-established theory on learning in internationalization while exploring how the descriptions of the case companies’ learning can provide a better understanding of the variation in how firms learn. This is a process of theory development rather than an inductive theory creation or a deductive theory testing. Hence, using multiple
case companies for qualitative data that may vary between cases provides an interesting basis.

The first research question, which is to be answered by the qualitative data, provides the existing theoretical constructs that constitute the theoretical boundaries. In an abductive approach, existing theory acts as a template for analytical generalizations of the results (Yin, 2003). Developing the existing theory can enhance its usability. In order to accomplish theory development there is a need for rich data in which new linkages can be found within the theoretical frames. To design a research approach that captured this need for exploration, the participating firms were also involved in suggesting topics and arenas for discussion within the project. By giving the participants this opportunity to influence the research rather than researchers alone guiding the data gathering along a predefined scheme, unforeseen data was gathered in an exploratory manner.

The involvement of the participants in the research design took place at an introductory meeting at the university facilities in Kalmar on the 10th of March 2009. The basic ideas for the project were put forward and the project plan was introduced. It was jointly decided that six theme-based focus groups were to be held during 2009-2010. Furthermore, the participants and the researchers jointly decided on the theme of the first focus group. The particular topics for the subsequent meetings were to be decided as the project evolved. This approach enabled an iterative process of co-development of the theoretical framework and the empirical data (Araujo & Dubois, 2004; Dubois & Gadde, 2002). The themes were jointly driven by the practitioners’ orientation of the participants and the construct-driven theoretical orientation of the researchers. Existing literature as the basis for research was used to increase the construct validity (Eisenhardt, 1989). The themes for the focus groups are discussed below, after the selection of case companies.

### 3.1.3 Choice of case companies

The starting point for the selection of case companies was to ensure that they were relevant for this particular study. As the aim of this step of data collection was to gather rich data related to the process of internationalization there was a need to include internationalizing firms. Hence, it can be argued that the cases were selected through a theoretical selection, which was based on their relevance for the specific constructs of the research (Eisenhardt & Graebner, 2007). This had a positive influence on the possibilities of extending theory while reducing the risk of extraneous variation (Eisenhardt, 1989) by enabling a close connection between theory development and the empirical observation. Thereby the theoretical contribution was ‘likely to be empirically valid’ (Eisenhardt, 1989, p. 547). As the case study data was to be used for an increased understanding of learning in internationalization there was a need to ensure that the case companies could share that kind of experience.
Therefore, the participating firms were invited to take part in the project based on their previous experience of expanding internationally. The case companies had at least 20 years of experience from international sales and were located within a reasonable travel distance from Kalmar to enable their participation. Fourteen firms were included from the outset of the project. Four of these firms did not participate in any project activities, primarily due to lack of time. Hence, ten firms remained. Although all participating firms contributed to the dynamism of the whole project, they did not all fit the need for my specific research. As my research focuses on firms expanding internationally, the following criteria were set up. The firms should:

- have expanded to several distant markets
- have done these activities within the firm in order to be able to describe these processes
- have done these without the utilization of any international sister units

Seven of the participating firms discussed above fit these criteria and were selected as the case companies for my research interest. They were all considered suitable representatives of the internationalizing firm. These firms are listed and briefly described in Table 2.

The representatives for the firms were CEOs, export managers, area sales managers, or the like. The choices of representatives were made in order to address the need for knowledgeable informants, which is needed for trustworthy empirical data (Eisenhardt & Graebner, 2007). The positions they held made them knowledgeable of what was carried out in the various markets in which they operated. As several of the participating firms were small or medium-sized, there was often just one person who met this knowledge requirement (Gray, 1997).
<table>
<thead>
<tr>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
<th>Company D</th>
<th>Company E</th>
<th>Company F</th>
<th>Company G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>Cables and other packaging material</td>
<td>Printing hoses</td>
<td>Coated abrasives</td>
<td>Grinding wheels</td>
<td>Waste-compacting equipment</td>
<td>Seed mills</td>
</tr>
<tr>
<td>Typical customers</td>
<td>Ship yards, vehicle industry</td>
<td>Converting companies</td>
<td>Consumer goods companies</td>
<td>Machineries, hospitals, printing houses</td>
<td>Seed mills</td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>14</td>
<td>140</td>
<td>49</td>
<td>115</td>
<td>36</td>
<td>170</td>
</tr>
<tr>
<td>Turnover (million SEK)</td>
<td>148</td>
<td>494</td>
<td>142</td>
<td>84</td>
<td>304</td>
<td>307</td>
</tr>
<tr>
<td>International presence</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
</tr>
<tr>
<td>Main emerging markets(s)</td>
<td>Asia</td>
<td>Russia</td>
<td>Asia</td>
<td>South America</td>
<td>China and India</td>
<td>China</td>
</tr>
<tr>
<td>No of workshop participations</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2. Case companies</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company A</strong></td>
<td><strong>Company B</strong></td>
<td><strong>Company C</strong></td>
<td><strong>Company D</strong></td>
<td><strong>Company E</strong></td>
<td><strong>Company F</strong></td>
<td><strong>Company G</strong></td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td>Cables and other packaging material</td>
<td>Printing hoses</td>
<td>Coated abrasives</td>
<td>Grinding wheels</td>
<td>Waste-compacting equipment</td>
<td>Seed mills</td>
</tr>
<tr>
<td><strong>Typical customers</strong></td>
<td>Ship yards, vehicle industry</td>
<td>Converting companies</td>
<td>Consumer goods companies</td>
<td>Machineries, hospitals, printing houses</td>
<td>Seed mills</td>
<td></td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td>14</td>
<td>140</td>
<td>49</td>
<td>115</td>
<td>36</td>
<td>170</td>
</tr>
<tr>
<td><strong>Turnover (million SEK)</strong></td>
<td>148</td>
<td>494</td>
<td>142</td>
<td>84</td>
<td>304</td>
<td>307</td>
</tr>
<tr>
<td><strong>International presence</strong></td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
</tr>
<tr>
<td><strong>Main emerging markets(s)</strong></td>
<td>Asia</td>
<td>Russia</td>
<td>Asia</td>
<td>South America</td>
<td>China and India</td>
<td>China</td>
</tr>
<tr>
<td><strong>No of workshop participations</strong></td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
3.1.4 Data collection

The data for this project was collected through six focus groups. The focus-group approach was chosen to acquire rich data, based on the participants’ everyday knowledge and experiences (Calder, 1977). As discussed, the approach of collaborative research based on mutual experience exchange (Lundgren & Jansson, 2015) provided a fertile environment for the focus groups. The focus groups were designed as mutual experience exchange, taking advantage of the experience of professionals representing the case companies. At these meetings in-depth knowledge of their respective internationalization was shared among the participants. Belzile and Öberg (2012) hold that integration of participant interaction in the research design is necessary already in the design stage. My research responded to this suggestion, as the participants were included in the research design by influencing the topics and structure of the data collection process. Each of the focus groups meetings had one specific theme. The focus groups’ themes, participation, and the locations of the events are listed in Table 3.

As the data gathering was exploratory in nature there was a need for a low degree of moderator involvement and a high degree of participant integration. Interaction between participants is a main strength of the focus-group method. The within-group interaction is what separates focus groups from group interviews (Wilkinson, 2004). One benefit of a focus group is that the discussion among participants becomes more than the sum of separate interviews (Morgan, 1996). The participants’ discussions, debates and disagreements created dynamism (Wilkinson, 2004) that increased the breadth of my focus-group discussions. Since participants both queried and answered each other the exchange of experience functioned as a fertile ground for gathering data. The aim was to describe variation in how internationalizing firms combine different knowledge sources and the dynamic discussions enabled many, and sometimes unforeseen, aspects to be shared among the participants.
<table>
<thead>
<tr>
<th>Session 1</th>
<th>Session 2</th>
<th>Session 3</th>
<th>Session 4</th>
<th>Session 5</th>
<th>Session 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Kalmar</td>
<td>Ronneby</td>
<td>Vastervik</td>
<td>Ljungby</td>
<td>Kosta/Alstermo</td>
</tr>
<tr>
<td>Host</td>
<td>Company E</td>
<td>Company B</td>
<td>Company D &amp; G</td>
<td>Company not included as a case</td>
<td>Company A</td>
</tr>
<tr>
<td>Theme</td>
<td>Strengths, opportunities, and visions in the financial crisis.</td>
<td>Customer needs, customer values, and co-creation of value with the customer - comparing the home market and foreign markets.</td>
<td>How to organize information collection and learning processes to ensure a unified customer orientation and how intermediaries in foreign markets affect the access to information.</td>
<td>Efficient implementation - increased learning and increased financial results.</td>
<td>Creativity and innovation within the firm. Invited guest: Bertil Vallien.</td>
</tr>
<tr>
<td>Participants</td>
<td>8 people/8 companies</td>
<td>5 people/5 companies</td>
<td>7 people/6 companies</td>
<td>6 people/8 companies</td>
<td>7 people/6 companies</td>
</tr>
</tbody>
</table>

Table 3. Focus-group sessions
While the inclusion of multiple participants provided interesting opportunities it also created challenges. One significant challenge was making sure that the direction of the discussion was aligned with the research goal and the theoretical frame. There was a risk that the discussion and cross interviewing between the participants would go in many directions. This required preparation and efficient moderation (Morgan, 1996; Wilkinson, 2004). As the researchers involved functioned as a research team with a long combined experience of doing qualitative research, joint moderation was possible. At the same time, the fact that the participants were experts in the field (due to being sales managers, export managers or having similar positions) made them expert interviewers with the ability to ask questions that the research team had not considered. The result was that questions were asked without the researchers’ influence. As expert interviewers, the participants’ questions to each other were based on previous practical experiences, or the lack thereof. There was of course a risk that the interaction among participants influenced the discussion negatively, due to factors such as social desirability (Fisher, 1993). However, two factors suggest that those problems were limited. Firstly, the group of participants was rather small, which together with trust-establishing social activities spoke in favor of an environment where difficult questions could be discussed. Secondly, the participants were involved voluntarily since they wanted to learn from the others’ experiences and they were therefore more willing to listen to various experiences. Introducing the practical experience as a basis for asking questions added a dimension that complemented the researchers’ theoretical interest. As a result, there was a positive effect of revealing stories and information that may otherwise not have emerged. This was particularly useful since for theory development new points of view are beneficial.

The focus groups’ set-up had several interrelated elements: there was (1) an interactive discussion driven by academia or an inspirational business example from one of the firms to spur thought for the following elements, (2) a workshop where the participants were the main contributors of the content, and (3) a time slot for the host company to give an in-depth company presentation and a round-tour of their facilities. 3-5 researchers from the research group participated in each session. In particular, the discussions embedded in the first and second element were the main sources of data. This consisted of, for example, success stories for new sales or difficulties participants had encountered when selling internationally, as well as information sharing between participants regarding how they organized their international operations. At times the third element also gave access to data, in terms of elaborate descriptions of particular customer relationships.

From a practical point of view, a number of steps were taken in respect to each occasion. An invitation was sent out prior to the session specifying the time, place, theme, agenda and the expected participants. On several occasions this also included the delegation of tasks to be carried out in preparation for
the focus-group session. The focus groups were held as lunch-to-lunch
sessions, with dinners in the evenings and over-night accommodations. The
primary reason behind this set-up was to enable socializing to establish a
strong trust between the participants. As they were sometimes sharing
sensitive information concerning their businesses it was necessary to create a
safe environment for knowledge sharing. This approach was highly
appreciated by the participants and was seen as a key to sharing in–depth
knowledge during the sessions. Starting and ending with lunch also enabled a
relaxed change of focus for the participants from the every-day work to the
topic of the focus-group session.

Afterwards, the sessions were summarized in two versions and sent out to
the firms within two weeks. The participants of the session got a full summary
and the firms in the project that did not take part in the specific session got a
less detailed version. In order to ensure trust and a safe environment for
knowledge sharing, the summary for non-participants was stripped of sensitive
information. Still, this ensured that firms in the project not participating in the
specific focus group got summarized information in order to stay informed of
the discussions that had taken place.

All the sessions throughout the research project were recorded (audio)
which resulted in approximately 40 hours of material. Notes were also taken
during the sessions. The documentation enabled a case-study database (Yin,
2003). Enabling reading and-re-reading of findings increased the
understanding of the material. This process was similar to hermeneutic
interpretation. Whereas Prasad (2005) put forward hermeneutics as the
interpretation of texts both Kvale (1996) and Johansson (2003) take a broader
perspective holding that discourse and action can be interpreted as texts as
well, as can the transcriptions of interviews. By reading and re-reading, the
interpretation is developed and patterns of relations between empirical
findings emerge. This enables comparisons of cross-case, as well as within-
case, patterns.

3.2 Step two – collecting quantitative survey data

In my second step of data collection for this research I aimed at validating the
qualitative results with a broader sample and explaining effects of learning in
internationalization on its outcomes. With validation lies the need for
generalization of the results. This is accomplished in two ways, adding a
different set of data for comparison and ensuring that the added data allows for
statistical testing and statistical generalization. Hence, collection of
quantitative data related to learning in the internationalization of firms was
needed. Before describing the details of my quantitative-data collection a brief
background of the project in which this was made possible follows.
3.2.1 Background and overall project objectives

Similarly to the gathering of qualitative data, the collection of quantitative data was made in collaboration with other researchers within the realms of a larger project\(^2\). For this project I was collaborating with three colleagues in the data-collection phase. Conducting data collection together enables valuable synergy effects such as for administering etcetera. The research project focused on the internationalization process of small and medium-sized companies from the southern parts of Sweden to the emerging markets of the Baltic States, Poland, Russia, and China. The research was aimed at explaining how aspects such as the firms’ configuration of resources, knowledge and market commitment could explain how well they were able to manage during changing market conditions. Thus, the relations between behavior and performance effects in dynamic business environments were at the center of attention. These ideas and this setup enabled the collection of the data that I needed for my research. To study knowledge acquisition in relation to the realization of international opportunities, emerging markets as the empirical context was favorable and the overall project enabled me to study the variables I needed for my research.

3.2.2 Research design

The quantitative data in step two was collected through a cross-sectional survey, using a self-reported web-based questionnaire. In addition to my parts of the survey, which are discussed below, the project incorporated aspects such as entry modes and entry nodes (Sandberg, 2014) as well as the establishment of insidership positions in the local business networks (Hilmersson, 2011) and aspects pertaining to the development of the local markets.

3.2.3 Sample

The firms where sampled from the population of internationalizing firms. However the sample was drawn under the influence of constraints from the overall research project. There was a geographical delimitation, an international experience-level criterion, size delimitation, and a particular focus on selected country markets. In order to meet the research project criteria the firms were selected on the following grounds:

- being established in the counties of Kalmar, Jönköping, Kronoberg, Blekinge, Halland, or Skåne
- being small or medium-sized
- being at least SEK 10 million in export sales
- conducting sales to (at least) one of the country markets outlined above

\(^2\) This research was funded by Handelsbankens forskningsfonder.
From this sampling, 203 firms were included. While the sampling was constrained, these firms were considered suitable for my research. Since the firms meeting the above criteria showed international expansion above negligible levels and had expanded beyond the markets closest to home they can be considered to be relevant representatives of internationalizing firms. As with most samplings, they include limitations. The limitations concerning sampling are discussed in the final chapter.

The survey was addressed to CEOs, export managers, area sales managers, or managers in similar positions. This was to ensure that the most knowledgeable person available answered the questionnaire. The firms in the sample were selling through direct export or by intermediaries. As a consequence, the sales activities were orchestrated from the headquarters in Sweden and, therefore, the richest knowledge about how this was organized and performed was found with this particular person. Since these firms were small or medium-sized there was often just one person with enough knowledge about the operations in the specific market (Gray, 1997). In relatively small firms, as the ones in the sample, data about how they internationalize was rarely found in public sources, which is why this research followed the widely accepted approach of using self-reported, subjective data from managers (Zapkau et al., 2013). This approach was chosen even though the use of single respondents at the firms may risk common-rater effect bias (Podsakoff et al., 2003). As suggested partial remedies, the anonymity was ensured and the evaluation apprehension was reduced. Furthermore, the potential problems were controlled for during the statistical analyses and are accounted for in the articles.

### 3.2.4 Research-instrument development

The research instrument contained the measure of the constructs included in my research, namely the use of knowledge sources, market knowledge, internationalization knowledge and the realization of international opportunities. In addition, control variables were measured. To measure these variables a number of measures were developed. The measures for internal information as well as the measures for international opportunity realization were developed particularly for this dissertation. The operationalization of these is described in detail in the respective articles. For the remaining I used previously tested measures that have shown good reliability as well as convergent and divergent validity (tested in e.g. Hilmersson, 2011; Sandberg, 2012). I did an in-depth pretest of the previously untested measures in order understand how they were interpreted by respondents. The pretest was carried out with an oral question and reply process, as suggested by Fowler (1995). This pretest led to minor adjustments in the phrasings.

The full survey instrument, in which my measures were included, also asked the respondent to give a number of factual accounts regarding background variables such as turnover, number of employees, and degree of
internationalization. The full survey instrument is appended to this dissertation. The measures consisted primarily of statements that were measured using a Likert-based response format. They were measured along a seven-point scale, with the semantic anchors: strongly disagree (1) and fully agree (7). Using the same response format for all variables had advantages as well as disadvantages. A standardized format helped respondents when completing the questionnaire at the same time as it influenced covariation between variables (Podsakoff et al., 2003). Furthermore, using the same format allowed analyses to be made without the need for transformation, such as standardization. Tests for partial correlation with a marker variable (Lindell & Whitney, 2001) were made as this is suitable for common scale format and common anchors tests (Podsakoff et al., 2003). These tests did not suggest any severe problems relating to this approach. For more specific discussions about the results of these tests, see article two and three.

Since there was a risk involved in using perceptual measures several tests for common method variance (CMV) were performed, as recommended (Chang et al., 2010; Podsakoff et al., 2003; Podsakoff & Organ, 1986). The details of these tests are described in the articles and the tests were made in order to reveal if such problems were influencing the results. Harman’s single-factor test (Chang et al., 2010; Podsakoff et al., 2003) as well as a partial correlation test with a marker variable (Lindell & Whitney, 2001; Williams et al., 2010) was applied. These tests did not suggest any substantial issues.

3.2.5 Data collection

Data was collected late December 2012 thru mid April 2013. For the purpose of collecting data, an online survey system was used. The capabilities of the system included importing email lists and using them to send out invitations, survey links, and reminders. The survey questions were typed into the system and the corresponding responses were saved in a database, which could be exported as an Excel document with all information included. This enabled a seamless and safe transfer of the data from the survey program to SPSS 21, which was used in the analyses that followed. In addition to using the online system, surface mail and telephone were used in different purposes during the data collection. The process was designed as follows:

1. An information letter was addressed to the identified people at each firm. This letter was personalized and sent out by surface mail. The letter explained why the study was conducted and they were kindly asked to participate. No response was asked for at this stage.
2. A personal invitation was sent by email to each firm representative in the sample containing a short reminder about the project and a link to the survey. There were also phone numbers and a mail address to at least one person in the research group, who was available to answer questions and concerns. The firms were sorted according to which of the countries they
had operations in and invitations were sent out batch-wise, one country market at a time.
3. The respondents answering the survey clicked the link and arrived at the survey web site. After completing the survey a thank-you page appeared.
4. Email reminders were sent out to those who had not replied and the email reminders were followed up by phone calls when needed.
5. In cases when the system indicated a problem, such as incorrect email addresses, the company was contacted in order to find an alternative and to send an updated invitation to the that person instead, removing the wrong one. This happened in cases where the previous respondent had left for work elsewhere.

From the 203 firms in the sample, 144 responses were completed. This gave a response rate of 70.9 %. This is relatively high for studies on internationalization. A post-hoc analysis of responses and non-responses is summarized in Table 4.

<table>
<thead>
<tr>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed questionnaires</td>
<td>144</td>
</tr>
<tr>
<td>Declined to respond</td>
<td>16</td>
</tr>
<tr>
<td>Non-respondents</td>
<td></td>
</tr>
<tr>
<td>Was acquired by another firm</td>
<td>7</td>
</tr>
<tr>
<td>Bankruptcy</td>
<td>10</td>
</tr>
<tr>
<td>No response/unknown</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total number of firms in the sample</strong></td>
<td><strong>203</strong></td>
</tr>
</tbody>
</table>

Table 4. Post-hoc analysis of the response rate

### 3.2.6 Descriptive statistics of the sample
The 144 responses that were completed came from different industries, were operating in different countries, and differed in size as well as turnover, international presence, and the degree of internationalization. Table 5 shows descriptive statistics concerning size, turnover, number of export markets, number of years since first export activity and degree of internationalization, country distribution, and the industry distribution. In the few cases where values were missing they were replaced by the variable mean, using the built-in function in SPSS. This was done since no underlying systematic pattern for the missing data could be found and the degree of missing data was low.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>9</td>
<td>600</td>
<td>168.69</td>
<td>444.36</td>
</tr>
<tr>
<td>Years since first export</td>
<td>0</td>
<td>82</td>
<td>36.15</td>
<td>16.39</td>
</tr>
<tr>
<td>Turnover (SEK mio)</td>
<td>15.31</td>
<td>3533.09</td>
<td>266.45</td>
<td>360.07</td>
</tr>
<tr>
<td>International spread (No of markets)</td>
<td>2</td>
<td>80</td>
<td>24.92</td>
<td>16.96</td>
</tr>
<tr>
<td>Share of export (%)</td>
<td>8</td>
<td>100</td>
<td>66.23</td>
<td>24.95</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of firms</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltic states</td>
<td>27</td>
<td>18.8 %</td>
</tr>
<tr>
<td>Poland</td>
<td>36</td>
<td>25 %</td>
</tr>
<tr>
<td>Russia</td>
<td>48</td>
<td>33.3 %</td>
</tr>
<tr>
<td>China</td>
<td>33</td>
<td>22.9 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of firms</th>
<th>Share</th>
<th>SNI codes (2 digits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials based</td>
<td>34</td>
<td>23.6 %</td>
<td>10, 13, 16, 17, 20, 22, 23, 24</td>
</tr>
<tr>
<td>Value adding</td>
<td>110</td>
<td>76.4 %</td>
<td>25, 26, 27, 28, 29, 31, 32, 42, 45, 46, 47, 68, 70, 71</td>
</tr>
</tbody>
</table>

Table 5. Descriptive statistics
4 Article summaries

The articles constituting this research are presented in a summarized form in Table 6, followed by summarized descriptions for each one, respectively. The articles are available in full text in the appendix. Figure 2 shows the theoretical flow between the articles and how they relate to the research questions.

Figure 2. Theoretical flow between the articles
Table 6: Article Overview

<table>
<thead>
<tr>
<th>Article 1</th>
<th>Article 2</th>
<th>Article 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of Article 1</td>
<td>Title of Article 2</td>
<td>Title of Article 3</td>
</tr>
<tr>
<td>Full Text of Article 1</td>
<td>Full Text of Article 2</td>
<td>Full Text of Article 3</td>
</tr>
<tr>
<td>Co-authors</td>
<td>Co-authors</td>
<td>Co-authors</td>
</tr>
<tr>
<td>Journal Name</td>
<td>Journal Name</td>
<td>Journal Name</td>
</tr>
<tr>
<td>Volume/Issue</td>
<td>Volume/Issue</td>
<td>Volume/Issue</td>
</tr>
<tr>
<td>Page Numbers</td>
<td>Page Numbers</td>
<td>Page Numbers</td>
</tr>
</tbody>
</table>

Note: The table is incomplete and requires additional information to be filled in.
4.1 Article 1


Keywords: Knowledge Acquisition, Learning, Learning Strategy, Internationalization, Knowledge Management

Summary of the article
This study set out to understand the role of heterogeneous knowledge-acquisition strategies among internationalizing firms. Although thoroughly studied, theory on learning in the internationalization of firms has strongly emphasized learning from the development of internal experiential knowledge. This strong emphasis has been questioned (Brennan & Garvey, 2009; Bruneel et al., 2010; Forsgren, 2002; Petersen et al., 2003). The high location specificity of market knowledge (Søberg, 2012) reduced the possibilities of developing knowledge in various locations. Instead, market-specific knowledge needs to be developed in the market, directly or indirectly. As market knowledge is essential to the internationalization of firms, (Barkema et al., 1996; Eriksson et al., 1997; Johanson & Vahlne, 1977) understanding how firms acquire knowledge from the market is the key to understanding the internationalization process.

Heterogeneity referring to resources and knowledge-based capabilities (Barney, 1991; Grant, 1996a, 1996b) suggests that firms also differ in their knowledge-acquisition strategies. Based on the distinction between sources of new market knowledge originating internally and externally (Fletcher & Harris, 2012; Levitt & March, 1988) a conceptualization is made concerning the utilization of internal and external knowledge sources. From heterogeneity, to the degree with which the sources are utilized, a learning typology is derived. The basis for the typology is a polarization of the end points and a division between high and low utilization along the two dimensions. This typology suggests four knowledge acquisition strategies: Diversified learners, Endogenous learners, Exogenous learners, and Passive learners. Diversified learners have a high degree of strategic focus on internal as well as external sources of knowledge. Endogenous learners have a high degree of strategic focus on internal sources in combination with a low degree of focus on external sources. The Exogenous learners exhibit the opposite, a high degree of focus on external sources combined with a low degree of strategic focus on internal sources. Passive learners have a low degree of strategic focus in both dimensions. This suggests not only a varying degree of the relative focus of the firm but also a varying degree of activeness in knowledge acquisition.

In order to understand the empirical relevance of the conceptually derived typology, the seven case companies from the first step of data collection were
analyzed. The analysis shows that these firms did indeed differ along the lines of the suggested typology. Additionally, it appeared that the firms also differed in terms of the degree of internationalization and growth. The analysis suggests that these differences are interrelated. Diversified learners show positive overall growth and a stable or increasing degree of internationalization and Exogenous learners exhibit the same results. This suggests that these firms do not just grow, but rather that they grow increasingly in other countries other than their home country. Contrarily, Endogenous learners grow negatively with a decreasing degree of internationalization. Passive learners show inconclusive results.

Summarized, this article establishes a typology for the acquisition of new market knowledge in the internationalizing firm. The developed typology finds empirical support and the knowledge-acquisition strategies that are derived suggest that how a firm learns influences the firm’s international growth. More specifically, the relative levels of utilization of internal and external sources of market knowledge seem to be related to the growth of the firm and to the relative weight of international markets. However, these findings need validation in order to be generalized further. Still, the results support the notion that the role of internal experience has been overemphasized in previous research and also suggest that other sources of market knowledge need to be taken into account in order to understand how firms learn from international markets.

The journal editors, supported by the publisher Elsevier, awarded this article the title Outstanding Paper 2014.

4.2 Article 2


Keywords: Knowledge acquisition; Internationalizing firm; Market knowledge; Learning strategy

Summary of the article
The article takes off with the notion that the internationalizing firm can acquire knowledge from various sources originating internally and externally of the organization (Fletcher & Harris, 2012; Huber, 1991). The predominant role of internally developed experiential knowledge in extant research (Eriksson et al., 1997; Johanson & Vahlne, 1977) has been challenged (e.g. Brennan & Garvey, 2009; Bruneel et al., 2010; Forsgren, 2002; Park & Harris, 2014; Petersen et al., 2003) suggesting that there are additional sources of new knowledge. There is only limited empirical validation of knowledge
acquisition beyond internal experience, which is why this study builds on differences in how firms acquire market knowledge in internationalization and inquires how these differences influence levels of market knowledge. This is achieved by revealing patterns for how internationalizing firms combine various knowledge sources (e.g. Fletcher & Harris, 2012) together with the relation to levels of market knowledge held by the firm.

The starting point for the definition of potential knowledge sources is the distinction between internal and external sources on the one hand, and experiential and objective knowledge on the other (Fletcher & Harris, 2012). This gives four sources of new knowledge acquisition: direct experience, indirect experience, external search, and internal information. These sources are used to cluster the 144 firms from the second data-collection step based on their use of these sources respectively. The cluster analysis reveals patterns for how internationalizing firms combine these sources. The result shows patterns among internationalizing firms that are closely aligned with those suggested in Article 1. Four patterns are found and labeled based on the firms’ knowledge-acquisition characteristics. There are Diversified learners that use all four sources to a high degree, there are Exogenous learners that focus mostly on external sources, there are Endogenous learners that focus primarily on internal sources, and there are Passive learners that show a low degree of utilization of all the four knowledge sources. The advantage of this analytical approach is that the strategies for knowledge acquisition are revealed, which goes beyond the utilization of the sources individually. This approach captures not only the individual sources but also the patterns of knowledge-source combinations.

Market knowledge, being a central notion of the internationalization process (Barkema et al., 1996; Eriksson et al., 1997), is an essential component in order to understand internationalization behavior. Market knowledge is often discussed along the lines of institutional knowledge and business network knowledge (Eriksson et al., 1997; Hilmersson, 2014a; Hilmersson & Jansson, 2012). When regressing the strategies for knowledge acquisition on the levels of market knowledge following the lines of institutional knowledge and business-network knowledge, interesting patterns are shown. The regression analysis shows that firms utilizing all sources of knowledge hold more market knowledge than those who do not. The analysis also shows that passive firms have lower levels of market knowledge than the firms who are more active. These findings are statistically significant. However, there are no conclusive results for whether firms using direct experience, which is often the default learning mode in internationalization literature (e.g. Eriksson et al., 1997; Johanson & Vahlne, 1977, 2009), learn more than those who use external sources. This result supports the notion that more sources than direct experience need to be taken into account in order to understand internationalization behavior. In sum, the article shows that firms differ in how they learn from international markets and that the strategy they
apply influences the levels of market knowledge held by the firm. Since knowledge and learning about international markets is an important determinant for firm growth (Autio et al., 2000, p. 921) and since it influences the recognition of opportunities in international markets (Chandra et al., 2009; Johanson & Vahlne, 2009) these findings are pivotal for understanding the foundation for international growth.

4.3 Article 3


Keywords: International Opportunities, Opportunity Realization, Internationalization Knowledge, Market Knowledge

Summary of the article

This article is aimed at the international growth of firms, beyond initial market entries. It is argued that internationalization process theory does not provide explanations beyond early internationalization (Johanson & Vahlne, 1990; Melin, 1992), neither does theory on born globals and international new ventures (Autio et al., 2000). Instead, this study turns to international entrepreneurship (Oviatt & McDougall, 2005; Zahra et al., 2005) in order to understand subsequent international growth. At the core of international entrepreneurship are international opportunities. In this study the manifestation of opportunities, realized into new economic activity (Mainela et al., 2014), is in focus. Johanson and Vahlne (2009) argue that international opportunities develop from an intertwined process of discovery and creation, a process that is driven by knowledge (Schweizer et al., 2010).

Also, article 3 takes off from market knowledge, which is argued to have a positive influence on opportunities (Oviatt & McDougall, 2005) and is held to be important for opportunity realization (Johanson & Vahlne, 2009). Furthermore, knowledge from previous internationalization activities, i.e. internationalization knowledge (Barkema & Drogendijk, 2007; Eriksson et al., 1997; Fletcher & Harris, 2012), influences how the firm deals with subsequent international operations and influences how the firm learns to establish subsequent growth (Autio et al., 2000). Thus, it is relevant to take both internationalization knowledge and market-specific knowledge into account in order to explain international growth (Chandra et al., 2009). International growth is captured by of the realization of international opportunities into new economic activities, in line with the suggestions of Mainela et al. (2014). Also, the linearity of these relations is given attention in the analysis.
Market knowledge and internationalization knowledge are regressed on international opportunity realization in order to perform the analysis. The dataset is the 144 internationalizing firms from the second step of data collection. A factor analysis precedes the regression, in which the indicators included in the analysis are tested for underlying factors. These represent the constructs suggested by the literature review and are tested for convergent and discriminant validity. The linearity is tested using residual-centered, orthogonalized powered effects (Little et al., 2006) in the regression.

The results show that market knowledge, as well as internationalization knowledge, are needed to realize international opportunities, i.e. to grow. What matters primarily is the knowledge about the network of local actors and the spread of internationalization knowledge. Institutional knowledge and the depth of internationalization knowledge did not show significant relations to the realization of international opportunities. However, the associations between international opportunity realization and business-network knowledge, on the one hand, and international spread, on the other hand, are curvilinear.

Summarized, this study concludes that international-opportunity realization is closely associated with knowledge about the local business network and diverse internationalization knowledge. Consequently, the study shows how knowledge matters for international growth beyond initial market entries.
5 Main findings and conclusions

This section of main findings and conclusions aims to connect the three articles to the research questions and the purpose. The findings from the articles are integrated and their interconnectedness is also discussed. As a starting point and as a reminder, the purpose of this dissertation is:

*To describe and explain how internationalizing firms learn about foreign markets by combining various knowledge sources in order to realize growth opportunities in these markets.*

The purpose is reached by answering the research questions and there is a division of findings related to the three questions, respectively. These concern (1) the combination of various sources of knowledge in knowledge acquisition, i.e. the strategy for how to learn, (2) the effects of differences in learning strategies on the level of market knowledge and (3) the effects of levels of knowledge held by the firm on the realization of international opportunities. This is outlined and concluded in the following.

5.1 Internationalizing firms show heterogeneous learning patterns

The first research question asks how internationalizing firms learn about foreign markets by combining various knowledge sources, i.e. more sources than the dominant internal experience. Research question 1 is defined based on the notion that firms learn from sources both internal and external to the organization (Eisenhardt & Santos, 2002; Fletcher & Harris, 2012; Freeman *et al.*, 2010; Huber, 1991).

*Research question 1:* How do firms learn by combining various knowledge sources, internal and external to the organization, in acquiring foreign-market knowledge?
Finding the answer to the first research question aims to describe the behavior and possible heterogeneity in the combination of various sources for acquiring knowledge about foreign markets in the internationalization process. Article 1 and Article 2 have addressed this aspect. Article 1 establishes a typology for knowledge-acquisition strategies based on the utilization of internal and external sources of market knowledge, suggesting that firms are heterogeneous in terms of how they learn. While some firms focus on internal sources of knowledge others focus on external knowledge sources. Additionally, the utilization of both types of sources for learning varies from a low to a high degree of utilization. A typology of four knowledge acquisition situations was developed, which reflect four knowledge-acquisition strategies. The cases suggest that these strategies are related to international growth, while simultaneously calling for validation and further generalization. Article 2 adds several complementary components to Article 1. Firstly, it shows more detailed findings on internal and external sources of knowledge. This is accomplished by using the distinction of four sources for new knowledge developed by Huber (1991) and by Fletcher and Harris (2012). These four sources are direct experience, indirect experience, internal information and external search. Secondly, by shifting focus from individual sources of market knowledge in isolation to knowledge-acquisition strategies, the findings from Article 1 are tested and found to be statistically significant and generalizable to a wider group of firms. Firms do not only differ in terms of utilization of internal and external knowledge sources but also in how they combine sources of experiential and objective knowledge. How the firm acquires knowledge will guide learning, i.e. the knowledge-acquisition strategy is demonstrated to shape the learning strategy of the firm. The heterogeneity found gives a learning-strategy typology consisting of Passive learners, Endogenous learners, Exogenous learners and Diversified learners.

**Passive learners**
The passive learner is a firm that deploys a learning strategy characterized by a low degree of learning from all four sources of new knowledge: internal sources as well as external sources and experiential knowledge as well as objective knowledge. This does not mean that the passive learner does not learn at all, only that they have a low degree of learning from all available sources.

**Endogenous learners**
The endogenous learner is a firm that pays most attention to combining knowledge from internal sources of knowledge, such as experience developed internally and internal objective knowledge. This pattern has a strong resemblance to the internationalizing firm as it has been described in most internationalization-process literature (e.g. Eriksson et al., 1997; Johanson & Vahlne, 1977). The endogenous learner learns from the specific operations in
the market, which means that direct experiential knowledge is developed in the firm. Besides direct experience the firm learns from using internal documents in which objective knowledge is stored and shared. Hence, the focus of this type of firm is on learning primarily from sources within the organization. Still, external sources are also used for learning but to a lower degree, similar to the degree of the passive learners.

Exogenous learners
The exogenous learner focuses its learning on indirect experience, i.e. experiential knowledge developed by others that can be acquired, employed or imitated, and on external search for objective information. The external search means that the firm actively searches for objective knowledge in the surrounding society, such as in newspapers, magazines, reports etc. Having a strong focus on learning from external sources of new knowledge does not mean that the internal sources are ignored. Instead, internal sources of new knowledge are also used but at a lower degree, similar to levels of passive learners.

Diversified learners
The diversified learning strategy differs from the other strategies as it combines all sources of knowledge to a great degree, internal and external as well as experiential and objective knowledge. Hence, diversified learners can be expected to be the most active learners as they are actively using internal sources, as the endogenous learners, and external sources, like the exogenous learners, in combination. This does not only suggest the highest degree of activity but also represents the biggest diversity in numbers and types of sources used.

The conclusions drawn from these findings are that firms have heterogeneous strategies for how they combine various sources of new knowledge in their internationalization process. It has been shown that these strategies pertain to differences in how they integrate internal and external sources of experiential and objective new knowledge. These conclusions validate the critique put forward in previous internationalization-process literature regarding the strong emphasis on internal development of experiential knowledge (e.g. Brennan & Garvey, 2009; Bruneel et al., 2010; Forsgren, 2002; Knight & Liesch, 2002; Michailova & Wilson, 2008; Park & Harris, 2014; Petersen et al., 2003; Saarenketo et al., 2004). As opposed to arguments for focusing on direct experience (Eriksson et al., 1997) these conclusions show that a more diverse approach to the combination of various sources of new knowledge is needed. External sources are potentially of greater importance than what has been previously acknowledged. This dissertation provides findings indicating that a more inclusive approach to knowledge acquisition gives a better understanding of how internationalizing firms learn in foreign markets. These
conclusions are relevant to internationalization-process theory in general, and
to describing the multidimensionality of learning in the internationalization
process in particular.

5.2 The learning strategy influences the levels of
market knowledge

As the findings related to the first research question suggest, the heterogeneity
in how internationalizing firms learn in foreign markets reflects their learning
strategy. From heterogeneous learning strategies, differences in knowledge
levels are likely to follow. This aspect was outlined in the second research
question, defined in the introductory chapter as:

Research question 2: What are the differences in knowledge-source
combination in learning for the levels of
market-specific knowledge achieved?

The aim of answering this research question is to establish how the differences
in learning strategies influence the levels of market knowledge. This is a
stepping-stone towards explaining the realization of international growth
opportunities. Article 2 in the dissertation addresses this aspect by showing
how the four learning strategies described above differ in terms of the levels of
market knowledge held by the firms.

The findings in the second article show that the levels of market
knowledge are influenced by the learning strategies in a distinct pattern. When
analyzing these patterns the basis for comparison is the level of market
knowledge held by Endogenous learners. Diversified learners were found to
show a significantly higher level of market knowledge and Passive learners
showed a lower level of market knowledge. However, no difference in the
levels of market knowledge was found between Exogenous and Endogenous
learners. Beyond the apparent logic that more sources give higher knowledge
levels lies that the specific combinations of knowledge sources may be a key
factor. While Endogenous learners and Exogenous learners pay particular
attention to two sources respectively, their focuses are different. This suggests
that it is not only the numbers of sources that matters but the combination of
sources as well.

The lack of significant differences between Endogenous learners and
Exogenous learners in Article 2 deserves particular attention. Also, Article 1
points to inconclusive results concerning differences between Endogenous
learners and Exogenous learners. These findings strengthen the grounds for
questioning the relative importance of internally developed experiential
knowledge. To support the notion of direct experience as the primary source
of market knowledge (e.g. Eriksson et al., 1997; Johanson & Vahlne, 1977,
2009) a significant difference between Endogenous learners and Exogenous learners would be needed. The lack of difference suggests that learning from indirect experience can to some extent be a substitute for learning from direct experience. Indirect experience can be integrated in a way that seems to replicate the development of direct experience in reaching comparable levels of market knowledge. In a similar fashion, external sources of objective knowledge can potentially replace the use of internal information in the firm. Based on these findings, there are reasons to conclude that it is the combination of, rather than the origin of, knowledge that plays the bigger role for learning market knowledge.

To sum up the answer to the second research question the following conclusions are drawn concerning the differences in levels of market knowledge. A diversified learning strategy leads to the highest level of market knowledge, while a passive learning strategy results in the lowest level of market knowledge. In line with previous studies that capture the role of diversity for learning (Eriksson et al., 2000a) it is argued that a positive effect comes from diversity, increasing the firm’s absorptive capacity (Cohen & Levinthal, 1989), which enables the firm to learn more. A limited diversity that follows a passive strategy does not increase the firm’s absorptive capacity to the same extent. In between diversified and passive learning strategies are externally oriented and internally oriented strategies, respectively. These two combinations of knowledge sources lead to similar levels of market knowledge, which indicates that they can be used interchangeably to reach similar levels of market knowledge.

5.3 Knowledge matters for international-opportunity realization

The findings on learning heterogeneity and its influence on market knowledge provide important implications, as discussed above. However, one component remains: the effects of knowledge acquired in foreign markets on the international growth of the firm. This particular aspect was formulated in the third research question:

**Research question 3:** What are the effects of acquired market knowledge on the realization of international growth opportunities?

This component aims at explaining the realization of international growth opportunities and was addressed in the third article of this research. The underlying idea of Article 3 is to test whether the levels of market knowledge within firms have an influence on the firms’ international growth and whether these relations are linear. Three main conclusions are drawn from the findings.
Firstly, knowledge matters for the international growth of the firm. This conclusion is based on findings that show significant influence of knowledge components on the realization of international growth opportunities. This gives support to previous literature emphasizing the importance of knowledge for the process of internationalization (Johanson & Vahlne, 1977, 2009), for international entrepreneurship (McDougall & Oviatt, 2000; Oviatt & McDougall, 2005) and for the realization of international opportunities (Mainela et al., 2014) in particular.

Secondly, the effects vary between the types of knowledge studied. Concerning market knowledge: the component that shows a significant effect is business-network knowledge. The present research showed no support for the effects of market knowledge concerning the institutional context. This indicates that the realization of international growth opportunities is mainly related to knowledge about the business network and the conditions in the market. This conclusion validates previous results on the importance of local-network knowledge for growth of the firm in the local market (Blomstermo et al., 2004). For a more detailed analysis, internationalization knowledge is also included. Due to the relation to market knowledge it is a component that can be expected to influence the realization of international growth opportunities similarly to market-specific knowledge and, therefore, needs to be taken into account when answering the third research question. The findings concerning internationalization knowledge show that while international spread has a positive influence on the realization of international growth opportunities this research does not support effects of international depth. The positive effect of international spread demonstrates that firms with a presence in many countries may be more able to realize international growth opportunities than firms with a presence in few countries. Since internationalization knowledge mainly concerns knowledge gained from previous market entries and thereby represents the firms ability to achieve international expansion (Eriksson et al., 1997) this can be expected. These results validate the importance of variation in internationalization knowledge (Eriksson et al., 2000a) and show that an increase in the number of countries influences the firms ability to capture growth opportunities in the local market subsequent to the initial market entry. Having international operations for a long time, however, does not seem to play an important role for international growth.

Thirdly, the linearity of the effects of business-network knowledge and international spread on international growth can be questioned. In case the positive effect of additional market entries remains, presence in all available countries would be sought after. It is likely that there are counteracting effects such as cost increases and challenges related to coordinating operations as the firm expands geographically. Hence, the linearity of the effects above is questioned and tested. The findings show support for curvilinear effects on the realization of international growth opportunities. These findings support the notion of curvilinearity in the growth
effects of knowledge development (Blomstermo et al., 2004). However, the curvilinear effects have different implications for different knowledge. The positive effect of business-network knowledge concluded above is not identical throughout all levels of business-network knowledge. Neither is the positive effect of spread in internationalization knowledge identical for all international spreads. Instead, these effects have shown to be curvilinear in two distinct ways. First, the results show a higher positive effect on local market growth at high levels compared to low levels of business-network knowledge. Although this is an important finding that captures the curvilinearity of the relation it needs to be interpreted with caution. It is unlikely that this pattern will continue if the level of business-network knowledge continues to increase. It is likely to believe that this represents the particular section of an S-curve directly after the lowest point, where the effects are increasing. Second, showing contrasting results, international spread influences the realization of international growth opportunities positively but the positive effect does not remain (as the spread increases) for high levels of spread. This implies that for low spread there is a positive effect on the realization of international growth opportunities, which turns into a negative effect for high levels of spread. This association is often referred to as an inverted U-curve. For firms with a low international spread, expanding to yet another foreign market is positive for the firm’s ability to realize international growth opportunities. At some point, the positive effect of one additional market entry could level out, after which additional market entries may result in a negative effect on the ability to realize international growth opportunities. As indicated above, it is reasonable to expect increasing cost and coordination challenges as the firm’s international spread increases. At some point the challenges of one additional market entry are likely to supersede the benefits in terms of additional knowledge development. This conclusion emphasizes the question of Eriksson et al. (2000a) about the limit to which the positive effects of international variation remain. It is concluded that there seems to be a limit for the positive effects, but what the limit is remains to be defined.

5.4 Summarized theoretical implications

The conclusions drawn above in relation to the three research questions provide input on the chain spanning from describing learning as a learning strategy, to levels of market knowledge and finally to the effects of knowledge on the ability to realize international growth opportunities. This chain gives a knowledge-centered explanation of the realization of international growth opportunities beyond the initial market entry. Furthermore, this study uses a combination of focus groups and survey data, which is a combination rarely used in internationalization research. This section aims at summarizing the
Theoretical implications from the study and suggests how these implications can contribute to internationalization-process theory.

The first conclusion of this dissertation gives at hand that organizational learning in foreign markets is best understood as learning strategies. A typology for the patterns that are found is suggested, including: Diversified learners, Exogenous learners, Endogenous learners, and Passive learners. The typology has shown to be relevant among internationalizing firms and it aims to make a contribution to internationalization-process theory by extending theory on knowledge acquisition in internationalization (e.g. Fletcher & Harris, 2012).

The second conclusion refers to the learning strategies as support of the notion of a reevaluation of the relative importance of experiential knowledge in the internationalization process (e.g. Forsgren, 2002). More specifically, the patterns provide support for previous arguments related to the over-emphasis of direct experience as the main way of learning in internationalization. It is concluded that learning mainly from external sources has the potential to reach the same level of market knowledge as an internal focus and that a diversified strategy reaches even higher levels. Hence, too much focus on direct experience is too narrow an approach to learning in internationalization, which misses out on the benefits provided by the learning strategies suggested in this research. The description of learning strategies informs knowledge-related theory on the internationalization process (e.g. Johanson & Vahlne, 1977; Johanson & Vahlne, 2009).

The third conclusion concerns the knowledge that mainly matters for the internationalizing firm’s ability to realize international growth opportunities. Knowledge about the specific business network and the firm’s international spread has shown positive effects. Consequently, of the market-specific knowledge, knowledge on the business network and the conditions in that particular market is the most vital for the growth of the internationalizing firm. What matters most in terms of internationalization knowledge is the spread in number of foreign markets. This supports the role of variation in internationalization knowledge (Eriksson et al., 2000a). These conclusions contribute to internationalization-process literature by explaining what knowledge drives international growth beyond the initial market entry.

Conclusion four explains the characteristics of the effects on international opportunity realization of, on the one hand, business-network knowledge and, on the other hand, international spread. Both show curvilinear effects, although in different ways. The effect of business network knowledge captured in this study seems to relate to one phase of an S-curve while the effect of international spread shows an inverted u-curve. However, this research does not show within which boundaries these effects remain. International spread seems to have a highest point after which the ability to realize international opportunities no longer increases. Further international spread beyond this point may actually have a negative effect on international
opportunity realization. While there may be other factors in the organization speaking in favor of increased international spread, the potentially negative effects need to be taken into account. This conclusion follows in line with previous literature (e.g. Blomstermo et al., 2004; Hitt et al., 1997; Lu & Beamish, 2004) arguing that when studying the effects of knowledge in internationalization the linearity of the effects should be questioned.

The four conclusions drawn above concerning the relations between learning strategies, business network knowledge, internationalization spread, and the realization of international growth opportunities suggest that the theoretical model presented in the theoretical summary needs to be revised. A revised model, changed along the lines of the conclusions, is presented in Figure 3 below.

Figure 3. Learning for international growth – revised theoretical model

The revised model aims to illustrate the combinations of knowledge sources using learning strategy, as learning strategy is the conceptualization of knowledge-source combinations suggested by this research. The learning strategy in a market influences the levels of business network knowledge and the operations in the market in turn influence internationalization spread. Internationalization spread and business-network knowledge influence the realization of international growth why they replace the more general internationalization knowledge and market knowledge used in the theoretical model. Thus, the illustration captures the main findings of this research and thereby also the chain from learning to international growth. I argue that this provides an important piece of the puzzle in understanding learning as an antecedent to the growth of the internationalizing firm.
5.5 Managerial implications

To outline the managerial implications of this study let us reconnect to the case of Customized Electronics, the fictive case used in the introduction as an illustration of internationalizing firms. For firms in that kind of situation, the results of this study provide a few points worth considering for managers. The relevance of learning strategies and the curvilinear characteristics of knowledge suggest that managers can benefit from considering how their learning activities are directed. Thus, the implications for managers are twofold.

Firstly, it is beneficial to embrace learning in international markets as a learning strategy. Furthermore, a diversified learning strategy seems to provide the best knowledge outcome. This implies that a deliberate and active use of all internal and external sources of new market knowledge is valuable. The same applies for experiential knowledge as well as objective knowledge. Utilizing both types of knowledge seems to render more market knowledge than a more narrow focus. Furthermore, external sources of knowledge may to some extent replace development of knowledge from internal sources.

Secondly, two main components of knowledge are important to consider for the realization of international growth opportunities: market knowledge of the local business network and spread in internationalization knowledge. In addition, within certain boundaries, learning more about the business network is positive in itself and it may have a subsequent positive effect on additional network knowledge. However, this research does not consider within which boundaries this implication is applicable. There may be both positive and negative effects outside the boundaries of the research. Furthermore, the international spread matters for the realization of international growth opportunities. For firms with a low international spread the ability to realize international growth opportunities is expected to increase with further market expansions. However, this research does not suggest when the increasing effect of additional market entries starts to deteriorate, only that the effect will become negative at some point. Still, for the realization of international growth opportunities these sources are shown to matter.
6 Limitations and suggestions for further research

The main theoretical and methodological limitations of this research are accounted for below.

In terms of theoretical limitations, some aspects are worth mentioning. There may be interactions between different knowledge components that this research does not capture. For example, the development of business network knowledge may be a way to indirectly learn institutional knowledge. Furthermore, internationalization knowledge from a large spread is likely to influence the development of market knowledge but such interaction effects are not taken explicitly into account in this study. Hence, to some extent there may be an overlap or an interaction between the knowledge types that influence the results. Additionally, while this research arrives at conclusions concerning learning strategies, the motivations behind them are not captured. Exploring whether these learning strategies are planned or emergent enables an extension towards a comprehensive learning-strategy framework.

The curvilinear effects discussed for business-network knowledge in relation to the third research question show signs suggesting that it may be part of a larger picture, since it seems to relate to the middle section of a growth S-curve. If so, the research does not capture the whole S-curve, which may partly be due to the operationalizations done, for example of business network knowledge. Therefore, further studies could extend this study by going deeper into the growth effects of knowledge, for example by studying a larger part of the growth curve indicated by this research.

The methodological limitations of this study are also important to acknowledge. Firstly, the sample of the study brings some limitations to the generalizability of the results. As the firms included in this research are internationalizing small and medium-sized firms the results cannot without particular consideration be argued as valid for large firms. Findings such as the inverted u-curve for the international spread does not necessarily apply to big corporations since they typically hold a larger resource base than small
firms. This may refer in particular to resources in terms of personnel that can coordinate and manage operations in many markets simultaneously, also making it possible for them to control the internationalization process by establishing subsidiaries, thus limiting the negative effects of many markets. Since the results are derived from studying small and medium-sized firms it would be beneficial for future studies to research whether these conclusions are applicable for large corporations.

Furthermore, this research has been about industrial firms involved in business-to-business marketing, which may limit the possibilities of applying these findings to other types of firms. Further research can therefore provide additional insights to the applicability of these results on service firms or on firms selling directly to consumers.

The empirical context of the study has limitations. Since all firms in this research come from one country, which is also a developed country, there is a risk of bias that may limit the generalizability of the results. Additionally, the Swedish firms have been studied concerning their international activities in a clearly defined set of emerging markets: The Baltic States, Poland, Russia, and China. The selection of markets may influence the specific findings of the research. It cannot be excluded that another set of countries could have yielded different results. However, there may still be sufficient grounds to expect that these results also hold for a wider set of internationalizing firms. The specific differences between countries may of course differ but the strategies for learning may potentially still be applicable. The results are at least likely to be generalizable for similar empirical contexts, i.e. internationalizing firms that expand from small, export-oriented developed countries into emerging markets – possibly even further. Testing how far these results hold is an interesting avenue for further research. Consequently, future research could verify if these results are generalizable in a wider geographical context, both in terms of country of origin and in terms of foreign market selection.

The operationalizations used in the quantitative study may drive some of the results. The measures used for realization of growth opportunities and market knowledge are perceptual measures. One crucial challenge in this type of study is the availability of objective market-level data, since it is normally not reported externally and therefore difficult to obtain. To deal with this situation, perceptual measures have been used. In order to check for potential problems of this approach a test was conducted concerning the measure of opportunity realization in Article 3. Opportunity realization showed to be significantly related to objective data for turnover and degree of internationalization on firm level. This suggests that although perceptive measures may have limitations, they are useful when objective data is not available, as they reflect similar patterns. Still, future validation using objective market-level data could strengthen the arguments on the relation between learning and international growth.
Finally, future research could provide additional unpacking of the black box of organizational learning in internationalization. When acquired, knowledge needs to be understood and spread in the organization to where it can be of use. Although this research provides a few pieces to this puzzle, there are dimensions remaining to be studied concerning the link between learning and growth in the internationalization process.

These comments end this dissertation. I wish to thank you for reading and thank you for showing interest in my research!
References


Bruneel, J., Yli-Renko, H., & Clarysse, B. (2010), "Learning from experience and learning from others: how congenital and interorganizational learning substitute for..."


Appendix: Survey

Below is the survey used to collect data for the second step. The survey was carried out in Swedish and translated to English for presentation in this dissertation.

BACKGROUND INFORMATION

Name of the firm:
Ownership: Family business/Other
Year of establishment:
Year of first international sale:
Turnover (SEK) 2012:
Number of employees 2012:
Number of export markets 2012
Share of turnover exported in 2012 (%):
Share of employees employed abroad in 2012 (%):
Share of total assets abroad in 2012 (%):

INTERNATIONAL BUSINESS OPERATIONS

With regard to your international business operations, please consider the following statements. Indicate your answer on the scale 1-7 that corresponds best with your company’s situation. (1 = Strongly disagree, 7 = Strongly agree)
International experience
We have well-developed experience of …
… supplying foreign customers
… adapting our products and services to meet the need and wants of foreign customers
… adapting our organization to meet the needs and wants of foreign customers
… marketing and sales of our products and services abroad

Organizational learning
During the last five years, we have developed new and important knowledge about foreign markets.
During the last five years, we have developed new and important competencies related to international activities
When we have needed new knowledge about foreign markets, we have been able to acquire it
We have well-developed routines to acquire knowledge in new markets

Internal knowledge transfer
Within our company we often talk to each other to share market knowledge
Within our company we share our experiences about foreign-market failures
Within our company we have routines to share market knowledge
The managers in our company often express the importance of knowledge sharing between employees
In our organization, we often collect market-related knowledge in written documents such as board reports and follow-ups on market activities

THE OPERATIONS OF THE FIRM IN X

Operational mode
What type of representatives do you have in X (state the start year and final year (if any) for each type of representation)
No own representation (sales via other Swedish organization)
No own representation (direct export to customer)
Agent
Distributor
Own sales office
Own local production or joint venture

Commitment change
How have your commitment in X changed with respect to… (1=Decreased, 4=Unchanged, 7=Increased)
… capital
… staff

THE EXPERIENCE AND KNOWLEDGE OF THE COMPANY IN X

With regard to your current situation in X, please consider the following statements. Indicate your answer on the scale 1-7 that corresponds best with your company’s experience. (1=Strongly disagree, 7=Strongly agree)

Societal knowledge
We have well-developed knowledge about…
… the legal environment in X
… the political system in X
… the culture in X
… the government in X

Business network knowledge
We have well-developed knowledge about…
… the business culture
… our customers in X needs and wants
… potential customers in X
… our competitors in X
Customers social linkages

Relationships with customers

We have well-developed knowledge about our customers’ private situation in X

We often have private meetings with customers in X

We consider our customers in X as close friends

Knowledge acquisition

In our organization, we acquire knowledge about customers /competitors / intermediaries in X by…

… generating our own experience

… studying other successful firms

… co-operating with other firms such as agents or distributors

… reading and searching for new information on the internet/in newspapers/books etc.

… acquiring other firms and/or employing experienced personnel

Knowledge management

We have a well-developed ability to detect market changes in X (e.g. competition, legal framework and market development)

We have a well-developed ability to identify new opportunities to meet our customers in X needs

We have a well-developed ability to analyze and interpret changes in demand in X

PERCEPTIONS OF BUSINESS IN X

With regard to your experience in X, please consider the following statements. Indicate your answer on the scale 1-7 that corresponds best with your company’s perception. (1=Strongly disagree, 7=Strongly agree)

Uncertainty

The business environment in X is complex
Despite several years of experience in X we perceive the business environment as risky
We experience great uncertainty regarding our customers’ in X future behavior
In X, the authorities act in a way that causes us great uncertainty
In X it is hard to predict market changes
We usually have limited information about developments in X when making decisions
It is hard to predict the impact of the political system on the market situation in X

Outcomes of operations in X
We are pleased with how the profitability of our business in X has developed over the last three years
We are not satisfied with the return on the resources and time invested in X
Our profitability in X over the last three years is lower than for our closest competitor
We are pleased with our market share in X
We have managed to build a leading position in our industry in X

Market development
During the last five years…
… the conditions for doing business in X has changed
… our customers’ behavior has changed
… the economic situation in X has had a large impact on our business
… the X market has been characterized by a turbulent situation
… the legal framework for doing business in our industry in X has changed

Opportunities
We have increased our sales to existing customers in X during the last 5 years
Our existing customers in X have become more important during the last 5 years
During the last 5 years we have identified or created new sales opportunities to existing customers in X.

We have had an increase in the number of customers in X during the last 5 years.

The majority of our sales increase during the last 5 years in X is from new customers.

Currently we have more customers in X than before.

**Expectations**

We expect that in the next five years…

… the X market will increase in importance for our firm.

… our growth potential in X is good.

… the number of customers in X will increase.

… our existing customers in X will increase in importance.

**Market commitment**

For the last five years, in order to manage our position in the business network in X our resource commitment (time, assets, personnel etc.) for… (1=Decreased, 4=Unchanged, 7=Increased)

… strengthening business relations.

… developing our products/services.

… adapting of products/services.

… developing our market knowledge.

… adapting of our organization.
**Commitment intentions**

With regard to our business relations in X… (1=Strongly disagree, 7=Strongly agree)

… our intention for the future is to retain relations with existing customers

… our intention for the future is to build relations to new customers

… we have long-term customer relations based on loyalty and trust

… we have customer relations which we are willing to invest time and money to develop

… we have customer relations which our customers are willing to invest time and money to develop

**EXPORT DEVELOPMENT**

How large share of your total sales (%) took place in country X

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2008</th>
<th>2010</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>